

ABSOLUTE ENERGY, L.L.C.
UNIT TRANSFER AGREEMENT AND APPLICATION FORM

A. General Instructions.

1. This Unit Transfer Agreement and Application Form (the “TAA Form”) has important legal consequences and constitutes a legally binding agreement to sell and purchase membership capital units (herein “units”) of Absolute Energy, L.L.C. (“Absolute Energy”) between the parties hereto. You should consult with an attorney. By signing this TAA Form, the parties hereto are making important representations and warranties to each other and to Absolute Energy, L.L.C. Please read and review this TAA Form carefully.
2. The individual or entity transferring the units of Absolute Energy (“Seller”) and the individual or entity acquiring the units (“Buyer”) must complete all respective information required in this TAA Form, and date and sign this TAA Form at page 10. If Seller or Buyer is a joint owner, then all joint owners must sign this TAA Form.
3. Seller must execute the reverse side of the certificate(s) representing Seller’s units in Absolute Energy that will be transferred.
4. If Buyer is not an existing member of Absolute Energy, then Buyer must read, review, complete fully, and date and sign the following documents:
 - a. Additional Member Signature Page under which Buyer agrees to be bound by the Operating Agreement of Absolute Energy; and
 - b. **NOTE:** In order to be a member of Absolute Energy, a non-member Buyer must purchase a minimum of four (4) membership capital units of Absolute Energy.

Also, Buyer shall have received a copy of Absolute Energy’s Articles of Organization and Operating Agreement prior to completing this TAA Form and the foregoing agreements.

5. The parties should deliver each of the original executed documents referenced in Items 1, 3 and 4 of these Instructions to:

Absolute Energy, L.L.C.
1372 State Line Road
St. Ansgar, Iowa 50472

6. In addition to the foregoing documents, Seller must submit a \$100 application fee along with the documents. If all required documents are properly completed and submitted and the transfer is NOT approved, this application fee will be returned to Seller.
7. **Important Deadline Notice.** The deadline for transfer requests to be considered at a monthly board meeting of the company is the 1st day of that month. Absolute Energy must receive the fully-completed and fully-executed TAA Form and all accompanying documents and instruments and fees by the 1st day of the month, if you wish for your transfer request to be considered at that month’s board meeting. Transfer requests

received after the 1st day of a month, or incomplete requests which are not completed until after the 1st day of a month, will not be processed or considered until the board meeting of the following month.

8. Absolute Energy is sometimes referred to in this TAA Form as the “LLC” or the “company.”

B. Transfer Agreement; Effective Date of Transfer. Subject to the terms and conditions set forth herein, Seller hereby agrees to sell, assign, transfer and convey to Buyer, and Buyer hereby agrees to buy, the number of membership capital units of Absolute Energy set forth in Section G. of this TAA Form standing in the name of Seller on the books and records of Absolute Energy (the “Units”), for the purchase price set forth in Section G. of this TAA Form. The parties agree that the effective date of the transfer of the Units is the **day of the month** on which the Board of Managers of Absolute Energy approves the transfer OR **45 days** after the Seller’s *interest to sell* is listed on the bulletin board (if applicable), **whichever date is later.** For the sake of clarity, the 45-day rule only applies to transfers made pursuant to a posted interest to sell on the bulletin board. Consequently, the parties acknowledge and agree that the effective date of the transfer of the Units if made other than pursuant to a posted interest to sell will be the date on which the transfer is approved by the Board, and the effective date of the transfer of the Units if made pursuant to a posted interest to sell shall be the **later of** (1) the date on which the Board of Managers of Absolute Energy approves the transfer or (2) 45 days after the date on which the interest to sell was posted. **Notice!** The allocation of taxable income between Seller and Buyer, and which party is entitled to distributions made on the transferred units is determined by the effective date of the transfer of the Units and is governed by the express provisions of the Absolute Energy Operating Agreement. Please see Section 10.8 of the Absolute Energy Operating Agreement and Section D.4. of this TAA Form.

C. Approval by Board of Managers; General Conditions. Seller and Buyer understand that the Units may not be transferred without the approval of the Board of Managers of Absolute Energy, and then only if the conditions set forth in Section 10 (as applicable) of the Absolute Energy Operating Agreement are met. All transfers must be transferred in accordance with the Capital Unit Transfer Policy adopted by the Board of Managers from time to time.

D. Additional Terms of Transfer.

1. Seller agrees and represents and warrants to Buyer that:
 - a. Seller has full power and authority to execute and deliver this TAA Form and to perform its obligations hereunder;
 - b. Seller has good and marketable title to the Units being transferred hereunder;
 - c. Neither the execution and delivery of this TAA Form nor the consummation of the transactions contemplated hereby conflicts with, will result in a breach of, or constitutes a default under (upon the giving of notice or lapse of time or both) any agreement, contract, lease, license, instrument or other arrangement to which Seller is a party or by which Seller is bound or to which the Units are subject; and
 - d. The Units being transferred hereunder shall be transferred and delivered to Buyer free and clear of all liens, charges, security interests, and encumbrances.

2. Buyer agrees and represents and warrants to Seller that:
 - a. Buyer has full power and authority to execute and deliver this TAA Form and to perform its obligations hereunder; and
 - b. Neither the execution and delivery of this TAA Form nor the consummation of the transactions contemplated hereby conflicts with, will result in a breach of, or constitutes a default under (upon the giving of notice or lapse of time or both) any agreement, contract, lease, license, instrument or other arrangement to which Buyer is a party or by which Buyer is bound or to which the Units will be subject;
3. Buyer shall pay and deliver the purchase price to Seller by wire transfer or in other immediately available funds or as otherwise agreed to by the parties at the closing of the purchase and sale transaction at the date and location and in the manner agreed to by the parties. Following the closing, Seller and Buyer each must notify Absolute Energy in writing that the transaction has closed. Absolute Energy will then promptly send out new unit certificates to the appropriate parties and adjust its books and records.
4. Seller and Buyer each understands and agrees that:
 - a. The effective date of the transfer of the Units if made pursuant to a posted interest to sell on the bulletin board shall be the **later of** (1) the date on which the Board of Managers of Absolute Energy approves the transfer or (2) 45 days after the date on which the interest to sell was posted;
 - b. The effective date of the transfer of the Units if made other than pursuant to a posted interest to sell on the bulletin board will be the date on which the transfer is approved by the Board of Managers;
 - c. All taxable income, loss, each item thereof, and all other taxable items attributable to the transferred Units for the fiscal year *preceding* the fiscal year in which the Units are transferred shall be allocated 100% to the Seller. In other words, transfers of Units following the close of a fiscal year do NOT transfer the allocated share of taxable income for the prior fiscal year.
 - d. All taxable income, loss, each item thereof, and all other taxable items attributable to the transferred Units for the fiscal year *in which the Units are transferred* shall be divided and allocated between the Seller and the Buyer as of the effective date of the transfer, using the convention permitted by law and adopted from time to time by the Board of Managers;
 - e. Seller and Buyer shall report as taxable income the taxable income attributable to the transferred Units divided and allocated as of the effective date of transfer in accordance with c. and d. above; and
 - f. Any distribution that is made to holders of membership capital units on or before the effective date of transfer of the Units shall be made to Seller, and any distribution to holders of membership capital units that is made after the effective date of transfer of the Units shall be made to Buyer.

E. **Seller Information.** Please print your individual or entity name and address. Joint owners should provide their respective names.

1. Seller's Printed Name: _____
2. Title, if applicable: _____
3. Seller's Address: _____
Street _____
City, State, Zip Code _____

F. **Buyer Information.** Please print your individual or entity name and address. Joint owners should provide their respective names.

1. Buyer's Printed Name: _____
2. Title, if applicable: _____
3. Buyer's Address: _____
Street _____
City, State, Zip Code _____
4. Telephone: _____

G. **Transfer Information.**

1. Identify the number(s) of the unit certificate(s) affected: _____
2. Original dates of the unit certificates affected: _____
3. Number of Membership Units Transferred: _____
4. Purchase Price Per Unit: _____
5. Total Purchase Price: _____

(NOTE: If the transfer is made without consideration, type or print "N/A" in the space above for numbers 4 and 5)

H. **Type of Transfer.** Seller and Buyer should check the appropriate box (or boxes) to indicate the type of transfer.

- Involuntary transfer to an administrator or trustee by operation of law (death of a joint tenant, intestacy, divorce, bankruptcy, conservatorship).
- Lifetime gift
 - To related party without consideration
Indicate relationship _____
 - To others
- Lifetime transfer to a trust

- For the benefit of related party without consideration
Indicate relationship _____
- For the benefit of others without consideration
- Transfer pursuant to a Will or trust of a deceased member.
 - Transfer is to related party without consideration.
Indicate relationship _____
 - Transfer is not to a related party of the deceased member but is without consideration.
- Transfer for value.

Attention! If the transfer is to a trust, please provide copies of the following pages of the trust instrument: title page, signature page, and the page that identifies the Trustee(s).

Attention! If the transfer is requested due to a member's death, please provide a certified copy of the death certificate, letters of appointment of executor or administrator, and designation of attorney form.

I. **Additional Buyer Information.** The Buyer, named above, certifies the following under penalties of perjury:

1. **Form of Ownership:** Check the appropriate box (one only) to indicate form of ownership. If the Buyer is a Custodian, Corporation, Partnership or Trust, please provide the additional information requested.

- Individual
- Joint Tenants with Right of Survivorship (both signatures must appear on page 10)
- Corporation or Partnership (Corporate Resolutions or Partnership Agreement must be enclosed)
- Trust (Signature and title pages of Trust Agreement and all amendments must be enclosed)

Trustee's Name: _____

Trust Date: _____

- Other: Provide detailed information below:

2. **Buyer's Taxpayer Information.** Check the appropriate box if you are a non-resident alien, a U.S. Citizen residing outside the United States or subject to back-up withholding. Trusts should provide their taxpayer identification number. Custodians should provide the minor's Social Security Number. All individual Buyers should provide their Social Security Number. Other entities should provide their taxpayer identification number.

Buyers who are concerned about listing their Social Security Number(s) on this form may provide it to Absolute Energy in the membership application form only.

- Check box if you are a non-resident alien
- Check box if you are a U.S. Citizen residing outside of the United States
- Check this box if you are subject to backup withholding

Buyer's Social Security Number: _____

Joint Buyer's Social Security Number: _____

Taxpayer Identification Number: _____

J. Representations and Warranties. Seller and Buyer, named above, in order that Absolute Energy may rely thereupon, each hereby represent and warrant to Absolute Energy that the information set forth herein is true and correct and complete in all material respects, including but not limited to the information regarding the purchase price of the units set forth in Section G hereof, and whether the transfer and the Buyer constitute a related party transfer and a related party, respectively, set forth in Section H hereof. In addition, Seller and Buyer each hereby represent and warrant to Absolute Energy as follows:

1. **Seller's Representations and Warranties.** By signing this Unit Transfer Agreement and Application Form, Seller represents and warrants to Absolute Energy that he, she or it:
 - a. Has received all financial and other information about Absolute Energy that he, she or it deems necessary or appropriate to form a decision regarding the sale and transfer of the Units hereunder;
 - b. Has had an opportunity to obtain, and has received, any additional information about Absolute Energy, and has had an opportunity to ask such questions of, and receive answers from, Absolute Energy or an authorized agent or representative of Absolute Energy, to the extent Seller deems necessary or appropriate to form a decision regarding the sale and transfer of the Units hereunder;
 - c. As a result, has sufficient knowledge and information about the business, management, financial affairs and future prospects of Absolute Energy he, she or it deems necessary or appropriate to make a decision regarding the sale and transfer of the Units hereunder;
 - d. Has such knowledge and experience in financial and business matters that he, she or it is capable of evaluating the merits and risks of the purchase and transfer of the Units hereunder or has obtained, to the extent he, she or it deems necessary, his, her, or its own professional advice with respect to the decision to purchase and transfer the Units hereunder;
 - e. Understands the effect of the allocation provisions and payment of distributions provisions of the Absolute Energy Operating Agreement and this TAA Form on the transferred Units, including those set forth in Section 4 of Paragraph D. above;
 - f. Understands and agrees that Absolute Energy has made and makes no representation or warranty to Seller regarding the fairness or adequacy of the purchase price of the Units to be transferred hereunder, and that the negotiation

and agreement to transfer the Units have been made solely by Seller without the assistance or involvement of Absolute Energy;

- g. Has reviewed with Seller's own tax advisors the tax consequences of the transfer of Units hereunder, has and will rely solely on such advisors and not on any statements or representations of Absolute Energy or any of its agents, and understands and agrees that Seller (and not Absolute Energy) shall be responsible for any and all tax liability of Seller in respect of the ownership of the Units to the effective date of the transfer or that may arise as a result of the transfer of Units contemplated hereunder; and
- h. Agrees to indemnify and hold Absolute Energy harmless for any damages, loss, cost, or liability (including legal fees and the cost of enforcing this indemnity) arising out of or resulting from the transfer of the Units from Seller to Buyer.

2. **Buyer's Representations and Warranties.** By signing this Unit Transfer Agreement and Application Form, Buyer represents and warrants to Absolute Energy that he, she or it:

- a. Has received all financial and other information about Absolute Energy that he, she or it deems necessary or appropriate to form a decision regarding the purchase and transfer of the Units hereunder;
- b. Has had an opportunity to obtain, and has received, any additional information about Absolute Energy, and has had an opportunity to ask such questions of, and receive answers from, Absolute Energy or an authorized agent or representative of Absolute Energy, to the extent Buyer deems necessary or appropriate to form a decision regarding the purchase and transfer of the Units hereunder;
- c. As a result, has sufficient knowledge and information about the business, management, financial affairs and future prospects of Absolute Energy he, she or it deems necessary or appropriate to make a decision regarding the sale and transfer of the Units hereunder;
- d. Has such knowledge and experience in financial and business matters that he, she or it is capable of evaluating the merits and risks of the sale and transfer of the Units hereunder or has obtained, to the extent he, she or it deems necessary, his, her, or its own professional advice with respect to the decision to purchase the Units hereunder;
- e. Understands the effect of the allocation provisions and payment of distributions provisions of the Absolute Energy Operating Agreement and this TAA Form on the transferred Units, including those set forth in Section 4 of Paragraph D. above;
- f. Understands and agrees that Absolute Energy makes no representation or warranty to Buyer regarding the fairness or adequacy of the purchase price of the Units to be transferred hereunder, and that the negotiation and agreement to transfer the Units has been made solely by Buyer without the assistance or involvement of Absolute Energy;

- g. Understands that an investment in the membership capital units of Absolute Energy involves risks, and that the profitability of Absolute Energy can go up or down or that Absolute Energy may lose money for a variety of reasons, most of which are outside of the control of Absolute Energy, including but not limited to the following reasons:
- 1) Increases in corn prices could significantly harm Absolute Energy's business because there is little correlation between these production costs and the price of ethanol, which tends to track gasoline prices; corn prices have fluctuated significantly in the past and may fluctuate significantly in the future;
 - 2) The supply of ethanol has been increasing rapidly, which may cause ethanol prices to decline significantly if demand does not keep pace; and
 - 3) Federal and state regulations and incentives that support the price of ethanol may change, making it more difficult to earn, or preventing us from earning a profit or paying our debts;

And that, as a result of these factors and others, Absolute Energy may not be able to operate profitably which would have a substantial and material negative impact on the value and/or price of the Units and may prevent him, her or it from being able to sell the Units at the price paid for them or at all. Accordingly, Buyer understands and agrees that he, she or it can withstand the total loss of investment in the Units.

- h. Intends to acquire the Units for his/her/its own account without a view to public distribution or resale and that he/she/it has no contract, undertaking, agreement or agreement to sell or otherwise transfer or dispose of the Units or any portion thereof to any other person;
- i. Understands that there is no public market for the Units, that the Units will not trade on an exchange or automatic quotation system, that no such market is expected to develop in the future and that there are significant restrictions on the transferability of the Units;
- j. Has received a copy of the Articles of Organization and Operating Agreement of Absolute Energy, and understands that the Buyer and the Units will be bound by the provisions of the Articles of Organization and Operating Agreement which contain, among other things, provisions that restrict the transfer of the Units;
- k. Understands that the Units are subject to substantial restrictions on transfer under state and federal securities laws along with restrictions in the Articles of Organization and Operating Agreement of Absolute Energy and agrees that if the Units or any part thereof are sold or distributed in the future, Buyer shall sell or distribute them pursuant to the terms of the Articles of Organization and Operating Agreement, and the requirements of the Securities Act of 1933, as amended, and applicable state securities laws;
- l. Has reviewed with Buyer's own tax advisors the tax consequences of the transfer of Units hereunder and the ownership of Units in Absolute Energy, has and will rely solely on such advisors and not on any statements or representations of

Absolute Energy or any of its agents, and understands and agrees that Buyer (and not Absolute Energy) shall be responsible for any and all tax liability of Buyer that may arise as a result of the transfer of Units and ownership of Units contemplated hereunder;

- m. Agrees to indemnify and hold Absolute Energy harmless for any damages, loss, cost, or liability (including legal fees and the cost of enforcing this indemnity) arising out of or resulting from the transfer of the Units from Seller to Buyer; and
- n. Understands that Absolute Energy will place restrictive legends on any certificate representing the Units purchased hereunder containing substantially the following language as the same may be amended by the Board of Managers in their sole discretion:

THE UNITS REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS, AND ARE SUBJECT TO THE TERMS AND CONDITIONS OF A SUBSCRIPTION AGREEMENT. THE UNITS MAY NOT BE SOLED, OFFERED FOR SALE, OR TRANSFERRED IN THE ABSENCE OF EITHER AN EFFECTIVE REGISTRATION UNDER THE SECURITIES ACT AND UNDER THE APPLICABLE STATE SECURITIES LAWS, OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH TRANSACTION IS EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS.

THE UNITS REPRESENTED BY THIS DOCUMENT ARE SUBJECT TO FURTHER RESTRICTION AS TO THEIR SALE, TRANSFER, HYPOTHECATION, OR ASSIGNMENT AS SET FORTH IN THE OPERATING AGREEMENT AND AGREED TO BY EACH MEMBER. SAID RESTRICTION PROVIDES, AMONG OTHER THINGS, THAT NO VENDEE, TRANSFEREE, ASSIGNEE, OR ENDORSEE OF A MEMBER SHALL HAVE THE RIGHT TO BECOME A MEMBER WITHOUT THE CONSENT OF THE COMPANY'S BOARD OF MANAGERS WHICH CONSENT MAY BE GIVEN OR WITHHELD IN THE SOLE AND ABSOLUTE DISCRETION OF THE BOARD OF MANAGERS.

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IN WITNESS WHEREOF, the undersigned Seller and Buyer have caused this Unit Transfer Agreement and Application to be executed effective as of the _____ day of _____, 20___. The parties agree that this Agreement may be executed in one or more counterparts, each of which when so executed and delivered shall be deemed an original, but all of which taken together shall constitute but one and the same instrument.

Signature of Seller/Joint Sellers:

The undersigned Seller(s) hereby certifies (certify) that the representations and warranties in this Unit Transfer Agreement and Application Form are true and correct. The undersigned Seller(s) does (do) hereby irrevocably constitute and appoint the officers of Absolute Energy as attorney-in-fact to transfer the said membership Units as the case may be on the books of said company, with full power of substitution in the premises.

Date: _____

Individuals:

Entities:

Name of Individual Seller (Please Print)

Name of Entity (Please Print)

Signature of Individual Seller

Print Name and Title of Officer

Name of Joint Individual Seller (Please Print)

Signature of Officer

Signature of Joint Individual Seller

Signature of Buyer/Joint Buyers

The undersigned Buyer (s) hereby certifies (certify) that the representations and warranties in this Unit Transfer Agreement and Application Form are true and correct.

Date: _____

Individuals:

Entities:

Name of Individual Buyer (Please Print)

Name of Entity (Please Print)

Signature of Individual Buyer

Print Name and Title of Officer

Name of Joint Individual Buyer (Please Print)

Signature of Officer

Signature of Joint Individual Buyer

APPROVAL OF TRANSFER BY ABSOLUTE ENERGY

Pursuant to the Operating Agreement of Absolute Energy, the transfer of the membership Units to Buyer as described in this Unit Agreement and Application Form is hereby approved, with said transfer to be effective on _____.

Dated this _____ day of _____, 20____.

ABSOLUTE ENERGY, L.L.C.

By: _____

Its: _____