

Kansas Ethanol, LLC Trading System Rules and Procedures

As of January 1, 2015

The following sets forth the Kansas Ethanol, LLC (“Kansas Ethanol”) rules and procedures which govern the trading of its membership units (“Units”) through the Kansas Ethanol qualified trading system (“Trading System”), adopted in accordance with IRS regulations regarding qualified matching services, and complies with all matters outlined in Section X of the Kansas Ethanol, LLC Operating Agreement. These rules and procedures may be modified by Kansas Ethanol from time to time.

I. Kansas Ethanol Bulletin Board

A. Location: The Kansas Ethanol Bulletin Board used in the Trading System will be located at the principal business office of Kansas Ethanol’s ethanol plant located 4 miles south of Lyons, KS. Interested buyers or sellers of Units will be required to provide the required information either through a personal visit to the Kansas Ethanol office, calling into the office (620) 257-2300) (ask for Megan Vincent) or through facsimile transmission to Kansas Ethanol at (620) 257-2300) (Attention: Megan Vincent). Kansas Ethanol personnel will transcribe the information received onto the Trading System Bulletin Board.

B. Non-Firm Quotations: The Kansas Ethanol Trading System displays only quotes by sellers or buyers that do not commit any person to buy or sell a Unit at the quoted price (non-firm price quotes). All references to “offers to buy” or “offers to sell” Units in these Rules and Procedures are qualified by reference to this Section I(B). The display of a bid or ask price from either a potential seller or buyer does not constitute a firm commitment or obligation by such person to sell or buy at such price, and is subject to the execution of a written purchase agreement between the seller and buyer, and to the approval of the Kansas Ethanol Board of Directors, in compliance with the Kansas Ethanol Operating Agreement.

II. Trading Periods

A. Quarterly Periods: Buyers and sellers may list “offers to buy” or “offers to sell” Units on the Trading System on a quarterly basis with the respective quarterly periods commencing December 1st, March 1st, June 1st, and September 1st of each year.

Because of the quarterly commencement dates, Kansas Ethanol currently intends to provide its members with updated financial information prior to the start of such dates. Interested buyers of Units who are not members of the company are urged to contact Kansas Ethanol to obtain copies of the financial information provided to the members. Please call the office (620) 257-2300 and ask for Megan Vincent. Kansas Ethanol reserves the right to establish any procedures that it deems necessary to

restrict access of non-public financial information to nonmembers (e.g., nondisclosure agreements will need to be signed by any such party)

B. Listing Period: Each trading period will begin with a 30 day listing period during which sellers may submit and post “offers to sell” containing an asking price, and buyers may submit and post “offers to buy” containing a bid price. The first day of each period is the “Initial Posting Date” and the date that the seller’s or buyer’s respective offer to sell or offer to buy is posted on the Kansas Ethanol Bulletin Board will constitute the “Posting Date,” for purposes of compliance with the Trading System Rules. **The posting of “offers to sell” and “offers to buy” are permitted solely during the 30 calendar days following the Initial Posting Date.** After such 30 calendar days have passed, the Listing Period is terminated, and all further activity on the Trading System Bulletin Board is suspended until the commencement of the next Quarterly Period. The information posted on the Bulletin Board will remain on the Board for an additional 15 calendar days following the end of the Listing Period, after which all seller and buyer postings will be removed from the Bulletin Board, pending the commencement of the next Quarterly Period.

C. Timing Requirements for Purchase Agreements: **Sellers and buyers of Units cannot enter into a purchase agreement to sell Units until the 15th calendar day after the Posting Date in effect for the Units to be sold.** The Posting Date in effect for the Units to be sold is the later of the seller’s or the buyer’s Posting Date. For example, if either a seller’s “offer to sell” or buyer’s “offer to buy” is not posted until the 24th day following the Initial Posting Date of the posting period, seller and buyer cannot enter into a purchase agreement to sell Units until the 39th calendar day following the Initial Posting Date. All agreements between sellers and buyers with respect to the Units must be subject to Kansas Ethanol Board of Director approval, and submitted to the Kansas Ethanol Board for approval in accordance with the time periods described below.

D. Timing Requirements for Approval of Purchase Agreements: A purchase agreement in written form executed by both buyer and seller (“Purchase Agreement”) must be submitted to the Kansas Ethanol Board of Directors for approval by the following deadlines:

- (1) For the quarter commencing December 1st: By the following January 31st.
- (2) For the quarter commencing March 1st: By the following April 30th.
- (3) For the quarter commencing June 1st: By the following July 31st.
- (4) For the quarter commencing September 1st: By the following October 31st.

The Kansas Ethanol Board of Directors will then consider the Purchase Agreement and the accompanying request for transfer of Units at the next regularly scheduled Board meeting following the submission date. The Kansas Ethanol Board

may also consider submitted Purchase Agreements and requests for transfer at specially held meetings of the Board, but is under no obligation to call a special meeting for the consideration of such agreements.

In making its determination for approval, the Kansas Ethanol Board will consider whether the Transfer Request Form requesting transfer of Units and accompanying Purchase Agreement have complied in all respects with the Trading System Rules and Procedures, the Kansas Ethanol Operating Agreement requirements, as well as compliance with applicable laws and regulations, including IRS regulations governing publicly traded partnerships, and federal and state securities laws. All references to Purchase Agreements in these Rules and Procedures are qualified by reference to the foregoing requirements.

E. Closing Dates for Approved Purchase Agreements: **Under IRS regulations, the closing of the sale effected through the Trading System cannot occur prior to the 45th day following the Posting Date for such sale.** “Closing” is defined as the earlier of (i) the passage of title to the Units (which will occur upon transfer of the Units on the official register of Kansas Ethanol maintained by its stock transfer agent), or (ii) the payment of the purchase price from buyer to seller for the purchase of the Units.

As a general rule, the transfer of title to the Units sold pursuant to the Trading System will be effective as of the first day of the calendar quarter following the signed purchase agreement. For example, for purchase agreements executed during the quarterly period beginning December 1st, the effective date and transfer of title shall generally be April 1st. These effective dates are subject to change by the Kansas Ethanol Board from time to time. All such buyers and sellers should recognize that the transfer of title date will be used for purposes of making allocations of profits and losses and distributions to members, in accordance with the Operating Agreement. Distributions with a record date before the date of transfer of title to the Units sold will be made to the transferor, and distributions with a record date on or after the date of transfer of title will be made to the transferee.

To ensure that the IRS regulatory requirement is met, Kansas Ethanol will require that the payment of the purchase price from buyer to seller under the terms of the Purchase Agreements not occur until after the Purchase Agreement has been approved by the Kansas Ethanol Board of Directors and no earlier than the following dates:

- (1) For the quarter commencing December 1st: No earlier than February 15th.
- (2) For the quarter commencing March 1st: No earlier than May 15th.
- (3) For the quarter commencing June 1st: No earlier than August 15th.
- (4) For the quarter commencing September 1st: No earlier than November 15th.

III. Selling Membership Units

A. Contacting Kansas Ethanol for Placement on the Bulletin Board. A seller must first contact Kansas Ethanol as described in Section I above, and complete a Seller Registration Form. A copy of the Seller Registration Form is attached as Appendix A. The information on the Seller Registration Form will require the seller to provide:

Name
Address, City, State, Zip Code
Telephone Number
E-mail Address
Number and Class of Units proposed to be sold
Seller's Nonfirm Price Quote (on a per Unit basis)

B. Posting of Offer to Sell.

1. *Placing an Offer to Sell.* After completing the Seller Registration Form, the seller will be allowed to place an "offer to sell", subject to Kansas Ethanol's review and verification as set forth below. Note: In the offer to sell, the Seller must submit Units for sale in whole units and in whole dollars and cents. No "offer to sell" of partial or fractionalized Units may be posted on the Trading System.
2. *Kansas Ethanol Verification.* Upon submission of an "offer to sell" for posting to the Trading System Bulletin Board, Kansas Ethanol may take appropriate steps for the purpose of verifying ownership of the Units, and determining whether the seller's Units are qualified to be sold. If Kansas Ethanol determines that the seller is not eligible for trading for any reason, Kansas Ethanol will promptly notify the seller and either not list the "offer to sell", or (if already listed) remove the "offer to sell" from the Trading System Bulletin Board.
3. *Confirmation of Offer to Sell.* It is the seller's responsibility to confirm all "offer to sell" information placed on the Trading System Bulletin Board to avoid any mistakes that may have been made in the entry of seller's information, including the quantity and class of Units or the price per Unit to be sold.
4. *Modification of Offer to Sell.* A seller may modify an existing "offer to sell" within the 30-day listing period. To modify an "offer to sell", a seller must post a new "offer to sell" on the Trading System, and the new "offer to sell" will supersede and override the previous "offer to sell" made by the seller and will receive a new date of entry; the seller will also be required to wait an additional 15 calendar days before the modified "offer to sell" becomes eligible for entering into a Purchase Agreement.

5. *Cancellation of Offer to Sell Listing.* A seller may cancel an “offer to sell” listing at any time prior to the signing of a Purchase Agreement. Upon written notice of such cancellation, Kansas Ethanol will remove the seller’s “offer to sell” from the Trading System Bulletin Board. The seller who cancels an “offer to sell” will not be eligible to post a new “offer to sell” until the following trimester, which new posting will not be made unless the “offer to sell” has been removed from the Trading System Bulletin Board for at least 60 calendar days.

IV. *Buying Membership Units*

A. *Contacting Kansas Ethanol for Placement on the Bulletin Board.* A buyer must first contact Kansas Ethanol as described in Section I above and complete a Buyer Registration Form. A copy of the Buyer Registration Form is attached as Appendix B. The information on the Buyer Registration Form will require the buyer to provide:

Name
Address, City, State, Zip Code
Telephone Number
E-mail Address
Number of Units proposed to be bought (and class if applicable)
Buyer’s Nonfirm Price Quote (on a per Unit basis)

B. *Posting of an Offer to Buy.*

1. *Placing an Offer to Buy.* After completing the Buyer Registration Form, the buyer will be allowed to place an “offer to buy”, subject to Kansas Ethanol’s review and verification as set forth below. Note: The buyer’s “offer to buy” must be submitted in whole Units, and in whole dollars and cents. No “offer to buy” of partial or fractionalized Units may be posted on the Trading System.
2. *Kansas Ethanol Verification.* Upon submission of a Buyer Registration Form and an “offer to buy” for posting to the Trading System Bulletin Board, Kansas Ethanol may take appropriate steps for the purpose of verifying buyer’s qualification to purchase Units in accordance with these Rules and Procedures. If Kansas Ethanol determines that the buyer is not eligible to purchase Units, Kansas Ethanol will promptly notify the buyer and take appropriate action, including denying a listing of buyer’s offer to buy on the Trading System Bulletin Board, or removal of an existing listing on the Bulletin Board.
3. *Confirmation of Offer to Buy.* It is the buyer’s responsibility to confirm all “offer to buy” information placed on the Trading System

Bulletin Board to avoid any mistakes that may have been made in the entry of buyer's information, including quantity of Units or the price per Unit to be purchased.

4. *Modification of Offer to Buy.* A buyer may modify an existing "offer to buy" at any time within the 30-day listing period. To modify an "offer to buy", a buyer must post a new "offer to buy" on the Trading System, and the new "offer to buy" will supersede and override the previous "offer to buy" made by the buyer and will receive a new date of entry.
5. *Cancellation of an Offer to Buy Listing.* A buyer may cancel an "offer to buy" listing at time prior to the signing of a Purchase Agreement. Upon written notice of such cancellation, Kansas Ethanol will remove the buyer's "offer to buy" from the Trading System Bulletin Board. The buyer who cancels an "offer to buy" will not be eligible to post a new "offer to buy" until the following trimester, which new posting will not be made unless the "offer to buy" has been removed from the Trading System Bulletin Board for at least 60 calendar days.

V. Matching of Buyers and Sellers

A. *Seller and Buyer Responsibility to Reach Agreement.* The Kansas Ethanol Trading System is intended solely to match a list of interested buyers with a list of interested sellers, along with the nonfirm price quotes of buyers and sellers. The Trading System will not automatically effect "matches" between potential sellers and buyers, nor will Kansas Ethanol personnel contact buyers or sellers about "matches" occurring on the Bulletin Board. **It is the sole responsibility of those sellers and buyers listed on the Trading System to track the relevant information on the Bulletin Board and to contact each other using the contact information provided and make a determination as to whether an agreement as to price and terms may be reached.** Only those sellers and buyers who have listed "offers to sell" or "offers to buy" on the Trading System during the Listing Period will be eligible for Kansas Ethanol Board of Director approval of any Purchase Agreement reached between a seller and buyer.

B. Execution of Purchase Agreements.

1. Buyer and seller are responsible for negotiating and finalizing the terms and conditions of the form of Purchase Agreement for the purchase and sale of Kansas Ethanol Units. Kansas Ethanol will have available for sellers and buyers upon request a base form of purchase agreement which contains the Trading System requirements, and to which the parties can add their specific provisions. This form is attached as Appendix C. Buyers and sellers are responsible for obtaining their own legal or other representation in connection with such transaction. While the terms and conditions of the executed form of Purchase Agreements may vary based on the mutual agreement of buyers and sellers, Kansas Ethanol will require that the following terms be included in all Purchase Agreements. Failure to include such terms will result in non-approval of the proposed transaction under the Kansas Ethanol Trading System Rules and Procedures.
 - The Purchase Agreement, and closing of the sale of Unit transaction represented therein, must be subject to compliance with the Kansas Ethanol Trading System Rules and Procedures, and the approval of the Kansas Ethanol, LLC Board of Directors.
 - The Purchase Agreement must describe the precise terms and conditions of the sale transaction, including the number of Units to be sold, and the price per Unit, and total price at which the transaction will occur, as well as the precise legal name of the seller and buyer.
 - The Purchase Agreement must provide that the buyer will become a member of Kansas Ethanol, and execute a counterpart signature page to the Kansas Ethanol Operating Agreement, as amended from time to time, as a condition to closing.
 - The Purchase Agreement must provide that, in compliance with the Kansas Ethanol Trading System Rules, no consideration will be paid by the buyer to the seller until after the Purchase Agreement has been approved by the Kansas Ethanol Board of Directors, and within the time periods permitted pursuant to Section II(E) of the Trading System Rules and Procedures.
2. Delivery of the Purchase Agreement and Transfer Request Form to Kansas Ethanol. After execution of the Purchase Agreement, a copy of the executed agreement and a Transfer Request Form executed by the proposed seller(s) and proposed buyer(s) must be submitted to Kansas Ethanol for approval in accordance with the deadlines set forth in Section II(D). A copy of the Transfer Request

Form is attached as Appendix D. Failure to submit the executed Purchase Agreement and Transfer Request Form by the appropriate deadlines may disqualify the proposed sale transaction for approval by the Kansas Ethanol Board of Directors. The Kansas Ethanol Board of Directors or management may request additional information or documentation, as deemed necessary or appropriate, as a condition to reviewing or approving the Transfer Request Form and Purchase Agreement, including completion of the Kansas Ethanol Member Information Form by the proposed buyer.

After the Kansas Ethanol Board either approves or disapproves the request for transfer and Purchase Agreement, Kansas Ethanol personnel will promptly notify the buyer and seller of such decision and provide information concerning processing of the documentation to complete the transaction. All trades shall become effective upon such date as the Board of Directors designates in its resolution of approval. This effective date will be determined in accordance with Section II(E) above.

At the completion of each quarter, Kansas Ethanol may post on its website the quantity and price information for each of the trades completed during the trimester. Any posting of this information from the completed trades will not include the identity of the applicable sellers or buyers.

3. Trading Timetable Summary: A Trading Timetable Summary is attached.

VI. General Rules concerning Kansas Ethanol Trading System

A. Availability of Past Trading System Records: Kansas Ethanol will retain records of the buyer and seller quotations listed on the Trading System, and information concerning finalized sales of Units, including buyer, seller, price and number of Units sold, (all of which is referred to herein as “Trading Information”) for at least three years and make them available to the Kansas Department of Banking and Finance upon request. The three-year Trading System history will also be made available to participants in the Trading System upon request. Those buyers and sellers participating on the Kansas Ethanol Trading System consent by such participation to the publication of all Trading Information by Kansas Ethanol. Only those sellers and buyers who have listed “offers to sell” or “offers to buy” on the Trading System during the Listing Period will be eligible for Kansas Ethanol Board of Director approval of any Purchase Agreement reached between a seller and buyer.

B. No Compensation to be Paid to Kansas Ethanol or Affiliates: Neither Kansas Ethanol nor any affiliate (including directors and officers) of Kansas Ethanol will (i) receive any compensation for creating or maintaining the Trading System; (ii) receive any compensation for the use of the Trading System; (iii) be involved in any purchase or

sale negotiations arising from the Trading System; (iv) give advice regarding the merits or shortcomings of any particular trade; (v) use the Trading System directly or indirectly, to offer to buy or sell securities, except in compliance with the securities laws, including any applicable registration requirements (absent an available exemption therefrom); or (vi) receive, transfer or hold funds or securities as an incident of operating the Trading System.

Notwithstanding the foregoing, directors and officers of Kansas Ethanol may participate as buyers or sellers in the Trading System on their own behalf with respect to Units which they beneficially own, provided they comply in all respects with these Trading System Rules and Procedures. In any such transaction, such Kansas Ethanol director, officer or employee is acting solely on his or her own behalf, and is not acting in his or her capacity as a director or officer of Kansas Ethanol.

C. Limitation on Amount of Membership Units Traded in Calendar Year: Under IRS regulations, the total of Kansas Ethanol membership units which may be transferred during any taxable year (which for Kansas Ethanol is the calendar year) cannot exceed 10% of the total of Kansas Ethanol Units (including private transfers which may have occurred during the same year, and which may equal up to 2%). The Kansas Ethanol Trading System may be suspended at any time during a calendar year in which the maximum allowable percentage has been met.

In the event the number of Kansas Ethanol membership units proposed to be transferred pursuant to Purchase Agreements submitted to the Kansas Ethanol Board of Directors in any quarterly period would exceed the maximum allowable percentage under the IRS qualified matching services regulations, the Kansas Ethanol Board of Directors intends to accept such Purchase Agreements which meet the Trading System requirements on a “first come, first served” basis, based on the date of submission of the Purchase Agreement to Kansas Ethanol.

D. Additional Information concerning the Kansas Ethanol Trading System: Participants in the Kansas Ethanol Trading System should be aware of the following information.

- Kansas Ethanol Units are not listed on a national securities exchange or other regulated securities market.
- Kansas Ethanol's Trading System is not a registered national securities exchange, securities information processor, broker, dealer or investment adviser.
- The information set forth on the Kansas Ethanol Trading System does not consist of firm quotes, but rather is merely a list of the names, addresses and contact information of interested sellers and buyers, the number of Units offered or desired to be purchased, and the price at which the proposed transaction would occur. Kansas Ethanol does not assure that any particular transaction will occur as to any particular number of Units or at any particular price.

All transactions between participants must be executed by the participants independent of Kansas Ethanol or any of its affiliates.

- All applicable state and federal securities laws (including the anti-fraud and anti-manipulation provisions) apply to any offer made or transaction consummated using the Kansas Ethanol Trading System.
- "Two-sided quotes" in which a person indicates a bid to buy at one price and an offer to sell at a higher price are prohibited.
- Notwithstanding any language herein to the contrary, in accordance with Section 10 of the Kansas Ethanol Operating Agreement and these Trading System Rules and Procedures, the Kansas Ethanol Board of Directors determines the effective date of the transfer, if approved, and provides notice to the buying and selling parties of such effective date of transfer.
- The Kansas Ethanol Board of Directors has adopted a policy that the Trading System is intended to be the exclusive method of trading Units for value in transactions which would otherwise be applied against the Trading System's maximum 10% annual limitation, except for extraordinary circumstances as determined by the Board in its sole discretion. Transfers such as bona fide gifts and transfers upon death which are not included in the 10% annual maximum limitation are not included in the policy.

TRADING TIMETABLE SUMMARY

(subject to conditions described in Rules and Procedures)

Quarterly Date	Event	Event Description
December 1, March 1st, June 1, and September 1	Initial Posting Date - commencement of Listing Period	The first day that Buyers and Sellers may post their Offers to Buy and Offers to Sell Units
Day 30	End of Listing Period	The last day for Buyers and Sellers to post Offers to the Trading System
15 th calendar day following later of seller's or buyer's Posting Date	Eligibility to enter into a Purchase Agreement	The first day that a Purchase Agreement can be reached between eligible Buyers and Sellers
Day 45 – fifteen calendar days following the termination of Listing Period	Removal of buyer and seller posting information	All buyer and seller posting information is removed from the Bulletin Board
January 31, April 30, July 31, and October 31	Final day for submission of Purchase Agreements	Deadline for submission of Purchase Agreement to Kansas Ethanol Board for approval
February, May, August, and November	Board of Directors approval time period	Generally, the months during which the Board of Directors will consider approval of a request for transfer and Purchase Agreement
February 15, May 15, August 15, and November 15 (subject to Board meeting date)	Closing Date - Payment of Purchase Price	The first day that the buyer can make payment to seller, <u>provided</u> the Kansas Ethanol Board of Directors has approved the transfer
April 1, July 1, October 1, January 1	Closing - Transfer of Title to Units	Generally, the first day of the calendar quarter following the end of the Posting Period

Appendix A

Kansas Ethanol, LLC Trading System Seller Registration Form (Non-Binding Offer to Sell)

The information on this Seller Registration Form is provided to Kansas Ethanol, LLC ("Kansas Ethanol"), for the purpose of listing an offer to sell Kansas Ethanol membership units ("Units") on the Kansas Ethanol Trading System ("Trading System") bulletin board.

Seller Name(s):* _____
(please print or type)

*The Seller name(s) should be identical to the name or names listed on the Kansas Ethanol membership certificate. If more than one owner is shown on the membership certificate, all owners shown must sign below.

Seller Address: _____

Seller Telephone Numbers: _____

Seller E-mail Address: _____

Preferred method of contacting Seller (e.g., mail, telephone, e-mail, other): _____

Kansas Ethanol Certificate Number(s) for Units to be listed for sale: _____

Number of Units to be listed for sale on the Trading System Bulletin Board: _____ Units

Seller's Nonfirm Price Quote (on a per Unit basis): \$_____ per Unit

The undersigned Seller (whether one or more) acknowledges receipt of the Kansas Ethanol Trading System Rules and Procedures, and agrees that the listing of Seller's offer to sell Units will be subject in all respects to such Rules and Procedures, and Seller agrees to follow in all respects the Trading System Rules and Procedures. Seller acknowledges that the information provided on this Seller Registration Form will be listed on the Kansas Ethanol Trading System bulletin board and be publicly available information. The undersigned Seller also understands and acknowledges that any sale of Units is subject to the approval of the Kansas Ethanol, LLC Board of Directors and the terms and conditions of the Kansas Ethanol, LLC Operating Agreement.

Date: _____

[Name of Seller(s) as shown on Kansas Ethanol membership certificate]

[Seller(s) Signature] [Title, if applicable]

Appendix B
Kansas Ethanol, LLC Trading System

Buyer Registration Form
(Non-Binding Offer to Buy)

The information on this Buyer Registration Form is provided to Kansas Ethanol, LLC ("Kansas Ethanol"), for the purpose of listing an offer to buy Kansas Ethanol membership units ("Units") on the Kansas Ethanol Trading System ("Trading System") bulletin board.

Buyer Name(s):* _____
(please print or type)

*The Buyer name(s) should be identical to the name or names to be listed on the Kansas Ethanol membership certificate if buyer is successful in purchasing Units. If more than one owner is to be shown on the membership certificate, all owners to be shown must sign below.

Buyer Address: _____

Buyer Telephone Numbers: _____

Buyer E-mail Address: _____

Preferred method of contacting Buyer (e.g. , mail, telephone, e-mail, other): _____

Number of Units to be listed in Buyer's offer to buy on the Trading System Bulletin Board:
_____ *Units*

Buyer's Nonfirm Price Quote (on a per Unit basis): \$_____ per Unit

The undersigned Buyer (whether one or more) acknowledges receipt of the Kansas Ethanol Trading System Rules and Procedures, and agrees that the listing of Buyer's offer to buy Units will be subject in all respects to these Rules and Procedures, and Buyer agrees to follow in all respects the Trading System Rules and Procedures. Buyer acknowledges that the information provided on this Buyer Registration Form will be listed on the Kansas Ethanol Trading System bulletin board and be publicly available information. The undersigned Buyer also understands and acknowledges that any purchase of Units is subject to the approval of the Kansas Ethanol Board of Directors and the terms and conditions of the Kansas Ethanol Operating Agreement.

Date: _____

[Name of Buyer(s)]

[Buyer(s) Signature]

[Title, if applicable]

Appendix C

KANSAS ETHANOL, LLC TRADING SYSTEM

NOTICE OF OFFER / AGREEMENT TO PURCHASE

Kansas Ethanol, LLC
1630 Avenue Q
Lyons, KS 67554

Ladies and Gentlemen:

I have agreed to purchase _____ Kansas Ethanol, LLC membership units at a sales price of \$_____ per unit, to be effective on the ____ day of _____, 20____.

The current member from whom I will purchase the units is _____, and the above purchase terms have been mutually agreed upon.

As applicable, additional details of the agreement are attached to this letter.

I understand that Kansas Ethanol, LLC has the option to prohibit this sale, and to purchase the units itself. This option must be exercised within 30 days of this Notice of Offer.

I further understand and agree that no payment will be paid to the Seller until after the Purchase Agreement has been approved by the Kansas Ethanol, LLC Board of Directors.

Printed Legal Name of Purchaser

Signature of Purchaser

Date

Appendix D

KANSAS ETHANOL, LLC TRADING SYSTEM

TRANSFER REQUEST FORM

Form of Transfer Request

Kansas Ethanol, L.L.C.
1630 Avenue Q
Lyons, KS 67554
Attn: _____

Ladies and Gentlemen:

I currently own _____ membership units of Kansas Ethanol, L.L.C. (the "Company"). I desire to transfer _____ units to _____ (the "Transferee").

The proposed transfer is not a "Permitted Transfer" as defined in the Company's Unit Transfer Policy (the "Transfer Policy").

I acknowledge that the proposed transfer is subject to a right of first refusal in favor of the Company. Accordingly, this letter is accompanied by a written offer from the Transferee which contains all of the terms and conditions relating to the offer, including all contracts, exhibits and agreements relating thereto, and information regarding the Transferee, all as required by the Transfer Policy. In addition, I have enclosed the original unit certificate(s) representing the units to be transferred. Please notify me as to whether the Company intends to exercise its right of first refusal with respect to the proposed transfer. Should you need any further information, you may contact me at _____ .

I acknowledge and agree that, in connection with this transfer request, the Company may require additional information and/or the payment of an additional fee.

Sincerely,

[NAME OF MEMBER]

