

GREEN PLAINS RENEWABLE ENERGY, INC.
Form 10-KT/A
November 12, 2009

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-KT/A

(Amendment No. 2)

. ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended _____

or

X. TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from April 1, 2008 to December 31, 2008

Commission file number 001-32924

GREEN PLAINS RENEWABLE ENERGY, INC.

(Exact name of registrant as specified in its charter)

Iowa

(State or other jurisdiction of incorporation or organization)

84-1652107

(I.R.S. Employer Identification No.)

9420 Underwood Ave, Suite 100 Omaha, NE 68114

(402) 884-8700

(Address of principal executive offices, including zip code)

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: **Common Stock, \$.001 par value**

Name of exchanges on which registered: **NASDAQ Stock Market**

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes . No .

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes . No .

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes . No .

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. .

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes . No X

The aggregate market value of the Company's voting common stock held by non-affiliates of the registrant as of June 30, 2008 (the last business day of the second quarter), based on the last sale price of the common stock on that date of \$6.00, was approximately \$34.9 million. For purposes of this calculation, executive officers, directors and holders of 10% or more of the registrant's common stock are deemed to be affiliates of the registrant.

As of March 20, 2009, there were 24,903,408 shares of the registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for the 2009 Annual Meeting of Shareholders are incorporated by reference in Part III herein. The Company intends to file such Proxy Statement with the Securities and Exchange Commission no later than 120 days after the end of the transition period covered by this report on Form 10-KT.

EXPLANATORY NOTE

Purpose of this Amended Transition Report on Form 10-KT/A

In response to a comment letter received from the Securities and Exchange Commission, we are filing this Amendment on Form 10-KT/A (Amendment) to our Transition Report on Form 10-KT for the period from April 1, 2008 to December 31, 2008 which was filed in March 2009 to (1) revise our conclusion regarding the effectiveness of our disclosure controls and procedures, along with updated officer certifications; (2) update exhibit references for those exhibits that were previously filed with the Form 10-KT filed on March 31, 2009 and are not re-filed as part of this Form 10-KT/A; (3) update the KPMG LLP independent auditors report stating that the audits were conducted in accordance with PCAOB standards and to only refer to the financial statements included in the Amendment; (4) include audited earnings per share information rather than pro forma unaudited weighted average shares outstanding and earnings per share; (5) present revised consolidated statements of stockholders equity and comprehensive income, as well as revised stockholders equity disclosures in the consolidated balance sheets; and (6) explain in Note 1 to the consolidated financial statements related Adjustments to Historical Financial Statements (referencing the change in presentation of stockholders equity vs. members equity).

The Form 10-KT/A filed on November 6, 2009 did not contain all Item 8 information. This Form 10-KT/A includes all of the consolidated financial statements and notes thereto required in Item 8, including those with no amended wording or disclosures.

These changes to the information included in the Amendment have no impact on the Company's operations or financial position. This Amendment does not reflect events occurring after the filing of the original Transition Report on Form 10-KT or modify or update those disclosures affected by subsequent events. This Amendment should be read in conjunction with our filings with the Securities and Exchange Commission subsequent to the filing of our Transition Report on Form 10-KT.

Cautionary Information Regarding Forward-Looking Statements

This report contains forward-looking statements based on current expectations that involve a number of risks and uncertainties. The Securities and Exchange Commission (SEC) encourages companies to disclose forward-looking information so that investors can better understand a company s future prospects and make informed investment decisions. Forward-looking statements generally do not relate strictly to historical or current facts, but rather to plans and objectives for future operations based upon management s reasonable estimates of future results or trends, and include statements preceded by, followed by, or that include words such as anticipates, believes, continue, estimate, expects, intends, outlook, plans, predicts, may, could, should, will, and words and phrases of similar meaning. Forward-looking statements include, but are not limited to, statements regarding future operating or financial performance, business strategy, business environment, key trends, and benefits of actual or planned acquisitions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances, including any underlying

assumptions, are forward-looking statements. These statements are based upon the current beliefs and expectations of management and are subject to significant risks and uncertainties. The forward-looking statements are made pursuant to safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Any or all forward-looking statements in this report may turn out to be incorrect. They may be based on inaccurate assumptions or may not account for known or unknown risks and uncertainties. Consequently, no forward-looking statement is guaranteed, and actual future results may vary materially from the results expressed or implied in our forward-looking statements. The cautionary statements in this report expressly qualify all of our forward-looking statements. In addition, the Company is not obligated, and does not intend, to update any of its forward-looking statements at any time unless an update is required by applicable securities laws. Factors that could cause actual results to differ from those expressed or implied in the forward-looking statements include, but are not limited to, those discussed in *Item 1A Risk Factors* of this report. Actual results may differ from projected results due, but not limited, to unforeseen developments.

You are cautioned not to place undue reliance on the forward-looking statements. You should read this report completely and with the understanding that actual future results may be materially different from what we expect. The forward-looking statements specified in this report have been compiled as of the date of this report, are not considered to be exclusive, and should be evaluated with consideration of any changes occurring after the date of this report.

ITEM 9A. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required financial disclosure.

As of the end of the period covered by this report, the Company's management carried out an evaluation, under the supervision of and with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the Exchange Act)). Our disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission (SEC) rules and forms. These disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required financial disclosure. Based upon that evaluation, the Company's management, including the Chief Executive Officer and the Chief Financial Officer, concluded that our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

Based on the numerous pervasive changes to the Company's internal control environment following the closing of the Merger, as discussed more fully below, management did not assess whether or not our internal controls over financial reporting were effective as of the end of the period covered by this report.

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of our consolidated financial statements for external purposes in accordance with generally accepted accounting principles. As a result of our mergers, the commencement of operations of our ethanol plants, and the expansion of our marketing and distribution activities, changes in our internal controls during the reporting period have been significant and pervasive. These changes are described in greater detail below. In the following paragraphs, the magnitude of these changes, most of which occurred in most recently completed quarter for the period covered by this transition period report, their pervasiveness, and the level of integration that has occurred are described.

VBV and its subsidiaries became wholly-owned subsidiaries of Green Plains pursuant to the Merger completed on October 15, 2008. Based on a number of factors, the Merger was accounted for as a reverse acquisition (i.e., Green Plains was considered the acquired company and VBV was considered the acquiring company). As a result, the Company's operating results (post-Merger) include VBV's operating results prior to the date of closing and the results of the combined entity following the closing of the Merger.

At the time of the Merger, Green Plains' Shenandoah ethanol plant had been operational for over one year and its Superior plant for three months. Green Plains acquired the agribusiness assets of Green Plains Grain in April 2008. VBV's Bluffton plant, its first operational plant, commenced operations in September 2008, approximately one month prior to closing the Merger. VBV's Obion plant commenced operations in November 2008. Additionally, VBV was developing an ethanol marketing and distribution business at the time of the Merger.

The Merger was intended to further develop an integrated ethanol marketing, blending and distribution business in addition to existing ethanol production and agribusiness operations. The vast majority of the Company's material internal control processes changed as a result of the Merger and the related operational restructuring. Revised risk management policies were issued by the post-Merger Board of Directors, which were implemented during the period following the Merger, fundamentally changing our risk management strategy and operating practices. Additionally, following the Merger, we integrated the combined entities into one financial and accounting system.

Prior to the Merger, Green Plains sold all of its ethanol and nearly all of its distillers grains to two third-party marketers, primarily due to the lack of sufficient scale economics for its production volumes. Plant operations were largely decentralized, including corn and natural gas procurement, prior to the Merger. Following the closing of the Merger, all ethanol-related margins, consisting principally of ethanol and distillers grains sales/hedging, as well as corn and natural gas procurement/hedging, are managed centrally in a newly-formed organization, Green Plains Trade. Throughout the period following the Merger until December 31, 2008, Green Plains Trade purchased and resold all of the ethanol production from the Green Plains Shenandoah directly, and our Bluffton and Obion plants indirectly through their third-party marketer. Similarly, throughout the period following the Merger until December 31, 2008, distillers grain marketing was the responsibility of Green Plains Trade, except for our Superior plant. Corn procurement for the Superior plant is the responsibility of Green Plains Grain personnel. While ethanol and distillers grains marketing, and corn and natural gas procurement, are executed in different manners, all risk management functions are the responsibility of a centralized staff comprised of a combination of Green Plains and VBV personnel.

As discussed above, the control environment of the Company has changed dramatically as a result of the Merger and many of the controls that were in place and applicable to previous Green Plains operations are no longer applicable to the post-Merger entity. The Merger was completed on October 15, 2008, which did not afford the Company sufficient time to complete the work it has begun with respect to establishing an effective internal control environment or to test such environment prior to the date that management would be required to attest to the effectiveness of such internal controls. VBV (the acquiring company for reverse merger accounting purposes) was not a public company prior to completion of the Merger and accordingly was not previously subject to Section 404 attestation requirements.

In addition, the changes to the Company's commercial operations and risk management activities are so pervasive and integrated that it is difficult to isolate legacy operations for internal control assessments. Nearly all of the Company's material internal control processes have changed as a result of the Merger and the related operational restructuring.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

(3) *Exhibits.* The following exhibit index lists exhibits incorporated herein by reference, filed as a part of this transition report on Form 10-KT, or furnished as part of this transition report on Form 10-KT.

EXHIBIT INDEX

**Exhibit
No.**

Description of Exhibit

- 2.1 Agreement and Plan of Merger between the Company, Green Plains Merger Sub, Inc. and VBV LLC (Incorporated by reference to Exhibit 99.1 of the Company's Current Report on Form 8-K, dated May 8, 2008)
- 2.2 Stock Purchase Agreement between the Company, Bioverda International Holdings Limited and Bioverda US Holdings LLC (Incorporated by reference to Exhibit 99.2 of the Company's Current Report on Form 8-K, dated May 8, 2008)
- 2.3 Agreement and Plan of Merger among the Company, IN Merger Sub, LLC and Indiana Bio-Energy, LLC (Incorporated by reference to Exhibit 99.3 of the Company's Current Report on Form 8-K, dated May 8, 2008)
- 2.4 Agreement and Plan of Merger among the Company, TN Merger Sub, LLC and Ethanol Grain Processors, LLC (Incorporated by reference to Exhibit 99.4 of the Company's Current Report on Form 8-K, dated May 8, 2008)
- 3(i).1 Second Amended and Restated Articles of Incorporation of the Company (Incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed October 15, 2008)
- 3(ii).1 Amended and Restated Bylaws of the Company (Incorporated by reference to Exhibit 3.2 of the Company's Current Report on Form 8-K filed on October 15, 2008)
- 3(ii).2 First Amendment to the Amended and Restated Bylaws of the Company (Incorporated by reference to Exhibit 99.2 of the Company's Current Report on Form 8-K filed on March 13, 2009)
- 4.1 Shareholders' Agreement (Incorporated by reference to Appendix F of the Company's Registration Statement on Form S-4/A filed September 4, 2008)
- 4.2 Form of Lock-Up and Voting Agreement between VBV and Certain Green Plains Shareholders (Incorporated by reference to Appendix E of the Company's Registration Statement on Form S-4/A filed September 4, 2008)
- 4.3 Form of Lock-Up and Voting Agreement between GPRE and Certain VBV Affiliates (Incorporated by reference to Appendix E of the Company's Registration Statement on Form S-4/A filed September 4, 2008)
- 4.4 Form of Lock-Up and Voting Agreement between GPRE and Wilon Holdings S.A. (Incorporated by reference to Appendix E of the Company's Registration Statement on Form S-4/A filed September 4, 2008)
- 10.1 Master Loan Agreement, dated January 30, 2006, by and between the Company and Farm Credit Services of America, FLCA (Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K, dated February 9, 2006)

- 10.2 Construction and Term Loan Supplement, dated January 30, 2006, by and between the Company and Farm Credit Services of America, FLCA (Incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K, dated February 9, 2006)
- 10.3 Construction and Revolving Term Loan Supplement, dated January 30, 2006, by and between the Company and Farm Credit Services of America, FLCA (Incorporated by reference to Exhibit 10.3 of the Company's Current Report on Form 8-K, dated February 9, 2006)
- 10.4 Security Agreement, dated January 30, 2006, by and between the Company and Farm Credit Services of America, FLCA (Incorporated by reference to Exhibit 10.4 of the Company's Current Report on Form 8-K, dated February 9, 2006)
- 10.5 Real Estate Mortgage and Financing Statement, dated January 30, 2006 by and between the Company and Farm Credit Services of America, FLCA (Incorporated by reference to Exhibit 10.14 of the Company's Annual Report on Form 10-K, dated February 27, 2006)
- 10.6 Allowance Contract, by and between the Company and BNSF Railway Company, dated January 26, 2006 (Incorporated by reference to Exhibit 10.16 of the Company's Annual Report on Form 10-K, dated February 27, 2006)
- 10.7 Master Loan Agreement, dated March 15, 2007, by and between Superior Ethanol, L.L.C. and Farm Credit Services of America, FLCA (Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K, dated March 23, 2006)
- 10.8 Construction and Term Loan Supplement, dated March 15, 2007, by and between Superior Ethanol, L.L.C. and Farm Credit Services of America, FLCA (Incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K, dated March 23, 2006)
- 10.9 Construction and Revolving Term Loan Supplement, dated March 15, 2007, by and between Superior Ethanol, L.L.C. and Farm Credit Services of America, FLCA (Incorporated by reference to Exhibit 10.3 of the Company's Current Report on Form 8-K, dated March 23, 2006)
- 10.10 Security Agreement and Real Estate Mortgage, dated March 15, 2007, by and between Superior Ethanol, L.L.C. and Farm Credit Services of America, FLCA (Incorporated by reference to Exhibit 10.5 of the Company's Current Report on Form 8-K, dated March 23, 2006)
- 10.11 Amendment to the Master Loan Agreement, dated May 31, 2007 (Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K, dated June 18, 2007)
- 10.12 Revolving Credit Supplement, dated May 31, 2007 (Incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K, dated June 18, 2007)
- 10.13 Amendment to the Construction and Term Loan Supplement, dated May 31, 2007 (Incorporated by reference to Exhibit 10.3 of the Company's Current Report on Form 8-K, dated June 18, 2007)
- 10.14 Amendment to the Construction and Revolving Term Loan Supplement, dated May 31, 2007 (Incorporated by reference to Exhibit 10.4 of the Company's Current Report on Form 8-K, dated June 18, 2007)
- 10.15 Amended and Restated Employment Agreement dated October 24, 2008, by and between the Company and Jerry L. Peters (Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K, dated October 28, 2008)
- 10.16 Amendment to Master Loan Agreement dated October 31, 2007 between the Company and Farm Credit Services of America, FLCA (Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed November 16, 2007)
- 10.17

Statuses Revolving Credit Supplement dated October 31, 2007 between the Company and Farm Credit Services of America, FLCA (Incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed November 16, 2007)

- 10.18 Amendment to the Master Loan Agreement dated February 1, 2008 between Superior Ethanol, L.L.C. and Farm Credit Services of America, FLCA (Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed March 4, 2008)
- 10.19 Amendment to the Construction and Term Loan Supplement dated February 1, 2008 between Superior Ethanol, L.L.C. and Farm Credit Services of America, FLCA (Incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed March 4, 2008)
- 10.20 Amendment to the Construction Revolving Term Loan Supplement dated February 1, 2008 between Superior Ethanol, L.L.C. and Farm Credit Services of America, FLCA (Incorporated by reference to Exhibit 10.3 of the Company's Current Report on Form 8-K filed March 4, 2008)
- 10.21 Asset Transfer Agreement dated March 31, 2008 between the Company and GPRE Shenandoah LLC (Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed April 7, 2008)
- 10.22 Master Loan Agreement dated March 31, 2008 between GPRE Shenandoah LLC and Farm Credit Services of America, FLCA (Incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed April 7, 2008)
- 10.23 Credit Agreement dated April 3, 2008 between Green Plains Grain Company LLC and First National Bank of Omaha (Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed April 9, 2008)
- 10.24 Revolving Credit Note dated April 3, 2008 between Green Plains Grain Company LLC and First National Bank of Omaha (Incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed April 9, 2008)
- 10.25 Term Loan Note dated April 3, 2008 between Green Plains Grain Company LLC and First National Bank of Omaha (Incorporated by reference to Exhibit 10.3 of the Company's Current Report on Form 8-K filed April 9, 2008)

- 10.26 Security Agreement dated April 3, 2008 between Green Plains Grain Company LLC and First National Bank of Omaha (Incorporated by reference to Exhibit 10.4 of the Company's Current Report on Form 8-K filed April 9, 2008)
- 10.27 2007 Equity Incentive Plan (Incorporated by reference to Appendix A of the Company's Definitive Proxy Statement filed March 27, 2007)
- 10.28 Escrow Agreement dated June 30, 2006 by and among the Company, Anderson & Strudwick, Incorporated and U.S. National Bank Association (Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed July 10, 2006)
- 10.29 Form of Indemnification Agreement (Incorporated by reference to Exhibit 10.53 of the Company's Registration Statement on Form S-4/A filed August 1, 2008)
- 10.30 Employment Agreement with Todd Becker (Incorporated by reference to Exhibit 10.54 of the Company's Registration Statement on Form S-4/A filed August 1, 2008)
- 10.31 Amendment to Master Loan Agreement between Farm Credit Services FLCA and Superior Ethanol, L.L.C. dated April 23, 2008 (Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed May 19, 2008).
- 10.32 Amendment to the Construction and Term Loan Supplement dated April 23, 2008 between Farm Credit Services FLCA and Superior Ethanol, L.L.C. dated April 23, 2008 (Incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed May 19, 2008).
- 10.33 Amendment to the Construction and Revolving Term Loan Supplement dated April 23, 2008 between Farm Credit Services FLCA and Superior Ethanol, L.L.C. dated April 23, 2008 (Incorporated by reference to Exhibit 10.3 of the Company's Current Report on Form 8-K filed May 19, 2008).
- 10.34 First Amendment to Credit Agreement by and among Green Plains Grain Company LLC and First National Bank of Omaha dated July 2, 2008 (Incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed July 8, 2008)
- 10.35 First Amendment to Revolving Credit Note by and among Green Plains Grain Company LLC and First National Bank of Omaha dated July 2, 2008 (Incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed July 8, 2008)
- 10.36 Stated Revolving Credit Supplement dated October 3, 2008 between GPRE Shenandoah LLC and Farm Credit Services of America, FLCA (Incorporated by reference to Exhibit 10.3 of the Company's Current Report on Form 10-Q filed October 10, 2008)
- 10.37 Amendment to the Master Loan Agreement dated October 3, 2008 between GPRE Shenandoah LLC and Farm Credit Services of America, FLCA Incorporated by reference to Exhibit 10.4 of the Company's Current Report on Form 10-Q filed October 10, 2008)
- 10.38 Amendment to the Master Loan Agreement dated October 6, 2008 between Superior Ethanol, L.L.C. and Farm Credit Services of America, FLCA (Incorporated by reference to Exhibit 10.5 of the Company's Current Report on Form 10-Q filed October 10, 2008)
- 10.39 Construction and Revolving Term Loan Supplement entered into as of August 31, 2007 by and between Farm Credit Services of Mid-America, FCLA and Green Plains Obion LLC (fka Ethanol Grain Processors, LLC) (previously filed with the Form 10-KT filed on March 31, 2009)
- 10.40 Construction and Term Loan Supplement entered into as of August 31, 2007 by and between Farm Credit Services of Mid-America, FLCA and Green Plains Obion LLC (fka Ethanol Grain Processors, LLC) (previously filed with the Form 10-KT filed on March 31, 2009)
- 10.41

Master Loan Agreement entered into as of August 31, 2007 by and between Farm Credit Services of Mid-America, PCA and Green Plains Obion LLC (fka Ethanol Grain Processors, LLC) (previously filed with the Form 10-KT filed on March 31, 2009)

- 10.42 Stated Revolving Credit Supplement entered into as of August 31, 2007 by and between Farm Credit of Mid-America, PCA and Green Plains Obion LLC (fka Ethanol Grain Processors, LLC) (previously filed with the Form 10-KT filed on March 31, 2009)
- 10.43 Master Loan Agreement dated as of February 27, 2007 by and among Green Plains Bluffton LLC (fka Indiana Bio-Energy, LLC) and AgStar Financial Services, PCA (previously filed with the Form 10-KT filed on March 31, 2009)
- 10.44 First Supplement to Master Loan Agreement dated as of February 27, 2007 by and between Green Plains Bluffton LLC (fka Indiana Bio-Energy, LLC) and AgStar Financial Services, PCA (previously filed with the Form 10-KT filed on March 31, 2009)
- 10.45 Second Supplement to Master Loan Agreement dated as of February 27, 2007 by and between Green Plains Bluffton LLC (fka Indiana Bio-Energy, LLC) and AgStar Financial Services, PCA (previously filed with the Form 10-KT filed on March 31, 2009)
- 10.46 Loan Agreement between City of Bluffton, Indiana and Green Plains Bluffton LLC (fka Indian Bio-Energy, LLC) dated as of March 1, 2007 (previously filed with the Form 10-KT filed on March 31, 2009)
- 10.47 Indenture of Trust dated as of March 1, 2007 by and between the City of Bluffton, Indiana and U.S. Bank National Association (previously filed with the Form 10-KT filed on March 31, 2009)

- 10.48 Construction/Permanent Mortgage Security Agreement, Assignment of Leases and Rents, Financing Statement and Fixture Filing dated as of February 27, 2007 by Green Plains Bluffton LLC (fka Indiana Bio-Energy, LLC) in favor of AgStar Financial Services, PCA (previously filed with the Form 10-KT filed on March 31, 2009)
- 10.49 Subordinate Construction/Permanent Mortgage, Security Agreement, Assignment of Leases and Rents, Financing Statement and Fixture Filing dated as of March 1, 2007 between Green Plains Obion LLC (fka Indiana Bio-Energy, LLC) and U.S. Bank National Association (previously filed with the Form 10-KT filed on March 31, 2009)
- 10.50 Non-Statutory Stock Option Agreement between Steve Bleyl and Green Plains Renewable Energy, Inc. dated October 15, 2008 (previously filed with the Form 10-KT filed on March 31, 2009)
- 10.51 Non-Statutory Stock Option Agreement between Edgar Seward and Green Plains Renewable Energy, Inc. dated October 15, 2008 (previously filed with the Form 10-KT filed on March 31, 2009)
- 10.52 Non-Statutory Stock Option Agreement between Michael Orgas and Green Plains Renewable Energy, Inc. dated November 1, 2008 (previously filed with the Form 10-KT filed on March 31, 2009)
- 10.53 Non-Statutory Stock Option Agreement between Ron Gillis and Green Plains Renewable Energy, Inc. dated October 15, 2008 (previously filed with the Form 10-KT filed on March 31, 2009)
- 10.54 Restricted Stock Agreement between Michael Orgas and Green Plains Renewable Energy, Inc. dated November 1, 2008 (previously filed with the Form 10-KT filed on March 31, 2009)
- 10.55 Restricted Stock Agreement between Edgar Seward and Green Plains Renewable Energy, Inc. dated October 15, 2008 (previously filed with the Form 10-KT filed on March 31, 2009)
- 14.1 Code of Ethics (previously filed with the Form 10-KT filed on March 31, 2009)
- 21.1 Schedule of Subsidiaries (previously filed with the Form 10-KT filed on March 31, 2009)
- 23.1 Consent of L.L. Bradford & Company, LLC
- 23.2 Consent of KPMG LLP (previously filed with the Form 10-KT filed on March 31, 2009)
- 31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Section 302 of the Sarbanes-Oxley Act of 2002
- 31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Section 302 of the Sarbanes-Oxley Act of 2002
- 32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GREEN PLAINS RENEWABLE ENERGY, INC.

(Registrant)

Date: November 3, 2009

By: /s/ Todd A. Becker

Todd A. Becker

President and Chief Executive Officer

(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<i>/s/ Todd A. Becker</i> Todd A. Becker	President and Chief Executive Officer and Director (Principal Executive Officer)	November 3, 2009
<i>/s/ Jerry L. Peters</i> Jerry L. Peters	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	November 3, 2009
<i>/s/ Wayne B. Hoovestol</i> Wayne B. Hoovestol	Chairman of the Board of Directors	November 3, 2009
<i>/s/ Jim Anderson</i>	Director	November 3, 2009

Jim Anderson

/s/ Jim Barry Director November 3, 2009
Jim Barry

/s/ James F. Crowley Director November 3, 2009
James F. Crowley

/s/ Gordon F. Glade Director November 3, 2009
Gordon F. Glade

/s/ Gary R. Parker Director November 3, 2009
Gary R. Parker

/s/ Brian D. Peterson Director November 3, 2009
Brian D. Peterson

/s/ Alain Treuer Director November 3, 2009
Alain Treuer

/s/ Michael Walsh Director November 3, 2009
Michael Walsh

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

To the Board of Directors and Stockholders of Green Plains Renewable Energy, Inc.

We have audited the accompanying consolidated balance sheet of Green Plains Renewable Energy, Inc. (formerly VBV LLC) (the Company) as of December 31, 2008, and the related statements of operations, stockholders' equity and comprehensive income, and cash flows for the nine-month transition period ended December 31, 2008. The Company's management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Green Plains Renewable Energy, Inc. as of December 31, 2008, and the results of its operations and its cash flows for the nine-month transition period ended December 31, 2008, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the consolidated financial statements, on October 15, 2008, Green Plains Renewable Energy, Inc. and VBV LLC completed a business combination. For financial reporting purposes, VBV LLC was determined to be the accounting acquirer and the accounting predecessor to the Company. The consolidated financial statements of the Company for the nine-month transition period ended December 31, 2008 include the results of VBV LLC from April 1, 2008 through October 14, 2008, and the consolidated results of the combined entity for the period from October 15, 2008 through December 31, 2008.

/s/ L.L. Bradford & Company, LLC

March 26, 2009

Las Vegas, Nevada

F-1

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders

Green Plains Renewable Energy, Inc.:

We have audited the accompanying consolidated balance sheet of VBV LLC and subsidiaries (a development stage company) (predecessor of Green Plains Renewable Energy, Inc.) (the Company) as of March 31, 2008, and the related statements of operations, stockholders' equity and comprehensive income, and cash flows of VBV LLC and subsidiaries for the year ended March 31, 2008 and for the period from September 28, 2006 (date of inception) to March 31, 2007. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards as established by the Auditing Standards Board (United States) and in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of VBV LLC and subsidiaries (a development stage company) as of March 31, 2008, and the results of their operations and their cash flows for the period then ended and for the period from September 28, 2006 (date of inception) to March 31, 2007, in conformity with U.S. generally accepted accounting principles.

The accompanying consolidated statements of cash flows for the year ended March 31, 2008 and for the period from September 28, 2006 (date of inception) to March 31, 2007 have been restated, as discussed in note 2.

/s/ KPMG LLP

Chicago, Illinois

June 20, 2008, except as to note 2,
which is as of August 1, 2008, and the
historical financial statement
adjustment information that resulted
from the merger as described in note 1,
which is as of November 6, 2009

F-2

GREEN PLAINS RENEWABLE ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share amounts)

	December 31, 2008	March 31, 2008
ASSETS		
Current assets		
Cash and cash equivalents	\$ 64,839	\$ 538
Short-term investments	-	894
Accounts receivable, net of allowances of \$174 and \$0, and including		
amounts from related parties of \$2,177 and \$0, respectively	54,306	-
Inventories	47,033	-
Prepaid expenses	13,341	3,853
Deposits	10,385	-
Derivative financial instruments and other	3,065	-
Total current assets	192,969	5,285
Property and equipment, net	495,772	241,162
Restricted cash	-	4,224
Investment in unconsolidated subsidiaries	1,377	-
Financing costs and other	2,948	3,504
Total assets	\$ 693,066	\$ 254,175

LIABILITIES AND STOCKHOLDERS EQUITY

Current liabilities		
Accounts payable, including amounts to related parties of \$9,824 and \$9,267, respectively	\$ 61,711	\$ 10,038
Accrued liabilities, including amounts to related parties of \$0 and \$13,501, respectively	14,595	14,974
Derivative financial instruments	4,538	-
Current maturities of long-term debt	27,405	1,843
Total current liabilities	108,249	26,856

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Long-term debt	299,011	80,711
Other liabilities	5,821	-
Total liabilities	413,081	107,567
Minority interest	296	38,622
Stockholders' equity		
Common stock, \$0.001 par value; 50,000,000 shares authorized;		
24,659,250 shares issued and outstanding at December 31, 2008	25	7
Additional paid-in capital	290,421	111,541
Retained earnings (accumulated deficit)	(10,459)	(3,562)
Accumulated other comprehensive loss	(298)	-
Total stockholders' equity	279,689	107,986
Total liabilities and stockholders' equity	\$ 693,066	\$ 254,175

See accompanying notes to the consolidated financial statements.

GREEN PLAINS RENEWABLE ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share amounts)

	Nine-Month Transition Period Ended December 31, 2008	Nine-Month Comparative Period Ended December 31, 2007 (Unaudited)	Year Ended March 31, 2008	Period from September 28, 2006 (Date of Inception) to March 31, 2007
Revenues				
Ethanol	\$ 108,960	\$ -	\$ -	\$ -
Grain	32,766	-	-	-
Agronomy products	14,966	-	-	-
Distillers grains	28,316	-	-	-
Other	3,750	-	-	-
Total revenues	188,758	-	-	-
Cost of goods sold	175,444	-	-	-
Gross profit	13,314	-	-	-
Operating expenses	18,467	3,463	5,423	1,421
Operating income (loss)	(5,153)	(3,463)	(5,423)	(1,421)
Other income (expense)				
Interest income	150	1,473	1,415	1,348
Interest expense, net of amounts capitalized	(3,933)	-	-	-
Other, net	887	6	8	3
Total other income (expense)	(2,896)	1,479	1,423	1,351
Income (loss) before income taxes and minority interests	(8,049)	(1,984)	(4,000)	(70)

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Income tax provision (benefit)	-	-	-	-
Minority interests in losses of consolidated subsidiaries	1,152	251	480	28
Net income (loss)	\$ (6,897)	\$ (1,733)	\$ (3,520)	\$ (42)
Earnings per share:				
Basic	\$ (0.56)	\$ (0.23)	\$ (0.47)	\$ (0.01)
Diluted	\$ (0.56)	\$ (0.23)	\$ (0.47)	\$ (0.01)
Weighted average shares outstanding:				
Basic	12,366	7,498	7,498	7,498
Diluted	12,366	7,498	7,498	7,498

See accompanying notes to the consolidated financial statements.

GREEN PLAINS RENEWABLE ENERGY, INC. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY****AND COMPREHENSIVE INCOME****(in thousands)**

	Common Stock		Additional Paid-in Capital	Retained	Accum.	Total Stockholders Equity
	Shares	Amount		Earnings (Accum. Deficit)	Other Comp. Loss	
Balance, September 28, 2006 (date of inception)	-	\$ -	\$ -	\$ -	\$ -	-
Net loss	-	-	-	(42)	-	(42)
Capital contributions	7,498	7	108,141	-	-	108,148
Costs of raising capital	-	-	75	-	-	75
Stock-based compensation	-	-	342	-	-	342
Balance, March 31, 2007	7,498	7	108,558	(42)	-	108,523
Net loss	-	-	-	(3,520)	-	(3,520)
Capital contributions	-	-	2,474	-	-	2,474
Stock-based compensation	-	-	509	-	-	509
Balance, March 31, 2008	7,498	7	111,541	(3,562)	-	107,986
Net loss	-	-	-	(6,897)	-	(6,897)
Unrealized loss on derivatives	-	-	-	-	(298)	(298)
Total comprehensive loss						(7,195)
Merger-related equity transactions						
Historical Green Plains shares	7,822	8	78,212	-	-	78,220
Shares issued for EGP	2,302	3	23,022	-	-	23,025
Shares issued for IBE	1,071	1	10,709	-	-	10,710
Other	(34)	-	(4)	-	-	(4)

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Investment by related party	6,000		6	59,994	-	-	60,000	
Capital contributions	-		-	4,484	-	-	4,484	
Stock-based compensation	-		-	2,463	-	-	2,463	
Balance, December 31, 2008	24,659	\$	25	\$	290,421	\$ (10,459)	\$ (298)	\$ 279,689

See accompanying notes to the consolidated financial statements.

F-5

GREEN PLAINS RENEWABLE ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Nine-Month	Nine-Month		Period from
	Transition	Comparative	Year	September
	Period	Period	Ended	28,
	Ended	Ended	March 31,	2006 (Date
	December	December	2008	of
	31, 2008	31, 2007	(Restated)	Inception)
		(Unaudited)		to
				March 31,
				2007
				(Restated)
Cash flows from operating activities:				
Net income (loss)	\$ (6,897)	\$ (1,733)	\$ (3,520)	\$ (42)
Adjustments to reconcile net income to net cash provided (used) by operating activities:				
Depreciation and amortization	4,717	13	20	3
Unrealized (gains) losses on derivative financial instruments	(728)	-	-	-
Stock-based compensation expense	2,463	373	509	342
Minority interests in net loss of consolidated subsidiaries	-	-	(480)	(28)
Changes in operating assets and liabilities:				
Accounts receivable	(32,274)	-	-	-
Inventories	(1,026)	-	-	-
Derivative financial instruments	(9,564)	-	-	-
Prepaid expenses and other assets	(15,182)	(2,763)	(2,418)	(1,391)
Accounts payable and accrued liabilities	13,322	(1,287)	968	(415)

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Other	1,816	-	-	
Net cash used by operating activities	(43,353)	(5,397)	(4,921)	(1,531)
Cash flows from investing activities:				
Purchase of property and equipment	(79,870)	(123,343)	(160,880)	(16,492)
Investment in business	(1,377)	-	-	-
(Investment in) withdrawal of restricted cash	4,224	15,135	17,339	(21,563)
Cash acquired in acquisition of business	9,830	-	-	-
Sale (purchase) of investments	877	-	(724)	(171)
Other	(3,566)	169	-	-
Net cash used by investing activities	(69,882)	(108,039)	(144,265)	(38,226)
Cash flows from financing activities:				
Proceeds from the issuance of long-term debt	196,634	25,837	60,160	22,000
Payments of principal on long-term debt	(80,012)	-	-	-
Proceeds from the issuance of common stock	60,000	-	-	-
Capital and minority interest contributions	-	1,749	2,474	108,148
Payment of loan fees and equity in creditors	914	158	(376)	(2,925)
Net cash provided by financing activities	177,536	27,744	62,258	127,223
Net change in cash and cash equivalents	64,301	(85,692)	(86,928)	87,466
Cash and cash equivalents, beginning of period	538	87,466	87,466	-
Cash and cash equivalents, end of period	\$ 64,839	\$ 1,774	\$ 538	\$ 87,466

Continued on the next page

GREEN PLAINS RENEWABLE ENERGY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

Continued from the previous page

	Nine-Month			Period from
	Transition	Nine-Month	Year	September
	Period	Comparative	Year	28,
	Ended	Period Ended	Ended	2006 (Date of
	December 31,	December 31,	March	Inception)
	2008	2007	31,	to March 31,
		(Unaudited)	2008	2007
			(Restated)	(Restated)
Supplemental disclosures of cash flow:				
Cash paid for income taxes	\$ -	\$ -	\$ -	\$ -
Cash paid for interest	\$ 3,565	\$ -	\$ -	\$ -
Noncash investing and financing activities:				
Common stock issued for merger activities	\$ 78,220	\$ -	\$ -	\$ -
Noncash additions to property and equipment:				
Property and equipment acquired in Merger	\$ 179,401	\$ -	\$ -	\$ -
Capital lease obligations incurred for equipment	-	-	391	4
Total noncash additions to property and equipment	\$ 179,401	\$ -	391	\$ 4
Supplemental noncash investing and financing activities:				
Assets acquired in Merger	\$ 268,035	\$ -	\$ -	6,531
Less liabilities assumed	(187,202)	-	-	(1,188)

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Net assets acquired	\$	80,833	\$	-	\$	-	\$	5,343
Increase in property and equipment for amounts still owed	\$	-	\$	-	\$	18,221	\$	5,552
Amortized financing costs capitalized in construction in progress	\$	-	\$	-	\$	121	\$	-

See accompanying notes to the consolidated financial statements.

F-7

GREEN PLAINS RENEWABLE ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION AND DESCRIPTION OF BUSINESS

References to the Company

References to we, us, our, Green Plains or the Company in these notes to the consolidated financial statements refer to Green Plains Renewable Energy, Inc., an Iowa corporation, and its subsidiaries. As discussed below, the consolidated financial statements prior to the nine-month transition period ended December 31, 2008 are those of VBV LLC and its subsidiaries.

Reverse Acquisition Accounting

VBV LLC (VBV) and its subsidiaries became wholly-owned subsidiaries of the Green Plains Renewable Energy, Inc. pursuant to a merger on October 15, 2008. 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. Statement of Financial Accounting Standard (SFAS) No. 141, Business Combinations, 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 October 2008 merger with VBV (the Merger) was accounted for as a reverse acquisition (i.e., Green Plains was considered the acquired company and VBV was considered the acquiring company). As a result, Green Plains' assets and liabilities as of October 15, 2008, the date of the Merger closing, have been incorporated into VBV's balance sheet based on the fair values of the net assets acquired, which equaled the consideration paid for the acquisition. 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. Further, the Company's operating results (post-Merger) include VBV's operating results prior to the date of closing and the results of the combined entity following the closing of the Merger. Although VBV was considered the acquiring entity for accounting purposes, the Merger was structured so that VBV became a wholly-owned subsidiary of Green Plains Renewable Energy, Inc.

Consolidated Financial Statements

In the consolidated financial statements and the notes thereto, all references to historical information, balances and results of operations are related to VBV and its subsidiaries as the predecessor company pursuant to reverse acquisition accounting rules. Although pre-merger Green Plains had been producing ethanol since August 2007, under reverse acquisition accounting rules, the merged Company's consolidated financial statements reflect our results as a development stage company (from VBV's inception on September 28, 2006 until September 2008) and as an operating company since September 2008. Accordingly, the Company's operating results (post-Merger) include the operating results of VBV and its subsidiaries prior to the date of the Merger and the results of the combined entity following the closing of the Merger.

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated. Certain amounts previously reported have been reclassified to conform to the current year presentation.

Adjustments to Historical Financial Statements

The historical consolidated financial statements reflect the impact of the change in capital structure that resulted from the Merger as if that capital structure was in place as of September 28, 2006 (date of inception) and for all subsequent periods presented. Accordingly, the accompanying consolidated balance sheet as of March 31, 2008, and the accompanying consolidated statements of stockholders' equity and comprehensive income for the year ended March 31, 2008 and for the period from September 28, 2006 (date of inception) to March 31, 2007 have been adjusted to reflect the current capital structure of the Company. In financial statements published prior to the Merger, references to the previous capital structure were to members' capital rather than stockholders' equity.

Fiscal Period

Historically, Green Plains had a fiscal year end of November 30. Under reverse acquisition rules, the combined organization would have been required to adopt VBV's fiscal year end, which had been March 31. After the Merger, the Company's Board of Directors approved a resolution to change our fiscal year end to December 31 to more closely align our year end with that of the majority of our peer group.

Use of Estimates in the Preparation of Consolidated Financial Statements

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Description of Business

Green Plains was formed in June 2004 to construct and operate dry mill, fuel-grade ethanol production facilities. 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. To add shareholder value, Green Plains expanded its business operations beyond ethanol production to integrate strategic agribusiness and ethanol marketing services. See *Note 4 Business Combination* for discussion related to the April 2008 acquisition of Great Lakes Cooperative's agribusiness assets and the October 2008 merger with VBV, which provided additional ethanol production and marketing services. As discussed above, under reverse acquisition accounting rules, VBV was considered the acquiring company in the October 2008 merger.

VBV was formed in September 2006 to capitalize on biofuels opportunities available within the United States. The goal was to create a company in the ethanol business with an integrated network combining production, distribution and marketing. VBV purchased controlling interest in two development stage ethanol plants: Indiana Bio-Energy, LLC, now known as Green Plains Bluffton LLC, and Ethanol Grain Processors, LLC, now known as Green Plains Obion LLC. Both plants were designed as dry mill natural gas fired ethanol plants with estimated production capacity of 110 million gallons per year of fuel grade ethanol.

Operations commenced at our Shenandoah, IA plant in August 2007, and at our Superior, IA plant in July 2008. Each of these ethanol plants has expected production capacity of 55 million gallons per year (mmgy). In September 2008 and November 2008, respectively, the Bluffton, IN and Obion, TN facilities commenced ethanol production activities. Prior to the commencement of ethanol production at the Bluffton plant, VBV had no significant revenue-producing operations and had historically incurred net losses from operations during its development stage. At full capacity, the combined ethanol production of our four facilities is 330 million gallons per year. Processing at full capacity will consume approximately 120 million bushels of corn and produce approximately 1,020,000 tons of distillers grains.

The Company also has an in-house fee-based marketing business, Green Plains Trade Group LLC (Green Plains Trade), a wholly-owned subsidiary of the Company, which provides ethanol marketing services to other producers in the ethanol industry. We have entered into several ethanol marketing agreements with third parties, pursuant to which the Company has agreed to market substantially all of the ethanol that is expected to be produced by such parties on an annual basis. Annual production from these third-party plants is expected to be approximately 305 million gallons.

Our plan is to expand our third-party ethanol marketing operations. Green Plains Trade is also now responsible for the sales, marketing and distribution of all ethanol produced at our four production facilities.

In April 2008, Green Plains completed the acquisition of Great Lakes Cooperative, a full-service cooperative that specializes in grain, agronomy, feed and petroleum products with seven locations in northwestern Iowa. Now known as Green Plains Grain Company LLC (Green Plains Grain), this business complements the ethanol plants in its grain handling and marketing, as well as grain procurement required in ethanol processing.

The Company believes that as a result of the 2008 mergers, the combined enterprise is a stronger, more competitive company capable of achieving greater financial strength, operating efficiencies, earning power, access to capital and growth than could have been realized previously.

2. RESTATEMENT

The Company restated its previously issued financial statements for the year ended March 31, 2008, and for the period from September 28, 2006 (date of inception) to March 31, 2007, to correct the presentation in the consolidated statements of cash flows of certain purchases of property, plant and equipment.

A portion of the Company's construction-in-progress was funded by the incurrence of accounts payable and accrued expenses, and the capitalization of financing costs, and had been included as a cash activity in the consolidated statements of cash flows. Since these portions of construction-in-progress were not funded by actual cash payments within the respective periods, the Company corrected this presentation in the consolidated statements of cash flows by reducing the investing outflows for the purchases of property, plant and equipment, reducing the corresponding change in accounts payable and accrued expenses in the operating section of the consolidated statements of cash flows and increasing the amount of financing outflows for financing costs. In addition, the Company added a noncash activity disclosure to properly reflect the portion of construction-in-progress funded by the incurrence of accounts payable, accrued expenses, retainage and the capitalization of financing costs.

The original and restated balances for the line items affected by these adjustments are (in thousands):

	Year Ended March 31, 2008 As Reported	Year Ended March 31, 2008 As Restated	Period from September 28, 2006 (Date of Inception) to March 31, 2007 As Reported	Period from September 28, 2006 (Date of Inception) to March 31, 2007 As Restated	Period from September 28, 2006 (Date of Inception) to March 31, 2008 As Reported	Period from September 28, 2006 (Date of Inception) to March 31, 2008 As Restated
CASH FLOW STATEMENT						
Increase (decrease) in accounts payable and accrued liabilities	\$ 10,815	\$ 968	\$ 1,398	\$ (415)	\$ 12,213	\$ 553
Net cash provided by (used in) operating activities	5,090	(4,921)	281	(1,531)	5,372	(6,453)
Purchases of property and equipment	(171,012)	(160,880)	(18,305)	(16,492)	(189,315)	(177,370)
Net cash used in investing activities	(154,397)	(144,265)	(40,038)	(38,226)	(194,436)	(182,491)
Payments of loan fees	(256)	(376)	(2,925)	(2,925)	(3,180)	(3,301)
Net cash provided by financing activities	62,379	62,258	127,223	127,223	189,602	189,481

These adjustments did not affect the reported amounts of net income or the change in cash for any period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair Value Measurement of Financial Instruments

We began to account for financial instruments according to SFAS No. 157, *Fair Value Measurements*, as of April 1, 2008. The following methods and assumptions were used by us in estimating the fair value of our financial instruments (which are separate line items in the consolidated balance sheet):

Level 1 Market participant assumptions developed based on market data obtained from sources independent of the reporting entity (observable inputs):

Cash and cash equivalents The carrying value of cash, cash equivalents and marketable securities is their fair value due to the high liquidity and relatively short maturity of these instruments. Marketable securities considered to be cash equivalents are invested in low-risk interest-bearing government instruments and bank deposits, and the carrying value is determined by the financial institution where the funds are held.

Commodity inventories and contracts Exchange-traded futures and options contracts are utilized to minimize the effects of changes in the prices of agricultural commodities on our agribusiness grain inventories and forward purchase and sales contracts. Exchange-traded futures and options contracts are valued at quoted market prices. Forward purchase contracts and forward sale contracts are valued at market prices where available or other market quotes, adjusted for differences, primarily transportation, between the exchange traded market and the local markets on which the terms of the contracts are based. Changes in the market value of inventories, forward purchase and sale contracts, and exchange-traded futures and options contracts are recognized in earnings as a component of cost of goods sold. These contracts are predominantly settled in cash. We are exposed to loss in the event of non-performance by the counter-party to forward purchase and forward sales contracts.

Derivative financial instruments These instruments are valued at fair market value based upon information supplied by the broker at which these instruments are held. The fair value is determined by the broker based on closing quotes supplied by the Chicago Board of Trade or other commodity exchanges. The Chicago Board of Trade is an exchange with published pricing. See the *Derivative Financial Instruments* policy below for additional information.

Level 2 The reporting entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs):

Accounts receivable, accounts payable and accrued liabilities The carrying value of accounts receivable, accounts payable and accrued expenses are reasonable estimates of their fair value because of the short duration of these items.

Cash and Cash Equivalents

We consider our highly liquid investments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents as of December 31, 2008 and March 31, 2008 included amounts invested in short-term government funds and bank deposits.

Short-Term Investments

Short-term investments consist of certificates of deposit that are stated at cost, which approximates the fair market value. These investments are held at a financial institution. The maturity dates on these securities are greater than 90 days when purchased.

Revenue Recognition and Accounts Receivable

We recognize 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. Amounts included in accounts receivable relate to unpaid amounts for sales of ethanol, distillers grains, farm commodities and agronomy merchandise.

Initially, third-party marketers were responsible for subsequent sales, marketing, and shipping of ethanol from each of ethanol plants. Green Plains Superior and Green Plains Shenandoah had contracted with RPMG, Inc. (RPMG), an independent marketer, to purchase the ethanol produced at each of the Iowa plants. In September 2008, our ethanol marketing contract with respect to our Shenandoah plant terminated. In January 2009, our ethanol marketing contract for the Superior plant terminated. Our Bluffton and Obion plants each entered into ethanol marketing agreements with Aventine Renewable Energy, Inc. (Aventine) for the sale of all of the ethanol the respective plants produce. Under the agreements, we sold our ethanol production to Aventine at a price per gallon based on a market price at the time of sale, less certain marketing, storage, and transportation costs, as well as a profit margin for each gallon sold. Aventine entered into lease or other arrangements to secure sufficient availability of railcars to ship the ethanol produced at each plant. In February 2009, the Aventine agreements terminated and a settlement was reached relating to the termination

of the Aventine agreements and related matters. Green Plains Trade is now responsible for the sales, marketing and distribution of all ethanol produced at our four production facilities and our production subsidiaries have taken over the railcar leases for sufficient railcars for the plants.

The market for distillers grains generally consists of local markets for wet, modified wet and dried distillers grains, and national markets for dried distillers grains. We had previously entered into exclusive marketing agreements with CHS Inc. for the sale of dried distillers grains produced at our Shenandoah and Superior plants. The agreement with CHS related to the Shenandoah plant terminated on July 1, 2008. CHS continues to market dried distillers grains produced at the Superior plant. In-house personnel currently market wet distillers grains produced at the Superior ethanol plant. Green Plains Trade markets the distillers grains by-product for our Shenandoah, Bluffton and Obion plants.

We sell ethanol and distillers grains in-house through Green Plains Trade and via third-party marketers, who are our customers for purposes of revenue recognition. For sales of ethanol and distillers grains by Green Plains Trade, sales are recognized when title to the product and risk of loss transfer to the customer. When third-party marketers are used, they are responsible for subsequent sales, marketing, and shipping of the ethanol and distillers grains. Accordingly, once the ethanol or distillers grains are loaded into railcars and bills of lading are generated, the criteria for revenue recognition are considered to be satisfied and sales are recorded. As part of our contracts with these third-party marketers, shipping costs incurred by them reduce the sales price they pay us. Under our contract with CHS, who continues to market dried distillers grains produced at our Superior ethanol plant, certain shipping costs for dried distillers grains are incurred directly by us, which are reflected in cost of goods sold. For distillers grains sold to local farmers, bills of lading are generated and signed by the driver for outgoing shipments, at which time sales are recorded.

For our fee-based marketing business, we purchase and sell all of the ethanol produced by certain third-party plants. The ethanol is purchased at a price per gallon based on a market price at the time of sale, less certain marketing, storage, and transportation costs, as well as a profit margin. We recognize revenues and related costs of goods sold for these transactions when title of the ethanol passes to our customers.

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.

Concentrations of Credit Risk

In the normal course of business, we are exposed to credit risk resulting from the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. We transact sales of ethanol and distillers grains and are marketing products for third parties, which may result in concentrations of credit risk from a variety of customers, including major integrated oil companies, large independent refiners, petroleum wholesalers, other marketers and jobbers. We are also exposed to credit risk resulting from sales of grain to large commercial buyers, including other ethanol plants, which we continually monitor. Although payments are typically received within fifteen days of sale for ethanol and distillers grains, we continually monitor this credit risk exposure. In addition, we may prepay for or make deposits on undelivered inventories. Concentrations of credit risk with respect to inventory advances are primarily with a few major suppliers of petroleum products and agricultural inputs.

Inventories

Corn to be used in ethanol production, ethanol and distillers grains inventories are stated at the lower of average cost (determined monthly) or market.

Other grain inventories include readily-marketable physical quantities of grain, forward contracts to buy and sell grain, and exchange traded futures and option contracts (all stated at market value). The futures and options contracts, which are used to hedge the value of both owned grain and forward contracts, are considered derivatives under SFAS No. 133, as amended, Accounting for Derivative Instruments and Hedging Activities. All Agribusiness segment grain inventories are marked to the market price with changes reflected in cost of goods sold. The forward contracts require performance in future periods. Contracts to purchase grain from producers generally relate to the current or future crop years for delivery periods quoted by regulated commodity exchanges. Contracts for the sale of grain to processors or other consumers generally do not extend beyond one year. The terms of contracts for the purchase and sale of grain are consistent with industry standards.

Merchandise and petroleum products inventories are valued at the lower of cost (first-in, first-out) or market price.

Derivative Financial Instruments

We use various financial instruments, including derivatives, to minimize the effects of the volatility of commodity price changes primarily related to corn, natural gas and ethanol. We monitor and manage this exposure as part of our overall risk management policy. As such, we seek to reduce the potentially adverse effects that the volatility of these markets may have on our operating results. We may take hedging positions in these commodities as one way to mitigate risk. We have put in place commodity price risk management strategies that seek to reduce significant, unanticipated earnings fluctuations that may arise from volatility in commodity prices, principally through the use of derivative instruments. While we attempt to link our hedging activities to our purchase and sales activities, there are situations where these hedging activities can themselves result in losses. We cannot provide assurance that such losses will not occur.

By using derivatives to hedge exposures to changes in commodity prices, we have exposures on these derivatives to credit and market risk. We are exposed to credit risk that the counterparty might fail to fulfill its performance obligations under the terms of the derivative contract. We minimize our credit risk by entering into transactions with high quality counterparties, limiting the amount of financial exposure we have with each counterparty and monitoring the financial condition of our counterparties. We also maintain a risk management policy requiring that all non-exchange traded derivative contracts with a duration greater than one year be formally approved by senior management. Market risk is the risk that the value of the financial instrument might be adversely affected by a change in commodity prices or interest rates. We manage market risk by incorporating monitoring parameters within our risk management strategy that limit the types of derivative instruments and derivative strategies we use, and the degree of market risk that may be undertaken by the use of derivative instruments.

We apply the provisions of Statement of Financial Accounting Standards (SFAS) No. 133, Accounting for Derivative Instruments and Hedging Activities. SFAS No. 133 requires companies to evaluate their contracts to determine whether the contracts are derivatives as certain derivative contracts that involve physical delivery may be exempted from SFAS No. 133 treatment as normal purchases or normal sales. Commodity forward contracts generally qualify for the normal purchase or sale exception under SFAS No. 133 and are therefore not subject to its provisions as they will be expected to be used or sold over a reasonable period in the normal course of business.

Any derivative contracts that do not meet the normal purchase or sales criteria are therefore brought to market with the corresponding gains and losses recorded in operating income unless the contracts qualify for hedge accounting treatment. We do not classify any of our commodity derivative contracts as hedging contracts for purposes of SFAS No. 133. These derivative financial instruments are recognized in other current assets or liabilities at fair value.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation of these assets is generally computed using the straight-line method over the following estimated useful lives of the assets:

	Years
Land improvements	20
Plant, buildings and improvements	10-40
Railroad track and equipment	20
Ethanol production equipment	15-40
Other machinery and equipment	5-7
Computers and software	3-5
Office furniture and equipment	5-7

Property and equipment is capitalized at cost. Non-permanent land improvements, construction-in-progress and capitalized interest are depreciated upon the commencement of operations of the property (i.e. ethanol plant start-up). Expenditures for property betterments and renewals are capitalized. Costs of repairs and maintenance are charged to expense as incurred.

We periodically evaluate whether events and circumstances have occurred that may warrant revision of the estimated useful life of our fixed assets.

Impairment of Long-Lived Assets

Our long-lived assets currently consist of property and equipment. We review long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of a long-lived 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 discounted cash flows.

Financing Costs

Fees and costs related to securing debt financing are recorded as financing costs. Debt issuance costs are stated at cost and are amortized as interest expense over the life of the loans. However, during the period of construction, amortization of such costs is capitalized in construction-in-progress.

Minority Interests

Prior to completion of the Merger, the Company held a 78% ownership interest in Indiana Bio-Energy, LLC (now known as Green Plains Bluffton) and a 62% ownership interest in Ethanol Grain Processors, LLC (now known as Green Plains Obion). The Company reflected the interests held by others as minority interests in the consolidated balance sheet and recorded the minority interests in income and losses of the subsidiaries in its consolidated results of operations. These minority interests were exchanged for Green Plains common stock in conjunction with the Merger. Remaining minority interests represent the minority partners' shares of the equity and income of a majority-owned subsidiary of Green Plains Grain.

Cost of Goods Sold

Cost of goods sold includes costs for direct labor, materials and certain plant overhead costs. Direct labor includes all compensation and related benefits of non-management personnel involved in the operation of our 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. Shipping costs incurred directly by us, including railcar lease costs, are also reflected in cost of goods sold.

We use exchange-traded futures and options contracts to minimize the effects of changes in the prices of agricultural commodities on our agribusiness grain inventories and forward purchase and sales contracts. Exchange-traded futures and options contracts are valued at quoted market prices. Forward purchase contracts and forward sale contracts are valued at market prices, where available, or other market quotes adjusted for differences, primarily transportation, between the exchange traded market and the local markets on which the terms of the contracts are based. Changes in the market value of inventories, forward purchase and sale contracts, and exchange-traded futures and options contracts, are recognized in earnings as a component of cost of goods sold. These contracts are predominantly settled in cash. We are exposed to loss in the event of non-performance by the counter-party to forward purchase and forward sales contracts.

Operating Expenses

Operating expenses are primarily general and administrative expenses for employee salaries, incentives and benefits; office expenses; director compensation; and professional fees for accounting, legal, consulting, and investor relations activities; as well as depreciation and amortization costs.

Environmental Expenditures

Environmental expenditures that pertain to our current operations and relate to future revenue are expensed or capitalized consistent with our capitalization policy. Expenditures that result from the remediation of an existing condition caused by past operations and that do not contribute to future revenue are expensed as incurred.

Stock-Based Compensation

The Company applies SFAS No. 123(R), *Accounting for Stock-Based Compensation*, for all compensation related to stock, options or warrants. SFAS No. 123(R) requires the recognition of compensation cost using a fair value based method whereby compensation cost is measured at the grant date based on the value of the award and is recognized over the service period, which is usually the vesting period. The Company uses the Black-Scholes pricing model to calculate the fair value of options and warrants issued to both employees and non-employees. Stock issued for compensation is valued using the market price of the stock on the date of the related agreement.

Income Taxes

The Company accounts for its income taxes in accordance with SFAS No. 109, *Accounting for Income Taxes*, and Financial Accounting Standards Board (FASB) Interpretation No. (FIN) 48, *Accounting for Uncertainty in Income*

Taxes an interpretation of FASB Statement No. 109, (FIN 48 was effective for us in the nine-month transition period ended December 31, 2008). The provision for income taxes is computed using the asset and liability method, under which deferred tax assets and liabilities are recognized for the expected future tax consequences attributable to temporary differences between the financial reporting carrying amount of existing assets and liabilities and their respective tax bases. 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 on deferred tax assets and liabilities of a change in tax rates is recognized in operating results in the period of enactment. Deferred tax assets are reduced by a valuation allowance when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Recent Accounting Pronouncements

In September 2008, the FASB issued FASB Staff Position (FSP) No. 133-1 and FIN 45-4, Disclosures about Credit Derivatives and Certain Guarantees. This FSP is intended to improve disclosures about credit derivatives by requiring more information about the potential adverse effects of changes in credit risk on the financial position, financial performance and cash flows of the sellers of credit derivatives. FSP No. 133-1 amends SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, to require disclosures by sellers of credit derivatives, including credit derivatives embedded in hybrid instruments. FSP No. 133-1 also amends FIN 45, Guarantor s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness to Others, to require an additional disclosure about the current status of the payment/performance risk of a guarantee. The provisions of FSP No. 133-1 that amend SFAS No. 133 and FIN 45 are effective for reporting periods ending after November 15, 2008. FSP No. 133-1 clarifies the effective date of SFAS No. 161. The disclosures required by SFAS No. 161 should be provided for any reporting period beginning after November 15, 2008. This clarification of the effective date of SFAS No. 161 is effective upon issuance of FSP No. 133-1. We are currently evaluating the impact that this statement will have on our consolidated financial statements.

In May 2008, the FASB issued SFAS No. 162, *The Hierarchy of Generally Accepted Accounting Principles*. SFAS No. 162 identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements presented in conformity with generally accepted accounting principles in the United States. The implementation of SFAS No. 162 did not have a material impact on our consolidated financial statements.

In March 2008, the FASB 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. We do not expect the adoption of SFAS No. 161 to have a material impact on our consolidated financial statements.

In December 2007, the FASB issued *Summary of Statement No. 141 (revised 2007)* (SFAS No. 141R), which replaces SFAS No. 141, *Business Combinations*, to improve the relevance and comparability of the information that a reporting entity provides in its financial reports about a business combination and its effects. SFAS No. 141R retains the fundamental requirements that the acquisition method of accounting (which SFAS No. 141 called the purchase method) be used for all business combinations and for an acquirer to be identified for each business combination. SFAS No. 141R requires an acquirer to recognize the assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree at the acquisition date, measured at their fair values as of that date, with limited exceptions. That replaces SFAS No. 141's cost-allocation process, which required the cost of an acquisition to be allocated to the individual assets acquired and liabilities assumed based on their estimated fair values. SFAS No. 141's guidance resulted in not recognizing some assets and liabilities at the acquisition date, and it also resulted in measuring some assets and liabilities at amounts other than their fair values at the acquisition date. SFAS No. 141R applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. It may not be applied before that date. We do not expect the adoption of SFAS No. 141R to have a material impact on our consolidated financial statements.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements* an amendment of ARB No. 51, which establishes accounting and reporting standards for the noncontrolling interest (minority interest) in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. The amount of net income attributable to the noncontrolling interest is to be included in consolidated net income on the face of the income statement. SFAS No. 160 also includes expanded disclosure requirements regarding the interests of the parent and its noncontrolling interest. SFAS No. 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. It may not be applied before that date. We do not expect the adoption of SFAS No. 160 to have a material impact on our consolidated financial statements.

4. BUSINESS COMBINATION

Merger of Green Plains Renewable Energy, Inc. and VBV LLC

In May 2008, definitive merger agreements were entered into by Green Plains and VBV. At that time, VBV held majority interest in two companies that were constructing ethanol plants. These two companies were Indiana Bio-Energy, LLC (IBE) of Bluffton, IN, an Indiana limited liability company which was formed in December 2004; and Ethanol Grain Processors, LLC, (EGP) of Obion, TN, a Tennessee limited liability company which was formed in October 2004. The Merger was completed on October 15, 2008. VBV and its subsidiaries became wholly-owned subsidiaries of Green Plains. Pursuant to the terms of the Merger, equity holders of VBV, IBE and EGP received Green Plains common stock and options totaling 11,139,000 shares. Upon closing of the Merger, VBV, IBE and EGP were merged into subsidiaries of the Green Plains. IBE has been renamed as Green Plains Bluffton LLC and EGP has been renamed as Green Plains Obion LLC. Simultaneously with the closing of the Merger, NTR plc (NTR), a leading international developer and operator of renewable energy and sustainable waste management projects and majority equity holder of VBV prior to the Merger, through its wholly-owned subsidiaries, invested \$60.0 million in Green Plains common stock at a price of \$10 per share, or an additional 6.0 million shares. With this investment, NTR is our largest shareholder. This additional investment is being used for general corporate purposes and to finance future acquisitions.

As a result of accounting for the Merger as a reverse acquisition, Green Plains' assets and liabilities as of October 15, 2008, the closing date of the Merger, have been incorporated into VBV's balance sheet based on the fair values of the net assets acquired, which equaled the consideration paid for the acquisition. SFAS No. 141 requires an allocation of the acquisition consideration to individual assets and liabilities including tangible assets, financial assets, separately recognized intangible assets, and goodwill. Further, the Company's operating results (post-Merger) include VBV's operating results prior to the date of closing and the results of the combined entity following the closing of the Merger. Although VBV was considered the acquiring entity for accounting purposes, the Merger was structured so that VBV became a wholly-owned subsidiary of Green Plains.

Since the Merger occurred toward the end of our fiscal year and involved complex legal and accounting issues, Green Plains performed a tentative allocation of the purchase price using preliminary estimates of the values of the assets and liabilities acquired. We have engaged an expert to assist in the determination of the purchase price allocation for purposes of SFAS No. 141. We believe the final allocation will be determined during 2009 with prospective adjustments recorded to our financial statements at that time, if necessary, in accordance with SFAS No. 141. A true-up of the purchase price allocation could result in gains or losses recognized in our consolidated financial statements in future periods. The following table summarizes the acquisition purchase price and the tentative allocation to the assets acquired and liabilities assumed in connection with the acquisition (in thousands):

	Amount
Current assets	
Cash and cash equivalents	\$ 9,830
Accounts receivable	22,031
Inventories	46,007
Prepaid expenses and other	5,840
Derivative financial institutions	1,988
Total current assets	85,696
Property and equipment, net	179,401
Other assets	2,938
Total assets acquired	268,035
Current liabilities	
Accounts payable and accrued liabilities	37,666
Purchase commitment	306
Current maturities of long-term debt	17,085
Derivative financial instruments	14,625
Total current liabilities	69,682
Long-term liabilities	
Notes payable	559
Pension costs	1,791

Long-term debt	110,154
Minority interest	299
Other liabilities	4,717
Total liabilities assumed	187,202
Total	\$ 80,833

A reconciliation of consideration paid to the allocation of the purchase price to specific assets and liabilities is as follows (in thousands):

Fair value of outstanding common stock assumed	\$ 78,220
Merger-related cash expenditures	2,613
	\$ 80,833

The following represents the unaudited pro forma combined results of operations of Green Plains and VBV as if the Merger had occurred as of April 1, 2007 (in thousands, except per share amounts):

	Nine-Month Transition Period Ended December 31, 2008	Nine-Month Comparison Period Ended December 31, 2007
Unaudited pro forma information:		
Revenues	\$ 454,732	\$ 24,202
Net income (loss)	(8,124)	(11,771)
Basic and diluted earnings per share	(0.33)	(0.47)

The pro forma financial information above includes historical Green Plains and VBV revenue and expenses adjusted to: (1) change the accounting base of Green Plains assets depreciated after the Merger to reflect purchase price adjustments, (2) adjust the income tax expense of the combined results, (3) revise compensation expense to reflect post-Merger executive salaries, (4) remove minority interests of VBV subsidiaries and (5) reverse Merger-related market price adjustments. This pro forma financial information is shown for illustrative purposes only and is not necessarily indicative of future results of operations of the Company or the results of operations of the Company that would have occurred had the Merger been in effect for the periods presented.

5. SEGMENT INFORMATION

With the closing of the Merger, the Company's chief operating decision makers began to review its operations in three separate operating segments. These segments are: (1) production of ethanol and related by-products (which we collectively refer to as "Ethanol Production"), (2) grain warehousing and marketing, as well as sales and related services of agronomy and petroleum products (which we collectively refer to as "Agribusiness") and (3) marketing and distribution of Company-produced and third-party ethanol and distillers grains (which we refer to as "Marketing and Distribution").

VBV was formed on September 28, 2006. Prior to completion of the Merger, VBV had controlling interests in two development stage ethanol plants. Operations commenced at these plants in September 2008 and November 2008, respectively. Accordingly, VBV, the acquiring entity for accounting purposes, was a development stage company until September 2008.

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The following are revenues, gross profit, operating income and total assets for our operating segments for the periods indicated (in thousands):

	Nine-Month Transition Period Ended December 31, 2008	Nine- Month Comparative Period Ended December 31, 2007	Year Ended March 31, 2008	Period from September 28, 2006 (Date of Inception) to March 31, 2007
(unaudited)				
Revenues:				
Ethanol Production	\$ 131,538	\$ -	\$ -	\$ -
Agribusiness	68,785	-	-	-
Marketing and Distribution	76,521	-	-	-
Intercompany eliminations	(88,086)	-	-	-
	\$ 188,758	\$ -	\$ -	\$ -
Gross profit:				
Ethanol Production	\$ 4,857	\$ -	\$ -	\$ -
Agribusiness	8,554	-	-	-
Marketing and Distribution	-	-	-	-
Intercompany eliminations	(97)	-	-	-
	\$ 13,314	\$ -	\$ -	\$ -
Operating income (loss):				
Ethanol Production	\$ (9,113)	\$ (3,463)	\$ (5,423)	\$ (1,421)
Agribusiness	4,422	-	-	-
Marketing and Distribution	(365)	-	-	-
Intercompany eliminations	(97)	-	-	-
	\$ (5,153)	\$ (3,463)	\$ (5,423)	\$ (1,421)
Total assets:				
Ethanol Production	\$ 537,843	\$ 217,496	\$ 254,175	\$ 175,454
Agribusiness	77,384	-	-	-
Marketing and Distribution	33,867	-	-	-
Corporate assets (not assigned to specific segments)	48,128	-	-	-
Intercompany eliminations	(4,156)	-	-	-
	\$ 693,066	\$ 217,496	\$ 254,175	\$ 175,454

Nearly all of our ethanol that was sold to third-party marketers was repurchased by Green Plains Trade, reflected in the Marketing and Distribution segment, and resold to other customers. Corresponding revenues and related costs of goods sold were eliminated in consolidation (see intercompany eliminations above).

Our consolidated revenues from all segments totaled \$188.8 million. Three of our customers, all within in the Ethanol Production segment, comprised over 10 percent of consolidated revenues for the nine-month period ending December 31, 2008, with these customers representing approximately 17%, 12% and 10% of revenues. Management does not believe that the loss of any of these customers would have a significant impact on our consolidated financial statements.

6. INVENTORIES

The components of inventories are as follows (in thousands):

	December 31,	March 31,
	2008	2008
Petroleum & agronomy items held for sale	\$ 15,925	\$ -
Grain held for sale	10,574	-
Raw materials	9,503	-
Work-in-process	7,371	-
Finished goods	2,171	-
Supplies and parts	1,489	-
	\$ 47,033	\$ -

7. PROPERTY AND EQUIPMENT

The components of property and equipment are as follows (in thousands):

	December 31,	March 31,
	2008	2008
Construction-in-progress	\$ 1,180	\$ 237,083
Plant, buildings and improvements	264,474	-
Land and improvements	35,006	3,951
Railroad track and equipment	22,225	-
Computer and software	1,702	-
Plant equipment	180,276	-
Office furniture and equipment	575	164
Leasehold improvements and other	6	-
Total property and equipment	505,444	241,198
Less: accumulated depreciation	(9,672)	(36)
Property and equipment, net	\$ 495,772	\$ 241,162

During the nine-month period ended December 31, 2008, production began at our facilities in Bluffton, IN and Obion, TN. Accordingly, the assets associated with these plants were reclassified from construction-in-progress to plant, buildings and improvements.

8. ACCRUED EXPENSES

The components of accrued expenses are as follows (in thousands):

	December 31, 2008	March 31, 2008
Accrued liabilities	\$ 14,595	\$ 2,862
Accrued construction retainage	-	12,112
	\$ 14,595	\$ 14,974

9. LONG-TERM DEBT AND LINES OF CREDIT

The components of long-term debt are as follows (in thousands):

	December 31, 2008	March 31, 2008
Green Plains Bluffton:		
Term loan	\$ 70,000	\$ 29,560
Revolving term loan	18,715	-
Revenue bond	22,000	22,000
Economic development grant	2,200	-
Green Plains Obion:		
Term loan	60,000	29,600
Revolving term loan	30,839	-
Commercial loan	-	1,000
Note payable	714	-
Capital lease	748	393
Economic development grant	1,000	-
Green Plains Shenandoah:		
Term loan	23,200	-
Revolving term loan	17,000	-
Seasonal borrowing	3,300	-
Economic development loan	165	-
Green Plains Superior:		
Term loan	35,875	-
Revolving term loan	10,000	-
Green Plains Grain:		
Term loan	8,325	-
Revolving term loan	20,000	-
Equipment financing loan	1,517	-
Essex Elevator:		
Note payable	446	-
Covenant not to compete	372	-
Total debt	326,416	82,553
Less: current portion	(27,405)	(1,843)
Long-term debt	\$ 299,011	\$ 80,710

Scheduled long-term debt repayments, are as follows (in thousands):

Year Ending December 31,	Amount
2009	\$ 27,405
2010	50,283
2011	30,427
2012	30,109
2013	87,245
Thereafter	100,947
Total	\$ 326,416

Loan Terminology

Related to loan covenant discussions below, the following definitions will apply (all calculated in accordance with U.S. generally accepted accounting principles (GAAP) consistently applied):

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Working capital current assets over current liabilities.

.

Net worth total assets over total liabilities plus subordinated debt.

Tangible owner's equity net worth divided by total assets.

Debt service coverage ratio (1) net income (after taxes), plus depreciation and amortization, divided by (2) all current portions of regularly scheduled long-term debt for the prior period (previous year end).

Fixed charge ratio adjusted EBITDAR divided by fixed charges, which are the sum of Green Plains Grain's interest expense, current maturities under the term loan, rent expense and lease expenses.

EBITDAR net income plus interest expense, rent and lease expense, and noncash expenses (including depreciation and amortization expense, deferred income tax expense and unrealized gains and losses on futures contracts), less interest income and certain capital expenditures.

Senior leverage ratio debt, excluding amounts under the Green Plains Grain revolving credit note, divided by EBITDAR.

Ethanol Production Segment

Each of our Ethanol Production segment subsidiaries has credit facilities with lender groups that provided for term and revolving term loans to finance construction and operation of the production facilities ("Production Credit Facilities"). The Green Plains Bluffton loan is comprised of a \$70.0 million amortizing term loan and a \$20.0 million revolving term facility (individually and collectively, the "Green Plains Bluffton Loan Agreement"). The Green Plains Obion loan is comprised of a \$60.0 million amortizing term loan, a revolving term loan of \$37.4 million and a \$2.6 million revolving line of credit (individually and collectively, the "Green Plains Obion Loan Agreement"). The Green Plains Shenandoah loan is comprised of a \$30.0 million amortizing term loan, a \$17.0 million revolving term facility, and a stated revolving credit supplement (seasonal borrowing capability) of up to \$4.3 million (individually and collectively, the "Green Plains Shenandoah Loan Agreement"). The Green Plains Superior loan is comprised of a \$40.0 million amortizing term loan and a \$10.0 million revolving term facility (individually and collectively, the "Green Plains Superior Loan Agreement").

Loan Repayment Terms

Term Loans The term loans were available for advances until construction for each of the plants was completed.

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Scheduled quarterly principal payments (plus interest) are as follows:

§

Green Plains Bluffton

\$1.75 million

§

Green Plains Obion

\$2.4 million (beginning May 20, 2009)

§

Green Plains Shenandoah

\$1.2 million

§

Green Plains Superior

\$1.375 million

o

Final maturity dates (at the latest) are as follows:

§

Green Plains Bluffton

November 1, 2013

§

Green Plains Obion

May 20, 2015

§

Green Plains Shenandoah

May 20, 2014

§

Green Plains Superior

July 20, 2015

o

Each term loan has a provision that requires the Company to make annual special payments equal to a percentage ranging from 65% to 75% of the available free cash flow from the related entity's operations (as defined in the respective loan agreements), subject to certain limitations, generally provided, however, that if such payment would result in a covenant default under the respective loan agreements, the amount of the payment shall be reduced to an amount which would not result in a covenant default.

o

Free cash flow payments are discontinued when the aggregate total received from such payments meets the following amounts:

§

Green Plains Bluffton

\$16.0 million

§

Green Plains Obion

\$18.0 million

§

Green Plains Shenandoah

\$8.0 million

§

Green Plains Superior

\$10.0 million

F-21

Revolving Term Loans The revolving term loans are generally available for advances throughout the life of the commitment. Allowable advances under the Green Plains Shenandoah Loan Agreement are reduced by \$2.4 million each six-month period commencing on the first day of the month beginning approximately six months after repayment of the term loan, but in no event later than November 1, 2014. Allowable advances under the Green Plains Superior Loan Agreement are reduced by \$2.5 million each six-month period commencing on the first day of the month beginning approximately six months after repayment of the term loan, but in no event later than July 1, 2015. Interest-only payments are due each month on all revolving term loans until the final maturity date, with the exception of the Green Plains Obion Loan Agreement, which requires additional semi-annual payments of \$4.675 million beginning November 1, 2015.

o

Final maturity dates (at the latest) are as follows:

§

Green Plains Bluffton

November 1, 2013

§

Green Plains Obion

November 1, 2018

§

Green Plains Shenandoah

November 1, 2017

§

Green Plains Superior

July 1, 2017

Pricing and Fees

The loans bear interest at either the Agent Base Rate (prime) plus from 0.0% to 0.5% or short-term fixed rates at LIBOR plus 250 to 390 basis points (each based on a ratio of total equity to total assets). In some cases, the lender may allow us to elect to pay interest at a fixed interest rate to be determined.

Certain loans were charged an application fee and have an annual recurring administrative fee.

Unused commitment fees, when charged, range from 0.375% to 0.75%.

Origination and other fees have been recorded in financing costs in the consolidated balance sheets.

Security

As security for the loans, the lenders received a first-position lien on all personal property and real estate owned by the respective entity borrowing the funds, including an assignment of all contracts and rights pertinent to construction and on-going operations of the plant. These borrowing entities are also required to maintain certain financial and non-financial covenants during the terms of the loans.

Representations, Warranties and Covenants

The loan agreements contain representations, warranties, conditions precedent, affirmative covenants (including financial covenants) and negative covenants including:

Maintenance of working capital as follows: by Green Plains Bluffton of not less than \$10.0 million at the commencement of operations, and increasing to \$12.0 million no later than 12 months after the date construction for the plant has been completed and continuing thereafter.

o
Green Plains Bluffton

\$10.0 million (increasing to \$12.0 million by September 11, 2009)

o

Green Plains Obion

\$9.0 million (increasing to \$12.0 million by December 31, 2009)

o

Green Plains Shenandoah

\$6.0 million

o

Green Plains Superior

\$5.0 million

.

Maintenance of net worth as follows:

o

Green Plains Bluffton

\$80.0 million

o

Green Plains Obion

\$67.0 million (increasing to \$77.0 million by December 31, 2009)

o

Green Plains Shenandoah

\$37.5 million

o

Green Plains Superior

\$58.3 million

Maintenance of tangible owner's equity as follows:

o

Green Plains Bluffton

at least 40% (increasing to 50% by December 31, 2009)

Maintenance of debt service coverage ratio as follows:

o

Green Plains Bluffton

1.25 to 1.0

o

Green Plains Obion

1.25 to 1.0

o

Green Plains Shenandoah

1.5 to 1.0

o

Green Plains Superior

1.25 to 1.0

.

Dividends or other annual distributions to the equity holder will be limited, subject to certain additional restrictions including maintenance with all loan covenants, terms and conditions, as follows:

o

Green Plains Bluffton

50% of profit, net of income taxes

o

Green Plains Obion

40% of profit, net of income taxes

o

Green Plains Shenandoah

40% of profit, net of income taxes

o

Green Plains Superior

40% of profit, net of income taxes

As of December 31, 2008, working capital balances at Green Plains Bluffton, Green Plains Obion and Green Plains Superior were less than those required by the respective financial covenants in the loan agreements of those subsidiaries. In addition, the debt service coverage ratio for Green Plains Superior was below levels required by its covenants. In February 2009, the Company contributed additional capital to these subsidiaries and as a result, the

lenders provided waivers accepting our compliance with the financial covenants for these subsidiaries as of that date.

Bluffton Revenue Bond

Bluffton Revenue Bond Green Plains Bluffton also received \$22.0 million in Subordinate Solid Waste Disposal Facility Revenue Bond funds from the City of Bluffton, IN. The revenue bond requires: (1) semi-annual interest only payments of \$825,000 through September 1, 2009, (2) semi-annual principal and interest payments of approximately \$1.5 million during the period commencing on March 1, 2010 through March 1, 2019, and (3) a final principal and interest payment of \$3.745 million on September 1, 2019.

The revenue bond bears interest at 7.50% per annum.

Revenue bond issuance costs have been recorded in financing costs in the consolidated balance sheets.

Capitalized Interest

We capitalized \$6.0 million, \$2.6 million and \$41,000 of interest and debt issuance costs during the nine-month transition period ended December 31, 2008, fiscal year ended March 31, 2008, and period from September 28, 2006 (date of inception) to March 31, 2007, respectively.

Agribusiness Segment

The Green Plains Grain loan is comprised of a \$9.0 million amortizing term loan and a \$35.0 million revolving term facility (individually and collectively, the Green Plains Grain Loan Agreement). Loan proceeds are used primarily for working capital purposes. The principal amount of the revolving credit note is reduced to \$30.0 million on March 31, 2009.

Key Loan Information

The term loan expires on April 3, 2013 and the revolving loan expires on April 3, 2010.

Payments of \$225,000 under the term loan are due on the last business day of each calendar quarter, with any remaining amount payable at the expiration of the loan term.

The loans bear interest at either the Agent Base Rate (prime) plus from 0.0% to 0.5% or short-term fixed rates at LIBOR plus 250 to 335 basis points (each based on a ratio of total equity to total assets). In some cases, the lender may allow us to elect to pay interest at a fixed interest rate to be determined.

The loans bear interest at either the Agent Base Rate (prime) minus 0.25% to plus 0.75% or short-term fixed rates at LIBOR plus 175 to 275 basis points (each depending on Green Plains Grain's Fixed Charge Ratio for the preceding four fiscal quarters).

As security for the loans, the lender received a first-position lien on real estate, equipment, inventory and accounts receivable owned by Green Plains Grain.

The loan agreements contain certain financial covenants and restrictions, including the following:

Maintenance of working capital of at least \$7.0 million, increasing to \$9.0 million in fiscal 2009 and \$11.0 million in fiscal 2010.

Maintenance of tangible net worth of at least \$10.0 million, increasing to \$12.0 million in fiscal 2009 and \$15.0 million in fiscal 2010.

Maintenance of a fixed charge ratio of 1.10x or more and a senior leverage ratio that does not exceed 2.25x.

Capital expenditures for Green Plains Grain were restricted to \$2.5 million during fiscal 2008. That amount is reduced to \$1.0 million for subsequent years; provided, however, that any unused portion from any fiscal year may be added to the limit for the next succeeding year.

Equipment Financing Loans

Green Plains Grain has two separate equipment financing agreements with AXIS Capital Inc. totaling \$1.75 million (individually and collectively, the Equipment Financing Loans). The Equipment Financing Loans provide financing for designated vehicles, implements and machinery. The Company agreed to guaranty the Equipment Financing Loans. Pursuant to the terms of the agreements, Green Plains Grain is required to make 48 monthly principal and interest payments of \$43,341, which commenced in April 2008.

10. STOCK-BASED COMPENSATION

We account for all share-based compensation transactions pursuant to SFAS No. 123R, Share-Based Payment, which is a revision of SFAS No. 123, Accounting for Stock-Based Compensation. SFAS No. 123R requires entities to record noncash compensation expense related to payment for employee services by an equity award in their financial statements over the requisite service period.

Indiana Bio-Energy, LLC

VBV invested in IBE on December 22, 2006, at which time two non-employee individuals had outstanding options to purchase membership units in IBE. The options were issued to allow each of the individuals to purchase 164 units of IBE. The options had a weighted-average exercise price of \$100, and a weighted-average contractual term of 0.9 years and 1.9 years as of March 31, 2008 and 2007, respectively. The fair value of the options was estimated using the Black-Scholes option pricing model with the following weighted-average assumptions: dividend yield of 0%, volatility of 98%, weighted-average risk free interest rate of 4.2% and expected life of 3.5 years. Since IBE's shares were not publicly traded, expected volatility was computed based on the average historical volatility of similar entities with publicly traded shares. The risk-free rate for the expected term of the options was based on the U.S. Treasury yield curve in effect at the time of the grant. The weighted-average fair value of the options granted was estimated to be \$9,915 per unit. VBV recognized expense associated with the IBE options of \$0 and \$342,334 for the year ended March 31, 2008, and for the period from September 28, 2006 (Inception Date) to March 31, 2007, respectively. The aggregate intrinsic value of the awards was \$3,247,200 as of March 31, 2008 and 2007 based on the weighted-average exercise price of the underlying awards of \$100 and IBE's estimated fair market value of \$10,000 per unit.

In June 2007, IBE issued one its employees 16 restricted units. The weighted-average grant-date fair value of the award was \$10,000 per unit. The award vested over five years at the time of the grant. As of March 31, 2008, there was \$136,000 of total unrecognized compensation cost related to the non-vested share-based awards, which was expected to be recognized over a weighted-average period of 4.2 years at that time. The total fair value of shares vested during the year ended March 31, 2008 was \$24,000.

Ethanol Grain Processors, LLC

VBV invested in EGP on January 19, 2007, at which time one non-employee individual had outstanding options to purchase 55,884 membership units in EGP at \$0.45 per unit. The options, which were still outstanding at March 31, 2008 and 2007, had a weighted-average exercise price of \$0.45 and weighted-average remaining contractual term of 3.9 and 4.9 years as of March 31, 2008 and 2007, respectively. The fair value of the option was estimated using the Black-Scholes option-pricing model. The weighted-average fair value of the option was estimated to be \$1.86 per unit. All of the expense associated with the options had been recorded by EGP prior to VBV's acquisition of EGP. The aggregate intrinsic value of the award was \$86,620 as of March 31, 2008 and 2007 and was calculated as the difference between the weighted-average exercise price of the underlying awards and EGP's estimated fair market value, which was the offering price, of \$2.00 per unit.

In July 2007, VBV granted 20,000 restricted units to a related party member acting as a consultant in the roles of Chief Financial Officer and Chief Executive Officer of EGP, vesting upon substantial completion of the EGP plant. The weighted-average grant date fair value was \$2.00 per unit. As of March 31, 2008, there was \$17,500 of total unrecognized compensation cost related to the non-vested share-based awards. The cost was recognized during the nine months ended December 31, 2008. The total fair value of shares vested during the year ended March 31, 2008 was \$22,500.

In December 2007, VBV granted 125,000 EGP options to a related party member acting as Chief Financial Officer and Chief Executive Officer of EGP, vesting immediately upon issue and expiring three years from date of issuance. The options had a weighted-average exercise price of \$2.00 and weighted contractual term of 2.75 years as of March 31, 2008. The fair value of the option was estimated using the Black-Scholes option-pricing model with the following weighted-average assumptions: dividend yield 0%, volatility 98%, weighted-average risk free interest rate 3.0% and expected life of three years. Since EGP's shares were not publicly traded, expected volatility was computed based on the average historical volatility of similar entities with publicly traded shares. The risk-free rate for the expected term of the options was based on the U.S. Treasury yield curve in effect at the time of the grant. The weighted-average fair value of the option granted was estimated to be \$1.25 per unit. VBV recognized expense associated with the options of \$155,649 for the year ended March 31, 2008. The aggregate intrinsic value of the award was zero as of March 31, 2008 based on the weighted-average exercise price of the underlying awards and EGP's estimated fair market value of \$2.00 per unit.

VBV LLC

In May 2007, VBV granted to an executive officer restricted units of up to 0.3% of VBV's units, to incrementally vest over a period of four 4 years. The weighted-average grant-date fair value of the award was \$102,657 per unit. At March 31, 2008, the restricted units granted were equal to 3 units based on 0.3% of VBV's common units. As of March 31, 2008, there was \$147,035 of total unrecognized compensation cost related to the non-vested share-based awards. The cost was expected to be recognized over a weighted-average period of 3.2 years. The total fair value of shares vested during the year ended March 31, 2008 was \$160,936.

In May 2007, VBV also granted the executive officer options to purchase 0.35% of VBV's common units, to incrementally vest over a period of four 4 years. VBV granted the executive the options to purchase up to 0.35% of VBV's common units at an exercise price equal to the actual percentage exercised under the option by the executive multiplied by the total invested equity in VBV at the time of the exercise of the option. The options had a weighted-average exercise price of \$110,623 and weighted contractual term of 3.2 years as of March 31, 2008. The fair value of the option was estimated using the Black-Scholes option-pricing model at each reporting date. The following weighted-average assumptions were used in the model as of March 31, 2008: dividend yield 0%, volatility 98%, weighted-average risk free interest rate 4.7% and expected life of 4 years. Since VBV's shares were not publicly traded, expected volatility was computed based on the average historical volatility of similar entities with publicly traded shares. The risk-free rate for the expected term of the options was based on the U.S. Treasury yield curve in effect at the time of the grant. The weighted-average fair value of the option granted was estimated to be \$77,774 per unit. VBV recognized expense associated with the options of \$142,249 for the year ended March 31, 2008. The aggregate intrinsic value of the award was zero as of March 31, 2008 based on the weighted-average exercise price of the underlying awards and VBV's estimated fair market value of \$110,623 per unit.

The VBV executive officer entered into an employment agreement at the time of the Merger to serve as the Company's President and Chief Operating Officer. This employment agreement included long-term incentive awards that replaced the outstanding restricted units and options, and that were of a type and level that is competitive to benefits provided to officers of public companies of comparable size.

Stock-Based Compensation following the Merger

The Green Plains Renewable Energy, Inc. 2007 Equity Incentive Plan (Equity Incentive Plan) provides for the granting of stock-based compensation, including options to purchase shares of common stock, stock appreciation rights tied to the value of common stock, restricted stock and restricted stock unit awards to eligible employees, non-employee directors and consultants. We have reserved a total of 1.0 million shares of common stock for issuance under the Equity Incentive Plan. The maximum number of shares of common stock that can be granted to any employee during any year is 50,000.

Grants under the Equity Incentive Plan may include:

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Options Stock options may be granted that are currently exercisable, that become exercisable in installments, or that are not exercisable until a fixed future date. Certain options that have been issued are exercisable during their term regardless of termination of employment while other options have been issued that terminate at a designated time following the date employment is terminated. Options issued to date may be exercised immediately and/or at future vesting dates, and must be exercised no later than five to eight years after the grant date or they will expire.

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Stock Awards Stock awards may be granted to directors and key employees with ownership of the common stock vesting immediately or over a period determined by the Compensation Committee and stated in the award. Stock awards granted to date vested in some cases immediately and at other times over a period determined by the Compensation Committee and were restricted as to sales for a specified period. Compensation expense was recognized upon the grant award. The stock awards are measured at fair value on the grant date, adjusted for estimated forfeitures.

Pursuant to the Merger, each outstanding IBE unit was converted into the right to acquire 731.997469 shares of Green Plains common stock and each outstanding EGP unit was converted into the right to acquire 0.151658305 shares of Green Plains common stock. Outstanding stock options and restricted stock awards of the predecessor were assumed by the Company post-merger. At the time of the Merger, executive officers and other key employees of the Company were issued stock options and restricted stock awards.

For stock options granted at the time of the Merger, the fair value of options granted was estimated on the date of grant using the Black-Scholes option-pricing model, a pricing model acceptable under SFAS No. 123R, with the following weighted-average assumptions:

Expected life	5.4
Interest rate	3.0%
Volatility	63.9%
Dividend yield	

The expected life of options granted represents the period of time in years that options granted are expected to be outstanding. The interest rate represents the annual interest rate a risk-free investment could potentially earn during the expected life of the option grant. Expected volatility is based on historical volatility of our common stock and other companies within our industry. We currently use a forfeiture rate of zero percent for all existing share-based compensation awards since we have no historical forfeiture experience under our share-based payment plans.

Following the Merger, our Board of Directors authorized the issuance of shares of our common stock to the five departing predecessor-company directors for a total of 18,000 shares in appreciation for services rendered. We recorded \$107,820 of share-based expense for the value of these shares at the time of issuance, determined using the closing price of our common stock on the date of grant.

All of our existing share-based compensation awards have been determined to be equity awards. We recognize compensation costs for stock option awards which vest with the passage of time with only service conditions on a straight-line basis over the requisite service period.

A summary of stock options as of December 31, 2008 and changes during the nine-month transition period ended December 31, 2008 are as follows:

Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual	Aggregate Intrinsic Value (in
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			Term (in years)	thousands)
Outstanding at March 31, 2008	290,023	\$	2.21	
Assumed at Merger	509,000		24.63	
Granted	802,528		4.95	
Exercised	-		-	
Cancellations	(290,023)		(2.21)	
Outstanding at December 31, 2008	1,311,528	\$	12.59	5.1 \$ -
Exercisable at December 31, 2008	942,361	\$	14.74	4.1 \$ -

All fully-vested stock options as of December 31, 2008 are exercisable and are included in the above table. Since weighted-average option prices exceeded the closing stock price at December 31, 2008, the aggregate intrinsic value was zero. Our stock awards allow employees to exercise options through cash payment to us for the shares of common stock or through a simultaneous broker-assisted cashless exercise of a share option, through which the employee authorizes the exercise of an option and the immediate sale of the option shares in the open market. We use original issuances of common stock to satisfy our share-based payment obligations.

Compensation costs expensed for our share-based payment plans described above were approximately \$2.5 million and \$0.4 million during the nine-month transition period ended December 31, 2008, and during the fiscal year ended March 31, 2008. The potential tax benefit realizable for the anticipated tax deductions of the exercise of share-based payment arrangements approximated \$1.0 million during the nine-month transition period ended December 31, 2008. However, due to uncertainty that the tax benefits will be realized, these potential benefits were not recognized currently.

11. EARNINGS PER SHARE

Basic earnings per common shares (EPS) is calculated by dividing net income available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted EPS is computed by dividing net income available to common stockholders by the weighted average number of common shares outstanding during the period, adjusted for the dilutive effect of any outstanding dilutive securities. The calculation of diluted earnings per share gives effect to common stock equivalents. For periods prior to the Merger, to determine the weighted average number of common shares outstanding, the number of Green Plains common shares issued for outstanding VBV member shares was equated to member shares issued and outstanding during prior periods.

12. INCOME TAXES

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases 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 the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

VBV intended to be taxed as a corporation from its inception. However, the election required to be filed with Internal Revenue Service (IRS) was accepted effective on April 11, 2007, not the inception date of September 28, 2006 as requested. As a result, VBV was considered a flow-through entity for tax purposes for the reporting period from September 28, 2006 to April 10, 2007. VBV appealed the tax treatment of the effective date of the election with the IRS. An IRS decision allowing VBV to be treated as a corporation prior to April 11, 2007 was received in late March 2009.

VBV, as a development stage company, has incurred losses for each of the periods since its inception. Those losses have appropriately been recorded as a deferred tax asset with an offsetting valuation allowance as the losses are not more likely than not to be utilized prior to their expiration.

Due to the merger transaction, VBV is now treated as a corporation for income tax purposes and will be taxed as such for the earnings during the period April 1, 2008 to December 31, 2008.

The provision for income taxes for the nine months ended December 31, 2008 and 2007, respectively, has been determined to be zero as the Company had net operating losses for tax purposes and has determined that any benefit from these tax losses may not be realized prior to their expiration. Accordingly, no tax provision or benefit was recognized during each of the periods presented.

Differences between the income tax provision (benefit) computed at the statutory federal income tax rate and per the consolidated statements of operations are summarized as follows (in thousands):

	Nine-Month Transition Period Ended December 31, 2008	Nine-Month Comparative Period Ended December 31, 2007 (unaudited)	Year Ended March 31, 2008 (unaudited)
Tax expense (benefit) at federal statutory rate of 34%	\$ (2,756)	\$ (674)	\$ (1,360)
State income tax expense (benefit), net of federal benefit	(544)	(111)	(224)
Increase (decrease) in valuation allowance against deferred tax assets	3,297	785	1,584
Other	3	-	-
Income tax provision (benefit)	\$ -	\$ -	\$ -

The amounts in the table above for the year ended March 31, 2008 have not been audited as VBV was a non-public company for this period and SFAS No. 109 does not require these numerical disclosures for non-public companies and accordingly, such amounts have been labeled as unaudited. As VBV was considered a flow-through entity for tax purposes for the period from September 28, 2006 to April 10, 2007, no taxes were computed for the fiscal period from inception to March 31, 2007. An IRS decision allowing VBV to be treated as a corporation prior to April 11, 2007 was received in late March 2009.

Deferred federal and state income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of deferred tax assets and liabilities are as follows (in thousands):

	December 31,	March 31,
	2008	2008
		(unaudited)
Deferred tax assets:		
Net operating loss carryforwards	\$ 7,003	\$ -
Tax credit carryforwards	1,264	-
Derivatives	4,955	-
Investment in partnerships	4,003	-
Organizational and start-up costs	3,080	1,746
Stock options	2,522	126
Inventory valuation	665	-
Other	447	39
Total deferred tax assets	23,939	1,911
Deferred tax liabilities:		
Fixed assets	(11,196)	-
Total deferred tax liabilities	(11,196)	-
Valuation allowance	(12,743)	(1,911)
Deferred income taxes	\$ -	\$ -

The amounts in the table above for the year ended March 31, 2008 have not been audited as VBV was a non-public company for this period and SFAS No. 109 does not require these numerical disclosures for non-public companies and accordingly, such amounts have been labeled as unaudited.

As of December 31, 2008, we had federal and state net operating loss carryforwards of \$17.2 million and \$17.0 million, respectively. These losses will expire in years 2026 through 2028.

We continue to maintain a valuation allowance against the value of all deferred tax assets at December 31, 2008 due to the uncertainty of realizing these assets in the future. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of

deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment.

FIN 48 provides guidance in regard to the recognition of tax benefits for positions claimed or to be claimed in tax returns. Management has evaluated the tax positions claimed and expected to be claimed in its tax returns and has concluded that all positions are more likely than not to be sustained upon examination by applicable taxing authorities. Management has also concluded that no liability for uncertain tax positions should be recorded under FIN 48 as of December 31, 2008.

13. COMMITMENTS AND CONTINGENCIES*Operating Leases*

The Company currently leases or is committed to paying operating leases extending to 2019 that have been executed by the Company. For accounting purposes, rent expense is based on a straight-line amortization of the total payments required over the lease term. The Company incurred lease expenses of \$743,034, \$1,412 and \$1,200 during the nine-month transition period ended December 31, 2008 and the fiscal periods ending March 31 2008 and 2007, respectively. Aggregate minimum lease payments under these agreements in future fiscal years are as follows (in thousands):

Year Ending December 31,	Amount
2009	\$ 4,970
2010	4,289
2011	2,449
2012	2,286
2013	2,157
Thereafter	5,057
Total	\$ 21,208

Commodities - Corn and Natural Gas

As of December 31, 2008, we had contracted for future corn deliveries valued at \$122.8 million, natural gas deliveries valued at approximately \$12.8 million, ethanol product deliveries valued at approximately \$9.5 million and DDG product deliveries valued at approximately \$13.9 million.

14. EMPLOYEE BENEFIT PLANS

The Company offers eligible employees a comprehensive employee benefits plan that includes health, dental, vision, life and accidental death, short-term disability, long-term disability, and flexible spending accounts. Additionally, the Company offers a 401(k) retirement plan that enables eligible employees to save on a tax-deferred basis up to the limits allowable under the Internal Revenue Code. The Company matches up to 4% of eligible employee contributions. Employee and employer contributions are 100% vested immediately.

Green Plains Grain maintains a defined benefit pension plan. Although benefits under the plan were frozen as of January 1, 2009, Green Plains Grain remains obligated to ensure that the plan is funded in accordance with applicable requirements. As of December 31, 2008, the pension plan's liabilities exceeded its assets by approximately \$1.3 million, which is included in other liabilities. Minimum funding standards generally require a plan's underfunding to be made up over a seven-year period. The amount of underfunding could increase or decrease, based on investment returns of the plan's assets or changes in the assumed discount rate used to value benefit obligations.

15. RELATED PARTY TRANSACTIONS

Construction Contracts

In May 2006 and August 2006, respectively, IBE and EGP signed lump-sum design-build agreements with Fagen, Inc., a general contractor who was also a member of IBE and EGP prior to the Merger. IBE has incurred costs of \$111.9 million under their agreement since its inception: \$8.0 million for the period from September 28, 2006 to March 31, 2007; \$87.4 million for fiscal year ended March 31, 2008; and \$16.5 million for the nine-month transition period ended December 31, 2008. EGP has incurred costs of \$112.2 million under their agreement since its inception: \$24.0 million for the period from September 28, 2006 to March 31, 2007; \$65.7 million for the period from April 1, 2007 to March 31, 2008; and \$22.5 million for the nine-month transition period ended December 31, 2008. Included in current liabilities were amounts due to Fagen totaling \$6.1 million at December 31, 2008 and \$21.6 million at March 31, 2008.

In December 2006, EGP entered into an agreement with Harold Coffey, a general contractor who was also a member of EGP for Phase 1 (grading and drainage) and Phase 2 (rail spur track) for the site work. EGP has incurred costs of \$12.3 million under this agreement since its inception: \$3.9 million for the period from September 28, 2006 to March 31, 2007; \$6.3 million for the fiscal year ended March 31, 2008; and \$2.1 million for the nine-month transition period ended December 31, 2008. Included in current liabilities were amounts due to Harold Coffey Construction Company, Inc. totaling \$1.2 million at December 31, 2008 and \$0.6 million at March 31, 2008.

Jackson-Briner Joint Venture LLC, owned and managed by James Jackson and Michael Swinford, both investors in IBE, had a contract with IBE to provide owner's scope services. IBE incurred \$13.0 million for these services since inception of the contract: \$2.8 million during the period from September 28, 2006 to March 31, 2007 and \$10.2 million during the fiscal year ended March 31, 2008. There was \$0.6 million included in current liabilities at March 31, 2008. No expenses were incurred during the nine-month transition period ended December 31, 2008, and no further amounts are owed on this contract.

Grain Origination Contracts

Obion Grain, who is Green Plains Obion's exclusive supplier of corn produced in the seven counties surrounding the plant, had an ownership interest in EGP prior to the Merger, and will have a subordinate lien on Green Plains Obion's real property if it 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, all of whom had ownership interests in EGP prior to the Merger, and the latter two of whom also served as directors of the EGP board. EGP did not incur costs under this agreement prior to April 1, 2008. During the nine-month transition period ended December 31, 2008, EGP incurred costs of \$3.6 million under this arrangement. Included in current liabilities were amounts due to Obion Grain totaling \$0.4 million at December 31, 2008.

Cargill Biofuels Investment, a related party of IBE, has contracted with Cargill Incorporated, through its AgHorizons Business Unit (Cargill), for all of IBE's corn supplies. IBE has agreed to pay Cargill for its cost of procuring the corn plus a per bushel origination fee. IBE did not contract for corn prior to April 1, 2008. IBE incurred \$53.2 million to Cargill for corn and corn procurement fees under this agreement during the nine-month transition period ended December 31, 2008. Included in current liabilities were amounts due to Cargill under this arrangement totaling \$2.1 million at December 31, 2008.

Consulting Contracts

In July 2005, EGP entered into a management consulting agreement with a related party, The Patterson Group, LLC, to provide management services in the capacity of Chief Executive Officer and Chief Financial Officer. EGP has incurred \$0.3 million since the inception of this contract: \$0.2 million for the year ending March 31, 2008 and \$0.1 million for the nine-month transition period ended December 31, 2008 to James K. Patterson for consulting fees under this agreement. There were no outstanding amounts due under this agreement at March 31, 2008 or December 31, 2008. On January 1, 2009, the terms of this agreement were extended through June 30, 2009 at a reduced fee. The cost for the six-month period is expected to total \$36,000.

Steve Hogan and Troy Flowers were investors in IBE prior to the Merger and they are the principles of Midwest Bio-Management LLC. Midwest Bio-Management LLC entered an agreement for consulting and services with IBE in August 2005. The contract for services and consulting is for \$13,000 a month and expires July 31, 2009. IBE incurred \$0.2 million during the year ended March 31, 2008 and \$0.1 million during the nine-month transition period ended

December 31, 2008 under this arrangement. There were no outstanding amounts due under this agreement at December 31, 2008 or March 31, 2008.

David Dale of Dale & Huffman was an investor in IBE prior to the Merger, and Dale & Huffman provided legal services to IBE. IBE incurred \$0.1 million legal services from this related party from the period from inception to March 31, 2007. There were payments of less than \$0.1 million during the year ended March 31, 2008 and the nine-month transition period ended December 31, 2008. There were no outstanding amounts due to this firm at December 31, 2008 or March 31, 2008.

Marketing Contracts

IBE entered into an agreement with Aventine, an investor in IBE prior to the Merger, to sell to them all of the ethanol produced at the plant. IBE pays Aventine a certain percentage of the sales price determined on a pooled basis for certain marketing, storage, and transportation costs. Green Plains Trade (on behalf of Green Plains Bluffton) incurred \$13.6 million in payments to Aventine during the period October 15, 2008 to December 31, 2008. No payments were due under this arrangement prior to the date of the Merger. Included in accounts receivable were amounts owed by Aventine to Green Plains Bluffton totaling \$2.2 million at December 31, 2008.

Sales and Financing Contracts

Green Plains Grain executed two separate leases for equipment with Axis Capital Inc. Gordon F. Glade, President and Chief Executive Officer of Axis Capital, is a member of our Board of Directors. A total of \$1.5 million is included in debt at December 31, 2008 under these financing arrangements.

At the time of the Merger, the predecessor company had outstanding fixed-price ethanol purchase and sale agreements with Center Oil Company. Gary R. Parker, President and Chief Executive Officer of Center Oil, is a member of our Board of Directors. The sales agreements had been executed to hedge prices on a portion of our expected ethanol production. Rather than delivering all of the ethanol, offsetting purchase agreements for a portion of this ethanol production had also been entered into with Center Oil. During the nine-month transition period ended December 31, 2008, cash receipts and payments totaled \$18.8 million and \$0.4 million, respectively, on these contracts. At December 31, 2008, the Company did not have any outstanding payables or receivables under these purchase and sale agreements.

VBV and its subsidiaries entered into fixed-price ethanol sales and distillers grains purchase agreements with Green Plains subsequent to the execution of the merger agreement in May 2008. The sales agreements were executed for future deliveries of 1.5 million gallons of ethanol for approximately \$4.1 million. The purchase agreements were executed for future receipts of 180,000 tons of dried distillers grains for approximately \$27.5 million. Prior to the Merger, no ethanol sales and \$2.0 million in distillers grains sales were executed under these agreements.

16. SUBSEQUENT EVENTS

On January 20, 2009, the Company acquired majority interest in Blendstar, LLC, a biofuel terminal operator. The transaction involved a membership interest purchase whereby Green Plains acquired 51% of Blendstar from Bioverda U.S. Holdings LLC, an affiliate of NTR, for \$9.0 million. Blendstar operates terminal facilities in Oklahoma City, Little Rock, Nashville, Knoxville, Louisville and Birmingham and has announced commitments to build terminals in two additional cities. Blendstar facilities currently have splash blending and full-load terminal throughput capacity of over 200 million gallons per year.

Previously, Green Plains Superior had contracted with RPMG, an independent marketer, to purchase all of its ethanol production, and Green Plains Bluffton and Green Plains Obion had contracted with Aventine to purchase all of their ethanol production. Under the agreements, we sold our ethanol production exclusively to them at a price per gallon based on a market price at the time of sale, less certain marketing, storage, and transportation costs, as well as a profit margin for each gallon sold. These agreements terminated in January and February 2009 and as a result, a one-time charge of approximately \$5.1 million will be reflected in our 2009 first quarter financial results related to the termination of these agreements and certain related matters. We believe the termination of the agreements will allow us to market all of our own ethanol through Green Plains Trade, provide us a better opportunity to employ our risk management processes, mitigate our risks of counterparty concentration and accelerate our collection of receivables.

17. QUARTERLY FINANCIAL DATA (Unaudited)

After the Merger, we changed our fiscal year end to December 31. Prior to that, our fiscal year end had been March 31. The following table sets forth certain unaudited financial data for each of the quarters within the transition nine-month period ended December 31, 2008 and the fiscal year ended March 31, 2008. This information has been

derived from our consolidated financial statements and in management's opinion, reflects all adjustments necessary for a fair presentation of the information for the quarters presented. The operating results for any quarter are not necessarily indicative of results for any future period.

F-31

(Amounts in thousands, except per share amounts)

	Three Months Ended		
	December 31, 2008	September 30, 2008	June 30, 2008
Nine-Month Transition Period Ended December 31, 2008			
Revenues	\$ 186,869	\$ 1,889	\$ -
Cost of goods sold	171,631	3,813	94
Operating income (loss)	880	(4,487)	(1,546)
Other income (expense)	(2,089)	646	5
Income tax provision (benefit)	-	-	-
Net income (loss)	(1,849)	(3,876)	(1,172)
Basic and diluted earnings per share	(0.08)	(0.52)	(0.16)

	March 31, 2008	Three Months Ended		June 30, 2007
		December 31, 2007	September 30, 2007	
Year Ended March 31, 2008				
Revenues	\$ -	\$ -	\$ -	\$ -
Cost of goods sold	-	-	-	-
Operating income (loss)	-	-	-	-
Other income (expense)	(2,120)	90	440	937
Income tax provision (benefit)	-	-	-	-
Net income (loss)	(2,120)	(1,859)	(104)	563
Basic and diluted earnings per share	(0.32)	(0.22)	(0.01)	0.08