



## NEWS RELEASE

### **BIOFUEL ENTERS INTO BRIDGE LOAN AGREEMENT**

**DENVER, COLORADO – SEPTEMBER 24, 2010 – BIOFUEL ENERGY CORP. (NASDAQ:BIOF)**, an ethanol production company, today announced that it has entered into a six-month bridge loan agreement with Greenlight Capital, Inc. and certain of its affiliates (collectively, “Greenlight”) and an affiliate of Third Point LLC (“Third Point”). The proceeds from the bridge loan were used to repay in full its working capital loans under its senior debt facility. In addition, the Company has entered into an agreement with Greenlight and Third Point pursuant to which it has agreed to conduct a rights offering in which all holders of its Common Stock and Class B Common Stock will be granted the right to purchase convertible preferred stock of the Company, with the goal of generating sufficient proceeds to repay the bridge loan and BioFuel Energy, LLC’s subordinated debt and to make certain other payments. These transactions were recommended to the Company’s Board of Directors by a Special Committee comprised of independent directors. The Special Committee was advised by Piper Jaffray & Co.

This news release shall not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these securities in any state or jurisdiction in which such an offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.

This release contains certain forward-looking statements within the meaning of the Federal securities laws. Such statements are based on management’s current expectations, estimates and projections, which are subject to a wide range of uncertainties and business risks. Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of whether, or the times by which, our performance or results may be achieved. Factors that could cause actual results to differ from those anticipated are discussed in our Exchange Act filings and our Annual Report on Form 10-K. Readers are directed in particular to the Company’s disclosures concerning liquidity matters and going concern considerations contained in our most recent Quarterly Report on Form 10-Q.

The Company currently has two 115 million gallons per year ethanol plants in the Midwestern corn belt. The Company’s goal is to become a leading ethanol producer in the United States by acquiring, developing, owning and operating ethanol production facilities.

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