

**ADVANCED BIOENERGY, LLC  
GOVERNANCE GUIDELINES  
(AS OF MARCH 16, 2012)**

The following Governance Guidelines have been adopted by the Board of Directors (the “Board”) of Advanced BioEnergy, LLC. (the “Company”) to assist the Board in the exercise of its responsibilities.

**1. Mission and Responsibilities of the Board**

(a) Mission Statement.

The Board’s primary objective is to maximize long-term unitholder value and to ensure the vitality of the Company for its owners, employees, customers and the other individuals and organizations who depend on the Company.

(b) Responsibility of the Board.

The Board of Directors has ultimate responsibility for the oversight of the Company’s business and affairs. In furtherance of this mission, the Board makes fundamental decisions about the Company’s strategic focus, establishes significant policies and approves the hiring and firing of the executive officers who manage the day to day business of the Company. The Board expects and requires that the Company’s management and employees will operate in a legal and ethically responsible manner.

(c) Responsibility of Individual Directors.

Each director is expected to spend the time and effort necessary to properly fulfill his or her responsibilities, including regularly attending meetings of the Board and committees on which he or she sits, with the understanding that on occasion a director may be unable to attend a meeting. A director who is unable to attend a meeting is expected to notify the Chair of the Board or appropriate committee in advance of the meeting.

**2. Board Composition and Independence**

(a) Size of the Board

The Board should have between three and nine directors. If appropriate, the Board can determine to increase or decrease its size at any time within these parameters, in accordance with Delaware law and the Company’s Operating Agreement.

(b) Mix of Inside and Outside Directors

The Board will consist of a majority of independent outside directors.

(c) Broad Definition Independence for Outside Directors

The independence of Directors will be determined from time to time by the Board and Company counsel without necessarily applying Nasdaq or SEC rules.

(d) Board Membership Criteria

The Governance/Nominating Committee is responsible for reviewing with the Board on an annual basis the appropriate skills and characteristics required of Board members in the context of the existing makeup of the Board. This assessment should include issues of experience, integrity, diversity, ability to make independent analytical inquiries, understanding of the Company's business and a willingness to devote adequate time and effort to Board responsibilities, all in the context of an assessment of the perceived needs of the Board at that point.

(e) Selection of New Director Candidates

The Governance/Nominating Committee is responsible for selecting candidates for membership to the Board.

(f) Extending the Invitation to a New Potential Director to Join the Board

An invitation to join the Board should be extended by the Chair of the Governance/Nominating Committee.

(g) Term Limits

The Board does not believe it should establish term limits. The Governance/Nominating Committee should consider the issue of continuing director tenure in connection with each director nomination and take appropriate steps to ensure that the Board maintains openness to new ideas and willingness to critically re-examine the status quo.

(h) Loans

Personal loans to directors and executive officers are not permitted.

### 3. COMMITTEES

(a) Committees

The Board has the following standing committees: Audit, Compensation, Risk Management, and Governance/Nominating.

(b) Audit Committee.

The Audit Committee appoints and oversees the Company's relationship with the Company's independent registered public accounting firm. The Audit Committee also oversees the Company's financial reporting processes, including the application of accounting and reporting standards to the Company.

(c) Compensation Committee.

The Compensation Committee oversees the Company's compensation practices and approves its compensation programs and plans. The Compensation Committee also reviews Chief Executive Officer performance with the Board and recommends Chief Executive Officer compensation to the Board for approval.

(d) Risk Management Committee.

The Risk Management Committee assists the Board of Directors in assessing and managing the risks associated with the Company's processing margin and the purchase and sale of commodities required in connection with, or produced as a result of, the production of ethanol.

(e) The Governance/Nominating Committee

The Governance/Nominating Committee recommends candidates to fill Board vacancies and for the slate of directors to be proposed by the Board at the annual meeting of members. The Governance/Nominating Committee also advises the Board on nominees for Chief Executive Officer and other executive officer positions at the Company. In addition to these duties, the Governance Committee oversees the Company's corporate governance practices and recommends changes to the Guidelines to the Board as appropriate. It also oversees the annual self-evaluation process for the Board and its committees.

(f) Additional Committees

The Board has the flexibility to form a new committee or disband a current committee. The general policy of the Board is that only independent outside directors may serve on the Audit, Compensation and Governance/Nominating Committees as those terms are defined and applicable to the respective committees in the Securities Exchange Act of 1934, the Exchange Act Rules, and the Internal Revenue Code. These committees may have the same or mostly the same members.

(g) Assignment and Rotation of Committee Members

The Board, upon recommendation of the Governance/Nominating Committee, designates the members of the committees taking into account the desires of individual Board members. It is the sense of the Board that it should consider rotating committee members periodically, but that this rotation will not be mandatory.

(h) Frequency and Length of Committee Meetings

The Chair of each committee, in consultation with its members and invited management or other guests, determines the frequency and length of the meetings of the committee.

(i) Committee Agenda

The Chair of each committee, in consultation with the appropriate members of the Board, management and staff, will develop the committee's agenda.

#### **4. Board Operation and Procedures**

(a) Agenda for Board Members

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

(b) Board Materials Distributed in Advance

Information and data that are important to the Board's understanding of the business and should be distributed in writing to the Board before each Board meeting. Management will make every attempt to ensure this material is as complete and concise as possible.

(c) Presentations

As a general rule, presentations on specific subjects should be sent to Board members in advance so that Board meeting time may be conserved and discussion time focused on questions that the Board has about the material.

(d) Regular Attendance of Non-Directors at Board Meetings

The members of the Board or the CEO may invite senior officers to attend Board meetings.

(e) Board Interaction with Institutional Investors, the Press and Customers

The Board believes that Management speaks for the Company. Individual Board members may, from time-to-time, meet or otherwise communicate with various constituencies that are involved with the Company, but only at the request of Management.

(f) Executive Sessions of Outside Directors

The Board outside directors will meet in executive session at least quarterly.

(g) Board Access to Senior Management

Board members must have complete access to the Company's management, auditors and outside counsel. Board members are expected to use judgment to ensure that this contact is not distracting to the business operation of the Company and that this contact, if in writing, be copied to the Chair of the Board.

Furthermore, the Board encourages management to bring officers and managers into Board meetings as needed to provide the Board with additional insight into the items being discussed, and to provide managers with appropriate interaction with the Board.]

The Board has authority to retain outside counsel of its choice with respect to any issue relating to its activities.

(h) Board Compensation Review

Changes in Board compensation, if any, should come at the suggestion of the Compensation Committee, but with full discussion and action by the Board.

(i) Assessing the Board's Performance

The Governance/Nominating Committee is responsible for reporting annually to the Board an assessment of the Board's performance. If the Governance/Nominating Committee so desires, it may be assisted by an outside consultant assessing the Board's performance. The Board assessment will be discussed with the full Board. This should be done following the end of each fiscal year. This assessment should be of the Board's contribution as a whole and specifically review areas in which the Board or management believes a greater contribution could be made.

## **5. Leadership Development**

### **(a) Selection of the Chief Executive Officer**

The Board is responsible for identifying potential candidates for, and selecting, the Company's CEO. In doing so, the Board should consider, among other things, a candidate's experience, understanding of the Company's business environment, leadership qualities, skills, integrity, reputation in the business community, and willingness to devote the necessary time and effort to make the Company successful.

### **(b) Formal Evaluation of the Chief Executive Officer**

The Governance/Nominating Committee has the responsibility of establishing a CEO evaluation process, to be implemented by the Compensation Committee. The full Board (outside directors) will review the CEO at least annually. This review will be subsequent to the recommendations from the Compensation Committee with respect to long and short-term compensation goals and performance of the CEO. The results of the review process will be communicated to the CEO by the Chairs of the Governance/Nominating and Compensation Committees or as otherwise determined by the Board.

The evaluation should be based on objective criteria including performance of the business, accomplishment of long-term strategic objectives, development of management and development of management succession.

### **(c) Strategic and Succession Planning and Management Development**

The Board should review and discuss on an annual basis the Company's annual and longer-term strategic plans, succession planning and management development.