

ABSOLUTE ENERGY, L.L.C.
QUALIFIED PURCHASER APPLICATION
(for applicants who are not existing unit holders of Absolute Energy, L.L.C.)

Note: Existing unit holders of Absolute Energy, L.L.C. are not required to complete this form to be a Qualified Bidder under the Order Approving Sale Procedures [Docket No. ____] “Sale Procedures Order.”

A. General Instructions.

1. This Qualified Purchaser Application (this “Application”) is irrevocable and is subject to approval by Absolute Energy, L.L.C. (“Absolute Energy”). Upon approval by the Board of Managers of Absolute Energy, this Application constitutes a legally binding application and agreement to be approved by Absolute Energy, L.L.C. to acquire not less than four (4) capital units of Absolute Energy, L.L.C. (“Absolute Energy”) pursuant to the Sale Procedures Order, which approval is a condition for any person or entity that is **not** an existing unit holder as of March 12, 2018 to be a Qualified Bidder under the Sale Procedures Order. Under the Absolute Energy Operating Agreement, no transfer of capital units shall be binding on the Company without the approval of the Board of Managers, which approval may be given or withheld in the sole and absolute discretion of the Board of Managers.
2. This Application is not an application or registration to be a Qualified Bidder under the Sale Procedures Order.
3. By signing this Application, you (“Applicant”) are making important representations and warranties to Absolute Energy.
4. Applicant shall read, review, complete fully, and date and sign this Application.
5. Applicant shall submit the original executed copy of this Application to Absolute Energy by e-mail to the following e-mail address, **on or before March 9, 2018:**

Betty.Johnson@absenergy.org

B. Applicant Information.

1. **Applicant Type.** Please check the appropriate box (one only) below to identify the type of Applicant, and if Applicant is a Custodian, Corporation, Partnership or Trust, please provide additional information as requested.
 - ☐ Individual
 - ☐ Joint Tenants with Right of Survivorship (both shall sign this Application)
 - ☐ Corporation or Partnership (Corporate Resolutions or Partnership Agreement shall be enclosed)
 - ☐ Trust (Signature and title pages of Trust Agreement and all amendments shall be enclosed)

Trustee's Name: _____

Trust Date: _____

- ☐ Other. Please provide detailed information in the space below:

2. **Applicant Name:** (Applicant) _____
(Joint Applicant, if Individual) _____

3. **Applicant Title, if not Individual:** _____

4. **Applicant Address:**
Street _____
City, State, Zip Code _____

5. **Applicant E-mail Address:** _____

6. **Applicant Taxpayer Information.** Check the appropriate box below if Applicant is a nonresident alien, a U.S. citizen residing outside the United States or is subject to backup withholding. Please provide the last four (4) digits of the social security number or taxpayer identification number of Applicant. Custodians should provide the minor's social security number.

- ☐ Nonresident alien
☐ U.S. citizen residing outside of the United States
☐ Subject to backup withholding

Please provide the last four (4) digits of social security number or taxpayer identification number of the following:

Applicant _____ Joint Applicant _____

C. Applicant Representations and Warranties.

1. **Accuracy of Information.** Applicant, 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 respects.
2. **Effective Date of Transfer of Purchased Units.** Applicant each understands and agrees that:
- a. If Applicant purchases capital units ("Buyer") pursuant to the Sale Procedures Order (the "Purchased Units"), the effective date of the

transfer of the capital units shall be the date of the closing of the sale of the Purchased Units at the offices of the Trustee not later than twenty-one days after entry of the Sale Approval Order by the Bankruptcy Court approving the sale of the Purchased Units;

- b. All taxable income, loss, each item thereof, and all other taxable items attributable to the Purchased Units for the fiscal year preceding the fiscal year in which the Purchased Units are transferred shall be allocated 100% to the Trustee/Seller.
- c. All taxable income, loss, each item thereof, and all other taxable items attributable to the Purchased Units for the fiscal year in which the Purchased Units are transferred shall be divided and allocated between the Trustee/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;
- d. Buyer shall report as taxable income the taxable income attributable to the Purchased Units divided and allocated as of the effective date of transfer in accordance with c. above; and
- e. Any distribution that is made to holders of capital units on or before the effective date of transfer of the Purchased Units shall be made to Trustee/Seller, and any distribution to holders of capital units that is made after the effective date of transfer of the Purchased Units shall be made to Buyer.

3. Applicant Investment Representations and Warranties. By signing this Qualified Purchaser Application and Agreement Form, Applicant each represents and warrants to Absolute Energy that, if Applicant purchases capital units (“Buyer”) pursuant to the Sale Procedures Order (the “Purchased Units”), then, as of the date of the closing of the sale of the Purchased Units (the “Closing Date”) at the offices of the Trustee not later than twenty-one days after entry of the Sale Approval Order by the Bankruptcy Court approving the sale of the Purchased Units, 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 capital units under and pursuant to the Sale Procedures Order (the “Purchased Units”);
- 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 Applicant deems necessary or appropriate to form a decision regarding the purchase and transfer of the Purchased Units under and pursuant to the Sale Procedures Order;

- 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 Purchased Units under and pursuant to the Sale Procedures Order;
- 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 Purchased Units under and pursuant to the Sale Procedures Order 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 Purchased Units under and pursuant to the Sale Procedures Order;
- e. Understands the effect of the allocation provisions and payment of distributions provisions of the Absolute Energy Operating Agreement and this Form on the Purchased Units, including those set forth in Section 2 of Paragraph C. above;
- f. Understands and agrees that Absolute Energy makes no representation or warranty to Applicant regarding the fairness or adequacy of the purchase price of the Purchased Units to be transferred under and pursuant to the Sale Procedures Order, and that the negotiation and agreement to transfer the Purchased Units has been made solely by Applicant as Buyer under and pursuant to the Sale Procedures Order without the assistance or involvement of Absolute Energy;
- g. Understands that an investment in the capital units including the Purchased 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:
 - a) 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;
 - b) The supply of ethanol has been increasing rapidly, which may cause ethanol prices to decline significantly if demand does not keep pace; and
 - c) 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;
- h. 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 Purchased Units and may prevent him, her or it from being able to sell the Purchased Units at the price paid for them or at all. Accordingly, Applicant understands and agrees that he, she or it can withstand the total loss of investment in the Purchased Units.

- i. Intends to acquire the Purchased 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 Purchased Units or any portion thereof to any other person;
- j. Understands that there is no public market for the Purchased Units, that the Purchased 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 Purchased Units;
- k. Has received a copy of the Articles of Organization and Operating Agreement of Absolute Energy, and understands that the Applicant as Buyer and the Purchased Units purchased under and pursuant to the Sale Procedures Order 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 Purchased Units; and that entry into the Operating agreement by execution of an Additional Member Signature page at the closing of the sale of the Purchased Units is a condition to Absolute Energy's approval of this Application;
- l. Understands that the Purchased 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 Purchased Units or any part thereof are sold or distributed in the future, Applicant 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;
- m. Has reviewed with Applicant's own tax advisors the tax consequences of the transfer of Purchased Units under and pursuant to the Sale Procedures Order and the ownership of Purchased 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 Applicant (and not Absolute Energy) shall be responsible for any and all tax liability of Applicant that may arise as a result of the transfer of Purchased Units and ownership of Purchased Units contemplated under and pursuant to the Sale Procedures Order;
- n. 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 Purchased

Units from Trustee/Seller to Applicant as Buyer under and pursuant to the Sale Procedures Order; and

- o. Understands that Absolute Energy will place restrictive legends on any certificate representing the Purchased Units purchased under and pursuant to the Sale Procedures Order 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 Applicant has caused this Qualified Purchaser Application and Agreement form to be executed effective as of the _____ day of _____, 2018.

Signature of Applicant

Individuals:

Signature of Individual Applicant

Name of Individual Applicant (please print)

Signature of Joint Individual Applicant
print)

Name of Joint Individual Applicant (please print)

Entities:

Name of Entity (please print)

By: _____
Signature of Authorized Party

Name and Title of Authorized Party (please

QUALIFIED PURCHASE APPLICATION BY ABSOLUTE ENERGY

The above-named Applicant, _____,
described in this Qualified Purchaser Application is hereby approved to acquire not less than four
(4) capital units of Absolute Energy, L.L.C. ("Absolute Energy") pursuant to the Sale Procedures
Order.

Dated this _____ day of _____, 2018.

ABSOLUTE ENERGY, L.L.C.

By: _____

Its: _____