

OPERATING AGREEMENT

OF

DOWNTOWN WADSWORTH MERCHANTS GUILD, LLC

THIS OPERATING AGREEMENT is entered into as of _____, by DOYLE C. MULLINS and ABIGAIL L. SWEIGART, (as “Members”) and DOYLE C. MULLINS and ABIGAIL L. SWEIGART (as “Managers”). Unless the context otherwise requires, terms that are capitalized and not otherwise defined in context shall have the meanings set forth or cross-referenced in Article 10 of this Agreement.

In consideration of the mutual covenants and subject to the terms and conditions of this Agreement, the Members and Managers do hereby agree as follows:

Article 1. ORGANIZATIONAL MATTERS

1.1. Formation of Company. The Company was formed upon the execution and filing of the Company’s Articles of Organization with the Ohio Secretary of State, on or about _____.

1.2. Name. The name of the Company is: DOWNTOWN WADSWORTH MERCHANTS GUILD, LLC

1.3 Purpose of the Company; Business. The Company has been formed for the purpose of any lawful purpose for which an LLC may be formed, and to perform all things necessary, incidental to, connected with, or growing out of such activities in accordance with this Agreement and the laws of the State of Ohio.

1.4. Fictitious Business Name Statements; Other Certificates. The Officers are required, from time to time, to register the Company as a foreign limited liability company and file such fictitious or trade name statements or certificates in such jurisdictions and offices as they consider necessary or appropriate. The Company may do business under any other fictitious business name deemed desirable by the Officers or by the Members, by a Required Vote. The Officers are also required, from time to time, to file such certificates of amendment, certificates of cancellation, or other certificates as may be required under the Act or under the laws of any jurisdiction in which the Company is doing business to establish and continue the Company as a limited liability company, to protect the limited liability of the Members as contemplated by the Act, and to accomplish the purpose of the Company. Notwithstanding anything herein to the contrary, the Company may transact its business under any assumed name or names selected by the Members at any time and from time to time.

1.5. Ohio Office and Agent; Other Offices. The principal place of business of the Company, and the office where the records described in Section 6.8 are to be kept is at 138 Main Street, Wadsworth, Ohio 44281. The statutory agent of the Company in Ohio is Doyle C. Mullins. The

Officers may from time to time change the registered office or agent or the principal place of business of the Company or establish additional offices of the Company as the Officers or the Members, by a Required Vote, determine are necessary or appropriate. The Officers are required to notify each Member of any change in the principal place of business of the Company. Changes to the principal place of business or statutory agent made as permitted by this Section 1.5 do not require compliance with Section 11.2.

1.6. Term. The Company is to continue in perpetuity unless sooner dissolved and liquidated as provided in this Agreement or pursuant to the Act.

Article 2. SHARES AND CAPITAL CONTRIBUTIONS

2.1. Shares and Voting Percentage. Each Member’s “Share,” meaning the relative participation attributable to its interest in profit, loss, and distributions by the Company from time to time, is indicated below. Each Member’s “Voting Percentage,” meaning voting power of its interest, is indicated below:

<u>Member</u>	<u>% Share</u>	<u>No. of Shares</u>	<u>Voting Percentage</u>
Doyle C. Mullins	50%	50	50%
Abigail L. Sweigart	50%	50	50%

2.2. Capital Contributions. Simultaneously with the execution and delivery of this Agreement, each Member is contributing the following to the capital of the Company:

<u>Member</u>	<u>Contribution</u>
Doyle C. Mullins	The assets and liabilities described on Appendix A, having an agreed upon value of \$250.00.
Abigail L. Sweigart	The assets and liabilities described on Appendix A, having an agreed upon value of \$250.00.

Except as the Members may agree as contemplated by the next sentence, no Member has any further obligation to contribute capital to the Company. Additional capital contributions can only be made if all Members agree. Additional capital contributions will be paid by the Members in proportion to their Shares.

2.3. Member Loans. If the Officers or the members, by a Required Vote, determine that the Company requires cash, any Member or one or more of its Affiliates may make a secured (subject to the prior consent of all non-Affiliate secured lenders) or unsecured loan to the Company (a “Member Loan”). No Member is personally obligated to repay Member Loans. Member Loans are payable or collectible only out of the assets of the Company. All Member Loans will bear interest at an annual rate equal to the sum of one per cent (1%) plus the Prime Rate, from time to time, compounded each December 31, but in no event is the rate of interest to exceed the highest rate permitted by law for the obligor which, if exceeded, could subject the lender to penalties. Member Loans, and accrued interest,

may be repaid in whole or in part and are payable on demand, but are subordinate to payments due on account of any third-party non-Affiliate loans. No demand or payment can be made which would result in the Company's default under any agreement or instrument by which it or its Property is bound. Payments are first to be applied to accrued interest and then to principal. Until Member Loans, including accrued interest, are paid in full, no distributions can be made to the Members pursuant to Article 3. If there is more than one Member Loan: (i) if there is a demand for payment on any Member Loans, it requires the Company to pay, simultaneously, (A) accrued interest on all Member Loans to the holders, and (B) principal due on the Member Loan as to which demand is made and on all Member Loans made prior to the one as to which demand is made, and (ii) if it is not possible to pay all of the amounts required pursuant to clause 2.3(I), payments upon any such demand or voluntary prepayments must be applied first to accrued interest on all Member Loans in proportion to the accrued interest of each, and second to the principal on (A) all Member Loans in the case of voluntary prepayments, or (B) loans upon which principal is required to be paid pursuant to clause 2.3(I) (B) upon a demand pursuant to clause 2.3(I), in each case in proportion to the principal amount of each.

2.4. Limited Liability of the Members. Unless a Member expressly agrees otherwise in writing, no Member is liable for the debts, liabilities, contracts, or other obligations of the Company, or to make any contributions or payments to the Company in excess of the Member's initial capital contribution set forth in Section 2.2.

2.5. Withdrawal and Return of Capital; Interest on Capital. Except for the right to receive distributions in accordance with Section 3.1 or upon dissolution, winding-up and liquidation of the Company as provided in this Agreement, no Member has the right to withdraw any of its Capital Contribution (whether pursuant to RC 1705.12 or otherwise). No Member is entitled to receive any interest on its Capital contribution, or any portion thereof.

Article 3. DISTRIBUTIONS

3.1. Distribution Method. Distributions of cash or other property are to be made as and when available, as determined by the members, by a Required Vote. All distributions are subject to the payment of Member Loans, Company expenses, and the maintenance of reasonable Company reserves. Non liquidating distributions are to be made to the Members in proportion to their Shares in the Company. A distribution of property other than cash is to be made pro rata in kind as well as in value (unless all Members receiving disproportionate distributions agree otherwise) and only after adjusting the Capital Accounts of the Members as provided in Appendix B on account of such distribution.

Article 4. ACCOUNTING AND CAPITAL ACCOUNTS

4.1. Financial Reporting and Nonfinancial Reporting Books. The Company is to maintain financial reporting books on the cash method of accounting in accordance with generally accepted accounting principles, applied on a basis consistent with prior periods. The Company is also to maintain nonfinancial reporting books and Capital Accounts as required by Section 4.3 and Appendix B, which shall be the basis for liquidating distributions pursuant to Section 7.2. The Company shall maintain the additional records contemplated by Section 5.2 and Article IV of Appendix B.

4.2. Accounting.

(a) The Company is to keep its books on the cash basis and in accordance with generally accepted accounting principles consistent with those employed for determining the Company's income for federal income tax purposes, except as otherwise provided in this Agreement and Appendix B.

(b) The taxable year of the Company is the calendar year (except as otherwise required by section 706 of the Code). The Fiscal Year of the Company is the same as its taxable year.

4.3. Capital Accounts. A Capital Account is to be maintained for each Member in the manner set forth in Article II of Appendix B. The provisions of Appendix B are intended to comply with the requirements of Treas. Reg. #1.704-1 (b) (2) (iv) and Treas. Reg. # 1.704-2 with respect to maintenance of capital accounts and partnership allocations, and are to be interpreted and applied accordingly.

Article 5. PROFITS AND LOSSES

5.1. Allocation of Book Items. Except as provided in Article III of Appendix B, all items of Book income and gain, and all items of Book loss and deduction, are to be allocated to the Members in proportion to their Shares.

5.2. Allocation of Tax Items. Except as otherwise provided in Article IV of Appendix B, all items of Book income, gain, loss, and deduction are to be allocated among the Members for federal income tax purposes in the same manner as the corresponding allocation for Book purposes pursuant to Section 5.1.

Article 6. MANAGEMENT AND MEMBER RIGHTS

6.1. Management.

(a) Management of the Company is vested entirely in the Managers. Subject only to the limitations imposed by the Act and this Agreement, each Manager has the power and authority to bind the Company in the ordinary course of its business and to conduct, manage, control, and make all decisions affecting the conduct of the business of the Company in the ordinary course.

(b) The initial managers are:

DOYLE C. MULLINS and ABIGAIL L. SWEIGART

The initial Managers shall serve until the date of the first annual meeting of the members. After that time, the number of managers shall be no more than two (2). Except as specified elsewhere in this Agreement, the term of service for Managers shall be for one year, to expire on the date of each annual meeting of the Members.

6.2 Board of Managers.

(a) The Company has a Board of Managers initially composed of two (2) Managers. The initial Managers are DOYLE C. MULLINS and ABIGAIL L. SWEIGART. The Members may, from time to time, by Majority Vote, elect additional Managers to serve on the Board.

(b) At all times, at least one (1) of the Managers on the Board must be a Member.

(c) Each Manager is to serve until the earlier of his or her death, resignation, or removal. A Manager may be removed at any time by a Majority Vote of the class of Members that elected that Manager. Any Manager may resign at any time by delivering his or her written resignation to the Chairman.

(d) Managers are to be reimbursed for all reasonable expenses incurred in connection with attending meetings of the Board and are to receive the fees, if any, that are approved from time to time by the Board. Unless otherwise provided for in this agreement, the compensation of the managers shall be determined on an annual basis.

6.3 Authority of the Board of Managers.

(a) Except as specifically reserved to the Members in this Agreement, the Board of Managers has all power and authority to manage, and direct the management of, the business and affairs of the Company both ordinary and extraordinary. Approval by or action taken by the Board of Managers in accordance with this Agreement and the Bylaws is the approval or action of the Company and is binding on each Member.

(b) The Board of Managers may delegate to the Officers, other employees, and agents of the Company the authority to conduct the business of the Company in the ordinary course in accordance with this Agreement and any policy of delegation which may be adopted and revised from time to time by the Board of Managers. Any power not delegated by the Board of Managers remains with the Board of Managers.

6.4 Powers of the Board of Managers.

(a) Subject to the limitations imposed by the Act and this Agreement, the authority of the Board of Managers includes, without limitation, the power to:

(1) approve the annual operating and capital budgets and strategic plans of the Company;

(2) appoint or remove any Officer of the Company, establish compensation for each Officer of the Company, and establish, alter, or amend the power and authority of any Officer of the Company;

(3) authorize any commitment for a capital expenditure;

(4) approve any obligation of the Company for borrowed money and make, issue, accept, endorse, and execute promissory notes, drafts, bills of exchange, letters of credit, guarantees, and other

instruments and evidences of indebtedness or of contingent liability and approve the granting of any security therefor;

(5) authorize any commitment relating to a loan by the Company to any Person or a guarantee by the Company of any obligation of any Person;

(6) authorize any sale, lease, transfer, or other disposition of any asset of the Company or any group of assets including the disposition of all or substantially all of the assets of the Company;

(7) approve the acquisition of any business or a business division from any Person whether by asset purchase, stock purchase, merger, or other business combination including the creation and issuance of additional Interests of any class in connection therewith;

(8) approve any purchase or lease of real property;

(9) adopt, approve, or terminate any individual or group employee retirement plan or any other welfare benefit plan or policy or any modifications thereto;

(10) authorize the making, modification, amendment, or termination of any agreement with any Member or an Affiliate of a Member;

(11) authorize any distribution to Members;

(12) change the Fiscal Year of the Company or make or modify any tax elections as the Board of Managers believes to be in the best interests of the Company and the Members;

(13) make any determination to indemnify any Person as contemplated by the Bylaws;

(14) establish, amend, or modify rules for the operation of the Board of Managers;

(15) authorize the creation of any subsidiaries or any other investment in, or the acquisition of stocks or bonds of, other Persons or any equity interest in any other Person;

(16) approve any change of the location of the headquarters of the Company;

(17) approve any license or other grant of rights to or from the Company with respect to any patents, trademarks, trade names, service marks, know-how, trade secrets, or other proprietary information;

(18) open, conduct, and close checking, savings, custodial, and other accounts on behalf of the Company in such banks or other financial institutions as the Board of Managers may select from time to time;

(19) negotiate, enter into, execute, and exercise the Company's rights under any and all contracts necessary, desirable, or convenient with respect to its business and affairs;

(20) execute any notifications, statements, reports, returns, registrations, or other filings that are necessary or desirable to be filed with any state or Federal agency, commission, or authority, including, without limitation, any registration of securities with any state or Federal securities commission, and appear before such agency, commission, or authority on behalf of the Company;

(21) purchase or bear the cost of any insurance covering the potential liabilities of the Company, Members, any Officer or employee of the Company, and any other Person acting on behalf of the Company;

(22) commence, defend, or settle litigation pertaining to the Company, its business, or assets, provided that the Company will not bear the expenses of any litigation brought against any Member or manager acting in that capacity, any Officer or employee of the Company, or any other Person acting on behalf of the Company except as limited by the Bylaws;

(23) employ accountants, attorneys, contractors, brokers, investment managers, engineers, consultants or other persons, firms, corporations, or entities on such terms and for such compensation as it considers appropriate, including, without limitation, persons and entities who may be Members or Affiliates, or who perform services for, or have business, financial, family, or other relationships with any Member, manager, Officer or employee;

(24) determine the fair market value of all Company property upon a Revaluation Event (as defined in Appendix A) or otherwise;

(25) redeem Interests, issue additional Interests, admit additional Members, or approve any transfer of an Interest in accordance with this Agreement;

(26) enter into, make, and perform such contracts, agreements, and other undertakings, to execute, acknowledge, and deliver such instruments, and to do such other acts, as it considers necessary or advisable for, or as may be incidental to, the conduct of the business contemplated by this Section 6.4(a), including, without limitation, contracts, agreements, undertakings, and transactions with any Member or Manager or with any other person, firm, or corporation which is an Affiliate or which performs services for or has any business, financial, family, or other relationship with any Member or Manager;

(27) authorize the filing of a Bankruptcy petition by or on behalf of the Company.

(b) None of the powers granted in Section 6.4(a) broaden or extend powers that are specifically limited by other provisions of this Agreement.

6.5 Officers

(a) The initial Officers of the Company are:

President: DOYLE C. MULLINS
Vice President: ABIGAIL L. SWEIGART
Secretary: DOYLE C. MULLINS
Treasurer: ABIGAIL L. SWEIGART
Assistant Treasurer:
Assistant Secretary:

The Company may have such additional Officers as are appointed, from time to time, by the Board of Managers.

(b) Each Officer serves until the earlier of his or her death, resignation, or removal. An Officer may be removed at any time by the Board of Managers. Any Officer may resign at any time by delivering his or her written resignation to the Chairman.

6.6 Duties of the Officers.

In addition to obligations imposed by other provisions of this Agreement, each Officer is to devote to the Company such time as is reasonably necessary and his, her, or its best efforts to carry out the business of the Company and to accomplish its purposes. The Officers, on behalf of the Company and at the expense of the Company, are to:

(a) maintain at the Company's principal place of business a list, updated from time to time, that accurately sets forth the names and addresses of the Members; the Interests held by the Members, the amount of each Member's Capital Commitment; and the capital each Member has paid to the Company; and update, from time to time, Appendix C to accurately reflect the then-current information;

(b) furnish to each Member (i) as soon as practicable, but in no event later than ninety (90) days after the end of each Fiscal Year, financial statements of the Company audited by a firm of certified public accountants (including, without limitation, a balance sheet and statements of income and Members' equity); (ii) by March 15 of each calendar year all information required for federal and state income tax reporting purposes with respect to the Company, including without limitation a copy of Schedule K-1 to the Company's federal income tax return for the Fiscal Year most recently ended;

(c) arrange for the preparation of all necessary informational federal income tax forms on behalf of the Company and for the preparation and filing of any and all state and local income and franchise tax returns required to be filed by the Company;

(d) maintain and preserve during the term of the Company and for five years thereafter, or for such longer time as is necessary to determine the cost basis of the Company assets, at the Company's office designated pursuant to Section 1.4 (or, if the Company has been terminated, at the location designated by the Board of Managers in written notice to the Members), complete and accurate books

of account in accordance with the provisions of this Agreement, a list of the names and addresses of each Member, copies of the Articles of Organization, this Agreement, the Bylaws, and copies of all financial statements and tax returns of the Company for the most recent five-year period during the term of the Company;

(e) execute, acknowledge, and certify all documents and instruments and take or cause to be taken all actions which may be necessary or appropriate (i) for the continuation of the Company's valid existence as a limited liability company under the laws of the State of Ohio and of each other jurisdiction in which such existence is necessary to protect the limited liability of the Members, (ii) to effectuate the provisions of this Agreement, or (iii) to enable the Company to conduct its business;

(f) obtain and maintain on behalf of the Company such all-risk, public liability, workers' compensation, Officers' liability, fidelity, forgery, and other insurance, if any, as may be available on commercially reasonable terms and as may be deemed necessary or appropriate by the Board of Managers;

(g) to the extent reasonably deemed necessary or appropriate by the Board of Managers, cause all persons dealing with the Company, the Board, or any Officer, agent or employee of the Company acting on behalf of the Company, to be aware of the character of the Company as a limited liability company;

(h) conduct the affairs of the Company in compliance with the applicable laws and in the best interests of the Company and of the Members;

(i) not permit the use of Company funds or assets for other than the benefit of the Company and of the Members;

(j) hold all Company property in the Company name or, in the case of cash or cash equivalents, in one or more depository accounts as to which the Company is a beneficial owner; and

(k) use reasonable efforts not to cause the Company to incur debts or other liabilities obligations beyond the Company's ability to pay such liabilities.

6.7 Standard of Care.

(a) Any Member or any director, trustee, or officer of any Member serving on behalf of the Company, and any Manager, Officer or employee of the Company in the performance of his, her, or its duties, is entitled to rely in good faith on information, opinions, reports, or other statements, including financial statements, books of account, and other financial data, if prepared or presented by: (i) one or more Officers or employees of the Company {if the person relying on the statements reasonably believes that the person preparing or presenting the material is reliable and competent in that matter}; or (ii) legal counsel, public accountants, or other persons as to matters {that the person relying on the statements reasonably believes are} within the person's professional or expert competence.

(b) Each Manager is to perform his, her, or its duties as a manager in good faith, in a manner he, she, or it reasonably believes to be in or not opposed to the best interests of the Company, and with the care that an ordinarily prudent person in a similar position would use under similar circumstances.

(c) A Manager cannot be found to have violated Section 6.7(b) unless it is proved, by clear and convincing evidence, in an action brought against the Manager, that he, she, or it has not met the standard of Section 6.7(b).

(d) A Manager is to be liable in damages for any action that he, she, or it takes or fails to take as a manager only if it is proved, by clear and convincing evidence, that his, her, or its action or failure to act involved an act or omission undertaken with deliberate intent to cause injury to the Company or undertaken with reckless disregard for the best interests of the Company.

6.8 Access to and Confidentiality of Information; Records.

(a) Each Member has the right, subject to such reasonable standards (including standards governing what information and documents are to be furnished at what time and location and at whose expense) as may be established by the Officers or a Member, to obtain from the Company from time to time upon reasonable demand for any purpose reasonably related to the Member's interest:

(i) true and full information regarding the status of the business and financial condition of the Company;

(ii) promptly after becoming available, a copy of the Company's federal, state, and local income tax returns for each year;

(iii) a current list of the name and last known business, residence, or mailing address of each Member;

(iv) a copy of this Agreement and Articles of Organization and all amendments thereto, together with executed copies of any written powers of attorney pursuant to which the Agreement and any certificate and all amendments thereto have been executed;

(v) true and full information regarding the amount of cash and a description and statement of the agreed value of any other property or services contributed by each Member and which each Member has agreed to contribute in the future, and the date on which each became a Member; and

(vi) other information regarding the affairs of the Company as is just and reasonable.

(b) The Company has the right to keep confidential from any Member or Members, for such period of time as any two Officers consider reasonable, any information that any two Officers reasonably believe to be in the nature of trade secrets or other information the disclosure of which the Officers in good faith believe is not in the best interest of the Company or could damage the Company or its business or that the Company is required by law or by agreement with a third party to keep confidential.

6.9 Limited Liability of the Members. The Members (solely in their capacity as Members) have no liability for any Company obligations. Any liability to return distributions from the Company is limited to mandatory requirements of the Act or of any other applicable law.

6.10 Tax Matters Partner. Doyle C. Mullins hereby is designated as the “Tax Matters Partner” (the “TMP”) under Section 6231 (a) (7) of the Code. The TMP has the power to (i) enter into a settlement agreement with the Internal Revenue Service (Service) with respect to determinations of Company tax items which bind each Member who is not entitled to receive notice of the proceedings from the Service, who is not a member of a notice group defined in Section 6223 (b) (2) of the Code, and who has not timely filed a statement with the Secretary of Treasury (or his delegate) providing that the TMP shall not have authority to bind the Member, which settlement may be on such terms as the Tax Matters Partner shall determine in its sole discretion to be in the best interests of the Members as a class; (ii) in its sole discretion, decide whether or not to commence judicial action for review of Company items included in a notice of final Company administrative adjustment, with the selection of the appropriate court and the Company items to be contested to be determined in the sole discretion of the TMP; (iii) in its sole discretion, determine whether to appeal from an adverse decision in an action commenced pursuant to clause (ii) immediately preceding and prosecute any such appeal; (iv) in its sole discretion, intervene on behalf of the company in any judicial action commenced by any other Member or notice group defined in Section 6223 (b) (2) of the Code as to Company tax items; (v) file a request with the Service for an administrative adjustment as a substituted Company return, or otherwise, and to request judicial review on behalf of the Company as to any part of a request for administrative adjustment not allowed by the Service, with the selection of the appropriate court, the Company items to be contested, and the decision whether to appeal from an adverse decision in any such action to be determined in the sole discretion of the TMP; (vi) in its sole discretion, enter into an agreement with respect to all present or former Members to extend the period for assessing any tax which is attributable to any Company item (and no other person is authorized to enter into such an agreement); (vii) upon receipt of a notice of the commencement of administrative proceedings by the Service, furnish to the Service the name, address, profits interest, and taxpayer identification number of each person who was a Member in the Company at any time during the applicable Company taxable year and such revised or additional information as may be required by law; and (viii) conform to any tax administrative requirements as may be placed on TMP by Treasury Regulations adopted after the date hereof as to income tax or any other federal tax applicable to the Company. Any vacancy in the office of the TMP will be filled from among the Members.

Article 7. DISSOLUTION AND LIQUIDATION

7.1. Dissolution.

(a) Notwithstanding any provisions of the Act to the contrary, the Company will dissolve without further action of the members only by Agreement of the members holding more than fifty per cent of the shares and more than fifty per cent of the Voting Percentage. No other event, including any event which would cause the withdrawal of a Member under the Act, will cause a dissolution and any Member suffering the occurrence of any such event will continue as a Member.

(b) Upon dissolution of the Company, the Members will wind up and liquidate the Company by, in their discretion, using either or both of the following methods:

(i) Selling the Company's assets and distributing the net proceeds pursuant to Section 7.2 (a); and/or

(ii) Distributing the Company's assets to the Members in kind in proportion to the credit balances of the members' Capital Accounts, each Member accepting an undivided interest in the Company's assets subject to its liabilities.

(c) Upon completion of the liquidating distributions under Section 7.2, the Company is completely dissolved and terminated.

7.2. Liquidating Distributions.

(a) Upon the dissolution of the Company followed by its winding-up, the proceeds of liquidation will be applied and distributed in the following order of priority:

(i) first, to the expenses of liquidation and the debts of the Company, other than the debts owing to the Members;

(ii) second, to the establishment of any reserve which the Officers or the Members, by a Required Vote, consider appropriate for any contingent or unforeseen liabilities and other obligations of the Company arising out of or in conjunction with the Company's affairs;

(iii) third, to such debts as are owing to the Members; and

(iv) fourth, to the Members whose Capital Accounts have credit balances, in proportion to such balances.

(b) Except as otherwise provided in Section 7.2 (c) of this Agreement, distributions pursuant to Section 7.2(a) will be made not later than the later of (I) the end of the taxable year in which liquidation of the Company occurs, or (ii) a date which is ninety days after the date of such liquidation.

(c) Amounts withheld as reserves pursuant to Section 7.2 (a) (ii) of this Agreement will, to the extent not needed for the purpose for which they were withheld, be distributed as soon as practicable among the Members in accordance with Sections 7.2 (a) (iii) and (iv).

7.3. Final Accounting. Each of the members will be furnished with a statement prepared by the Company's accountants, which shall set forth the assets and liabilities of the Company as of the date of the complete liquidation.

Article 8. TRANSFERS OF INTEREST

8.1. General Restriction. No Member is to make a Transfer of all or part of his, her, or its Interest or any interest therein, except as set forth in this Agreement. The Company is not to recognize any Transfer of an Interest in the Company otherwise than in accordance with the terms and provisions of this Agreement and the Bylaws.

8.2. Consent Required for Transfer. No Member is to make any Transfer or any attempted Transfer of his, her, or its Interest or any portion of or interest therein without first obtaining the consent of Members whose Shares constitute more than fifty per cent of the interest in capital and profits of the Company. Each Member has the right to grant or withhold consent to any Transfer or proposed Transfer in that Member's sole discretion.

8.3 General Transfer Provisions. Transfers that have received the consent required by Section 8.2 are subject to the following:

(a) No portion of or interest in an Interest may be the subject of a Transfer without assurances to the Company that are satisfactory to the Members that the proposed Transfer does not violate any law applicable to the Company.

(b) The Members may, among other things, require (i) registration of the Interest under the Securities Act of 1933 (as amended, the "Act") and applicable state securities laws or an opinion of counsel, from counsel and in form and substance satisfactory to the Members that the Transfer is exempt from registration under the Act and/or applicable state securities laws; (ii) representations and warranties concerning the facts and circumstances establishing the basis for the availability of exemptions under the Act, the Investment Company Act of 1940, as amended, the Investment Advisers Act of 1940, as amended, and other reasonable assurances relating to any other applicable laws from the transferee or the transferring Member.

(c) The transferee will, for the express benefit of the Company and each other member, agree to be bound by all of the terms of this Agreement and make such representations and warranties as the Members reasonably request.

(d) If the Members determine that a proposed Transfer would, alone or in conjunction with one or more other Transfers, terminate the partnership that is the Company for federal income tax purposes, the proposed Transfer can be delayed until the earliest time, as determined by the Members that the Transfer may occur without causing a termination of the Company for federal income tax purposes. If at any time more than one Transfer is being delayed under this paragraph (d), the Transfers are to be made in the order in which the Members received notice of the proposed Transfer.

(e) If a Transfer or attempted Transfer causes a termination of the partnership that is the Company for federal income tax purposes, the Member making the Transfer or attempted Transfer is to be liable to the Company and each of the other Members for any taxes, fines, penalties, damages, or losses which may be due as a result of the termination, including, without limitation, costs of enforcement of the Company's power to void or otherwise prohibit the Transfer or attempted transfer.

8.4 Substituted Members; Assignees. Upon any Transfer of a Member's Interest in compliance with this Article 8, the transferee is to be admitted as a Member unless the instruments of Transfer indicate that the transferee is not to be admitted as a Member but is to be a mere assignee. The Interest (or interest therein) that was the subject of the Transfer to an assignee remains subject to all of the restrictions of this Agreement, including this Article 8, but the transferee has none of the powers or rights of a Member except to make a Transfer in accordance with this Article 8.

8.5 Unauthorized Transfers Void. Any Transfer not made in compliance with this Article 8 is void and of no effect.

Article 9. INDEMNIFICATION

9.1. Indemnification.

(a) The Company will indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative by reason of the fact that he, she, or it is or was (i) a Member, manager, or Officer of the Company, or (ii) is or was an (officer or director) of a Member, or (iii) is or was serving at the request of the Company as a member, manager, director, officer, trustee, partner, employee, or agent of another limited enterprise, against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him, her, or it in connection with such action, suit, or proceeding if the person met the standard of care set forth in Section 6.4 (b). No indemnification will be made in respect of any claim, issue, or matter as to which such person is adjudged to be liable to the Company unless and only to the extent that the Court in which the action or suit was brought determines upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court considers proper. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, does not, of itself, create a presumption that the person did not meet the standard of care set forth in Section 6.4 (b).

(b) To the extent that an employee or agent of a Company has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in Section 9.1 (a), or in defense of any claim, issue, or a matter therein, he, she, or it will be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

9.2. Advancement of Expenses. Expenses (including attorneys' fees) incurred defending any civil, criminal, administrative, or investigative action, suit or proceeding may be paid by the Company in advance of the final disposition of any action, suit, or proceeding upon receipt of an undertaking by or on behalf of the indemnitees to repay such amount if it is ultimately determined that he, she, or it is not entitled to be indemnified by the Company and upon such other terms and conditions, if any, as the Members, by a Required Vote, deem appropriate.

9.3. Other Rights to Indemnity or Reimbursement; Survival. Indemnification under this Article 9 will be provided only with respect to such losses, costs, expenses, judgments, and amounts

which otherwise are not compensated for by insurance carried for the benefit of the Company. The indemnification and advancement of expenses provided by, or granted pursuant to, this Agreement is not exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any agreement or otherwise, both as to action in his, her, or its official capacity and as to action in another capacity while holding such office.

9.4. Additional Indemnification of Employees and Agents. In addition to the right to indemnity set forth in Section 9.1(b), the Company may indemnify any employee or agent of the Company and any employee or Affiliate of any Member serving on behalf of the Company upon such terms and conditions, if any, as the Members, by a Required Vote, consider appropriate.

9.5. Insurance. The Company has power to purchase and maintain insurance on behalf of any person who is or was a Member, manager, officer, employee, or agent of the Company, or is or was serving at the request of the Company as a member, manager, trustee, director, officer, partner, employee, or agent of another limited liability company, partnership joint venture, trust or other enterprise against any liability asserted against him and incurred by him, her, or it in any such capacity, or arising out of his, her, or its status as such, whether or not the Company would have the power to indemnify him, her, or it against such liability under this Section.

9.6. Rules of Construction.

(a) For purposes of this Article 9, references to “the Company” include, in addition to the resulting entity, any constituent entity (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify, so that any person stands in the same position under this Article with respect to the resulting or surviving entity as he would have with respect to such constituent entity if its separate existence had continued.

(b) For purposes of this Article 9, references to “other enterprises” includes employee benefit plans; references to “fines” includes any excise taxes assessed on a person with respect to any employee benefit plan; and references to “serving at the request of the Company” include any service as a member, manager, officer, employee, or agent of the Company which imposes duties on, or involves services by, such member, manager, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner he, she, or it reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner “not opposed to the best interests of the Company” as referred to in this Section.

(c) The indemnification and advancement of expenses provided by, or granted pursuant to, this Article 9, unless otherwise provided when authorized or ratified, continues as to a person who has ceased to hold a position and inures to the benefit of the heirs, executors, and administrators of such a person.

9.7. Savings clause. If this Article 9 or any portion of this Article is invalidated on any ground by any court of competent jurisdiction, then the Company is nevertheless to indemnify each Indemnitee as to costs, charges and expenses (including attorneys’ fees), judgments, fines, and amounts

paid in settlement with respect to any action, suit, proceeding, or investigation, whether civil, criminal, administrative, or investigative, including any action by or in the right of the Company, to the full extent permitted by any applicable portion of this Article that has not been invalidated and to the fullest extent permitted by applicable law.

Article 10. DEFINITIONS

Unless the context otherwise requires, the following terms (and the singular or plural thereof) used in this Agreement have the meanings set forth below:

“*Act*” means Chapter 1705 of the Ohio Revised Code as amended from time to time. Any reference to the Act automatically includes reference to any subsequent or successor limited liability company law in Ohio.

“*Affiliate*” means (I) any Person directly or indirectly controlled by any Member, or (ii) any member of an individual Member’s immediate family, which includes spouse, children, parents, or siblings, or trusts for their sole benefit. Without limiting the generality of the foregoing, “control” of a Person means the possession directly or indirectly of the power to direct or cause the direction of the management or policies of such Person; any general partner of a partnership controls the partnership if it is the sole general partner of, or it owns twenty-five per cent or more of the aggregate capital or profits interests owned by all general partners in, such partnership, but not otherwise; any member of a limited liability company controls the limited liability company if it owns twenty-five per cent or more of the aggregate capital or profit interests owned by all of the members in such limited liability company; any trustee of a trust controls the trust; any director or executive officer does not control any corporation, and no employer controls any employee.

“*Agreement*” means this agreement, as amended from time to time, by amendments duly executed and delivered.

“*Bankrupt*” or “*Bankruptcy*” means, with respect to any Person, such Person’s: filing a petition or otherwise voluntarily commencing a case or proceeding or filing an answer or other pleading in any proceeding seeking relief under any federal or state bankruptcy, insolvency or involuntary subject of an order for relief by any court under any such law; or being adjudicated a “bankrupt,” “debtor,” or “insolvent” under any such law; or there being appointed under any such law a “trustee,” “receiver,” or “custodian” to manage his, her, or its business or properties; or there being commenced under any such law a case or proceeding proposing such an order for relief, adjudication, or appointment with respect to such Person or his, her, or its business, which proceeding is consented to by such Person or which is not dismissed within ninety days after being commenced.

“*Book*” means the method of accounting prescribed for compliance with the capital account maintenance rules set forth in Treas. Reg. #1.704-1 (b) (2) (iv) as reflected in Appendix B, as distinguished from any financial accounting method which the Company may adopt for other purposes.

“*Capital Account*” has the meaning set forth in Section 4.3.

“*Capital Contribution*” means the aggregate amount of cash and property actually contributed to the capital of the Company.

“*Code*” means the Internal Revenue Code of 1986, as amended from time to time. Any reference to the Code automatically includes a reference to any subsequent or successor internal revenue code or law, and any reference to a particular section of the Code automatically includes reference to corresponding provisions of subsequent or successor code or law.

“*Company*” means this Company and any limited liability company continuing the business of this Company after dissolution as provided in Section 7.1.

“*Fair Value*” has the meaning set forth in Section 6.6 (d).

“*Fiscal Year*” has the meaning set forth in Section 4.2 (b).

“*Members*” means the members of the Company and, initially, shall mean First Member and Second Member.

“*Minority Member*” means any Member holding an interest of 49 per cent or less in the capital and profits of the Company.

“*Officers*” means the officers of the Company appointed and acting, from time to time, under Section 6.1.

“*Person*” means any individual, partnership, corporation, trust, estate, association, limited liability company, or other entity.

“*Prime Rate*” means the rate of interest reported by The Wall Street Journal as the “Prime Rate,” which rate shall be adjusted, from time to time, on the same date that such published rate is adjusted.

“*Property*” means all tangible and intangible real or personal property owned or hereafter acquired by the Company, including, without limitation, its interest in any business enterprise, its name, and any note or security interest received upon the disposition of any Property.

“*Required Vote*” means the vote of Members holding Voting Percentages aggregating more than (fifty per cent).

“*Share*” has the meaning set forth in Section 2.1.

“*Tax Matters Partner*” (“TMP”) shall have the meaning set forth in Section 6.8.

“*Transfer*” means any sale, assignment, pledge, encumbrance, gift, or attempt to create or grant a security interest in, any Share or interest thereon or portion thereof; excepting only a pledge limited to a Member’s claim as a creditor to receive cash distributions payable on account of its Share to the extent such Member is the beneficial owner of such Share at the time such distributions are payable.

“*Trigger Event*” has the meaning set forth in Section 6.6 (b).

“*Treasury Regulation*” or “*Treas. Reg.*” Means the regulation(s) promulgated pursuant to the Code by the U.S. Department of the Treasury, as amended, and any successor regulation(s).

“*Voting Percentage*” means a Member’s voting power, expressed as a percentage of the total voting power of the Members and, initially, the percentage set forth in Section 2.1.

Article 11. MISCELLANEOUS PROVISIONS

11.1. Notices. All notices to the Company are to be sent registered or certified mail, return receipt requested, addressed c/o President at the Company’s principal office. All Notices to the members are to be sent registered or certified mail, return receipt requested, addressed to such Member c/o the address appearing after such Member’s signature or such other address as may be specified by the member from time to time in a notice to the Company. All notices are given or served when deposited in the United States certified or registered mail, postage prepaid, properly addressed and return receipt requested.

11.2. Amendment; Waiver. (a) Any amendment to this Agreement becomes effective with the consent of Members holding more than fifty per cent of the shares and fifty per cent of the Voting Percentage in the Company, except that no amendment may require a capital contribution by a Member, increase the restrictions on Transfer of a Member’s interest or materially and adversely affect a Member in a manner that is materially different from its effect on other Members without the consent of the member so affected.

(b) Each of the members hereby irrevocably waives any and all rights, duties, obligations, and benefits with respect to any action for partition of Property or to compel any sale or appraisal thereof. Further, all rights, duties, benefits, and obligations including inventory and appraisal of the Company assets, provision for which is made in the laws of Ohio, or an account of the operation of any other rule or law of any other jurisdiction to compel any sale or appraisal of Company assets, are hereby waived and dispensed with.

11.3. Whole Agreement. This Agreement contains the entire understanding between the parties and supersedes any prior understanding and agreements between them respecting the within subject matter. There are no agreements, arrangements, or understandings, oral or written, between and among the parties hereto relating to the subject matter of this Agreement, which are not set forth or expressly referred to herein. Unless otherwise stated, references in this Agreement to Articles, Sections, or Appendices refer to the Articles, Sections, and Appendices to this Agreement. The Appendices are an integral part of this Agreement for all purposes.

11.4. Governing Law. This Agreement is governed and is to be construed in accordance with the laws of the State of Ohio without giving effect to its principles of conflicts of laws.

11.5. Binding Nature. Except as otherwise provided in this Agreement, this Agreement is binding upon and will inure to the benefit of the Members and their successors, personal representatives, heirs, devisees, guardians, and assigns.

11.6. Invalidity. In the event that any provision of this Agreement is invalid, the validity of the remaining provisions of the Agreement is not to be affected thereby.

11.7. Counterparts. This Agreement and any amendment may be executed in multiple counterparts, each of which an original and all of which are one agreement or amendment, as the case may be, notwithstanding that all of the parties are not signatories to the original or the same counterpart, or that signature pages from different counterparts are combined, and the signature of any party to any counterpart is a signature to and may be appended to any other counterpart.

11.8. Headings. The headings contained in this Agreement are for reference purposes only and do not affect the meaning of this Agreement.

11.9. Terminology. All personal pronouns used in this Agreement, whether used in the masculine, feminine, or neuter gender, include all other genders; the singular includes the plural and vice versa.

IN WITNESS WHEREOF, the Members have duly executed this Agreement as of the date first above written.

IN THE PRESENCE OF:

DOYLE C. MULLINS

ABIGAIL L. SWEIGART

DOWNTOWN WADSWORTH MERCHANTS GUILD, LLC

APPENDIX A

CONTRIBUTED PROPERTY

The property contributed to the company, having an agreed upon value of \$500.00 is office furniture and equipment. Doyle C. Mullins has contributed \$250.00, and Abigail L. Sweigart has contributed \$250.00, of same.

DOWNTOWN WADSWORTH MERCHANTS GUILD, LLC

APPENDIX B

TAX MATTERS

This Appendix is attached to and is a part of the operating agreement (the “Agreement”) of DOWNTOWN WADSWORTH MERCHANTS GUILD, LLC, (the “Company”). The parties to the Agreement intend that the Company be classified as a partnership for federal income tax purposes pursuant to section 7701 (a) (2) of the Code and the regulations thereunder. The provisions of this Appendix are intended to comply with the requirements of Treas. Reg. # 1.704-1 (b) (2) (iv) and Treas. Reg. # 1.704-2 with respect to maintenance of capital accounts and allocations,, and shall be interpreted and applied accordingly.

Article I.

DEFINITIONS

1.01. Definitions. For purposes of this Appendix, the capitalized terms listed below shall have the meanings indicated. Capitalized terms not listed below and not otherwise defined in this Appendix shall have the meanings specified in the Agreement.

“Account Reduction Item” means (I) any adjustment described in Treas. Reg. # 1.704-1 (b) (2) (ii) (d) (4); (ii) any allocation described in Treas. Reg. # 1.704-1 (b) (2) (ii) (d) (5), other than a Nonrecourse Deduction or a Member Nonrecourse Deduction; or (iii) any distribution described in Treas. Reg. # 1.704-1 (b) (2) (ii) (d) (6), other than a Nonrecourse Distribution or a Member Nonrecourse Distribution.

“Adjusted Capital Account Balance” means, as of the end of any taxable year, a Member’s Capital Account balance as of the end of such taxable year (taking into account all contributions made by such member and distributions made to such Member during such taxable year and any special allocations required by Sections 3.02, 3.03, 3.04 (a), (b), and (d), and 3.06 of this Appendix), increased

by the sum of (I) such Member's share of Company Minimum Gain and (ii) such Member's share of Member Nonrecourse Debt Minimum Gain, both determined after taking into account any such special allocations.

"Adjusted Fair Market Value" of an item of Company property means the greater of (I) the fair market value of such property or (ii) the amount of any nonrecourse indebtedness to which such property is subject within the meaning of section 7701 (g) of the Code.

"Book" means the method of accounting prescribed for compliance with the capital account maintenance rules set forth in Treas. Reg. #1.704-1 (b) (2) (iv) as reflected in Articles II and III of this Appendix, as distinguished from any accounting method which the Company may adopt for other purposes such as financial reporting.

"Book Value" means, with respect to any item of Company property, the book value of such property within the meaning of Treas. Reg. # 1.704-1 (b) (2) (iv) (g) (3); provided, however, that if the Company adopts the remedial allocation method described in Treas. Reg. # 1.704-3 (d) with respect to any item of Company property, the Book Value of such property shall be its book basis determined in accordance with Treas. Reg. # 1.704-3 (d) (2).

"Ceiling Rule" means the ceiling rule as set forth in Treas. Reg. # 1.704-3 (b) (1).

"Company Minimum Gain" means partnership minimum gain determined pursuant to Treas. Reg. # 1.704-2 (d) and Section 5.02 of this Appendix.

"Deemed Liquidation" means a liquidation of the Company that is deemed to occur pursuant to Treas. Reg. # 1.708-1 (b) (1) (iv) in the event of a termination of the company pursuant to section 708(b) (1) (B) of the Code.

"Excess Deficit Balance" means the amount, if any, by which the balance in a Member's Capital Account as of the end of the relevant taxable year is more negative than the amount, if any, of such negative balance that such Member is treated as obligated to restore to the Company pursuant to Treas. Reg. # 1.704-1 (b) (2) (ii) (c), Treas. Reg. # 1.704-1 (b) (ii) (h), Treas. Reg. # 1.704-2 (g) (1), or Treas. Reg. # 1.704-2 (I) (5). Solely for purposes of computing a Member's Excess Deficit Balance, such Member's Capital Account shall be reduced by the amount of any Account Reduction Items that are reasonably expected as of the end of such taxable year.

"Excess Nonrecourse Liabilities" means excess nonrecourse liabilities within the meaning of Treas. Reg. # 1.752-3 (a) (3).

"Exculpatory Liability" means a liability that is recourse to the Company as an entity, and for which no Member or Related Person bears the economic risk of loss under Treas. Reg. # 1.752-2.

"Member Nonrecourse Debt" means any liability of the Company to the extent that (I) the liability is nonrecourse for purposes of Treas. Reg. # 1.1001-2 and (ii) a Member or a Related Person bears the economic risk of loss under Treas. Reg. # 1.752-2.

“Member Nonrecourse Debt Minimum Gain” means minimum gain attributable to Member Nonrecourse Debt pursuant to Treas. Reg. # 1.704-2 (I) (3).

“Member Nonrecourse Deduction” means any item of Book loss or deduction that is a partner nonrecourse deduction within the meaning of Treas. Reg. # 1.704-2 (I) (1) and (2).

“Member Nonrecourse Distribution” means a distribution to a Member that is allocable to a net increase in such Member’s share of Member Nonrecourse Debt Minimum Gain pursuant to Treas. Reg. # 1.704-2 (I) (6).

“Nonrecourse Deduction” means, subject to Section 5.02 of this Appendix, a nonrecourse deduction determined pursuant to Treas. Reg. # 1.704-2 (b) (1) and Treas. Reg. # 1.704-2 (c).

“Nonrecourse Distribution” means a distribution to a Member that is allocable to a net increase in Company Minimum Gain pursuant to Treas. Reg. # 1.704-2 (h) (1).

“Regulatory Allocation” means (I) any allocation made pursuant to Section 3.04 (a) of this Appendix to the extent that such allocation is attributable to a prior distribution that is treated as a Nonrecourse Distribution (after taking into account Section 5.03 (a) of this Appendix); (ii) any allocation made pursuant to Section 3.04 (b) of this Appendix to the extent that such allocation is attributable to a prior distribution that is treated as a Member Nonrecourse Distribution (after taking into account Section 5.03 (b) of this Appendix); (iii) any reallocation made pursuant to Section 3.04 (d) of this Appendix or (e) of this Appendix; or (iv) any allocation or reallocation made pursuant to Section 3.05 of this Appendix.

“Related Person” means, with respect to a Member, a person that is related to such Member pursuant to Treas. Reg. # 1.752-4 (b).

“Revaluation Event” means (I) a liquidation of the Company (within the meaning of Treas. Reg. # 1.704-1 (b) (2) (ii) (g), but not including a Deemed Liquidation); or (ii) a contribution of more than a de minimis amount of money or other property to the Company by a new or existing Member or a distribution of more than a de minimis amount of money or other property to a retiring or continuing Member where such contribution or distribution alters the Share of any Member.

“Section 705(a) (2) (B) Expenditures” means nondeductible expenditures of the company that are described in section 705 (a) (2) (B) of the Code, and organization and syndication expenditures and disallowed losses to the extent that such expenditures or losses are treated as expenditures described in section 705 (a) (2) (B) of the Code pursuant to Treas. Reg. # 1.704-1 (b) (2) (iv) (i).

“Section 751 Property” means unrealized receivables and substantially appreciated inventory items within the meaning of Treas. Reg. # 1.751-1 (a) (1).

“Tax Basis” means, with respect to any item of Company property, the adjusted basis of such property as determined in accordance with the code.

Article II

CAPITAL ACCOUNTS

2.01. MAINTENANCE.

(a) A single Capital Account shall be maintained for each Member in accordance with this Article II.

(b) Each Member's Capital Account shall from time to time be increased by:

(i) the amount of money contributed by such member to the company (including the amount of any company liabilities which the Member assumes (within the meaning of Treas. Reg. # 1.704-1 (b) (2) (iv) (c), but excluding liabilities assumed in connection with the distribution of Company property and excluding increases in such Member's share of Company liabilities pursuant to section 752 of the Code);

(ii) the fair market value of property contributed by such Member to the Company (net of any liabilities secured by such property that the Company is considered to assume or take subject to pursuant to section 752 of the Code);

(iii) allocations to such Member of Company Book income and gain (or the amount of any item or items of income or gain included therein);

(iv) upon the revaluation of Company property pursuant to Section 2.02 (a) of this Appendix, the Book gain (if any) that would have been allocated to such Member if such Company property had been sold at its Adjusted Fair Market Value as of the date of such revaluation; and

(v) upon the distribution of Company property to a Member, if Company property is not revalued pursuant to Section 2.02 (a) of this Appendix, the Book gain (if any) that would have been allocated to such Member if such Company property had been sold at its Adjusted Fair Market Value immediately prior to the distribution.

(c) Each Member's Capital Account shall from time to time be reduced by:

(i) the amount of money distributed to such Member by the Company (including the amount of such Member's individual liabilities for which the Company becomes personally and primarily liable but excluding liabilities assumed in connection with the contribution of property to the Company and excluding decreases in such Member's share of Company liabilities pursuant to section 752 of the Code);

(ii) the fair market value of property distributed to such Member by the Company (net of any liabilities secured by such property that such Member is considered to assume or take subject to pursuant to section 752 of the Code);

(iii) allocations to such member of Company Book loss and deduction (or items thereof);

(iv) upon the revaluation of company property pursuant to Section 2.02 (a) of this Appendix, the Book loss (if any) that would have been allocated to such Member if such Company property had been sold at its Adjusted Fair Market Value as of the date of such revaluation; and

(v) upon the distribution of Company property to a Member, if Company property is not revalued pursuant to Section 2.02 (a) of this Appendix, the Book loss (if any) that would have been allocated to such Member if such Company property had been sold at its Adjusted Fair Market Value immediately prior to the distribution.

(d) The Company shall make such other adjustments to the Capital Accounts of the Members as are necessary to comply with the provisions of Treas. Reg. # 1.704-1 (b) (2) (iv).

2.02. Revaluation of Company Property.

(a) Upon the occurrence of a Revaluation Event, the Members, by Required Vote, may revalue all Company property (whether tangible or intangible) for Book purposes to reflect the Adjusted Fair Market Value of Company property immediately prior to the Revaluation Event. In the event that Company property is so revalued, the Capital Accounts of the members shall be adjusted in accordance with Treas. Reg. # 1.704-1 (b) (2) (iv) (f).

(b) Upon the distribution of Company property to a Member, if Company property is not revalued pursuant to Section 2.02 (a) of this Appendix, the property to be distributed shall be revalued for Book purposes to reflect the Adjusted Fair Market Value of such property immediately prior to such distribution, and the Capital Accounts of all Members shall be adjusted in accordance with Treas. Reg. # 1.704-1 (b) (2) (iv) (e).

2.03 Restoration of Negative Balances. No Member with a deficit balance in its Capital Account shall have any obligation to the Company, to any other Member, or to any third party to restore or repay said deficit balance.

2.04. Transfers of Interests.

(a) Upon the transfer of a Member's entire interest in the Company, the Capital Account of such Member shall carry over to the transferee.

(b) Upon the transfer of a portion of a Member's interest in the Company, the portion of such Member's Capital Account attributable to the transferred portion shall carry over to the transferee. In the event that the document effecting such transfer specifies the portion of such Member's Capital Account to be transferred, such portion shall be deemed to be the portion attributable to the transferred portion of such Member's interest for purposes of this Section 2.04 (b) of this Appendix.

ARTICLE III

ALLOCATION OF BOOK INCOME AND LOSS

3.01 Book Income and Loss.

(a) The Book income or loss of the Company for purposes of determining allocations to the Capital Accounts of the Members shall be determined in the same manner as the determination of the Company's taxable income, except that (i) items that are required by section 703 (a) (1) of the Code to be separately stated shall be included; (ii) items of income that are exempt from inclusion in gross income for federal income tax purposes shall be treated as Book income, and related deductions that are disallowed under section 265 of the Code shall be treated as Book deductions; (iii) Section 705 (a) (2) (B) Expenditures shall be treated as deductions; (iv) items of gain, loss, depreciation, amortization, or depletion that would be computed for federal income tax purposes by reference to the Tax Basis of an item of Company property shall be determined by reference to the Book Value of such item of property; and (v) the effects of upward and downward revaluations of Company property pursuant to Section 2.02 of this Appendix shall be treated as gain or loss respectively from the sale of such property.

(b) In the event that the Book Value of any item of Company property differs from its Tax Basis, the amount of Book depreciation, depletion, or amortization for a period with respect to such property shall be computed so as to bear the same relationship to the Book Value of such property as the depreciation, depletion, or amortization computed for tax purposes with respect to such property for such period bears to the Tax Basis of such property. If the Tax Basis of such property is zero, the Book depreciation, depletion, or amortization with respect to such property shall be computed by using a method consistent with the method that would be used for tax purposes if the Tax Basis of such property were greater than zero.

(c) Allocations to the Capital Accounts of the Members shall be based on the Book Income or loss of the Company as determined pursuant to this Section 3.01. Such allocations shall be made as provided in the Agreement except to the extent modified by the provisions of this Article III.

3.02. Allocation of Nonrecourse Deductions. Notwithstanding any other provisions of the Agreement, Nonrecourse Deductions shall be allocated among the Members in proportion to their respective Shares.

3.03. Allocation of Member Nonrecourse Deductions. Notwithstanding any other provisions of the Agreement, any item of Member Nonrecourse Deduction with respect to a Member Nonrecourse Debt shall be allocated to the Member or Members who bear the economic risk loss for such Member Nonrecourse Debt in accordance with Treas. Reg. # 1.704-2 (I).

3.04. Chargebacks of Income and Gain. Notwithstanding any other provisions of the Agreement:

(a) Company Minimum Gain. In the event that there is a net decrease in Company Minimum Gain for a taxable year of the Company, then before any other allocations are made for such taxable

year, each Member shall be allocated items of Book income and gain for such year (and, if necessary, for subsequent years) to the extent required by Treas. Reg. # 1.704-2 (f).

(b) Member Nonrecourse Debt Minimum Gain. In the event that there is a net decrease in Member Nonrecourse Debt Minimum Gain for a taxable year of the Company, then after taking into account allocations pursuant to paragraph (a) immediately preceding, but before any other allocations are made for such taxable year, each Member with a share of Member Nonrecourse Debt Minimum Gain at the beginning of such year shall be allocated items of Book income and gain for such year (and, if necessary, for subsequent years) to the extent required by Treas. Reg. # 1.704-2 (I) (4).

(c) Application for Waiver. In the event that the Members, by Required Vote, determine that the application of the provisions of Section 3.04 (a) or Section 3.04 (b) of this Appendix would cause a distortion in the economic arrangement among the Members, any Officer may, on behalf of the Company, request a waiver of the application of either or both of such provisions pursuant to Treas. Reg. # 1.704-2 (f) (4) or Treas. Reg. # 1.704-2 (I) (4).

(d) Qualified Income Offset. In the event that any Member unexpectedly receives any Account Reduction Item that results in an Excess Deficit Balance at the end of any taxable year after taking into account all other allocations and adjustments under this Agreement other than allocations under Section 3.04 (e) of this Appendix, then items of Book income and gain for such year (and, if necessary, for subsequent years) will be reallocated to each such Member in the amount and in the proportions needed to eliminate such Excess Deficit Balance as quickly as possible.

(e) Gross Income Allocation. If, at the end of any taxable year, the Capital Accounts of any Members have Excess Deficit Balances after taking into account all other allocations and adjustments under this Agreement, then items of Book income and gain for such year will be reallocated to such Members in the amount and in the proportions needed to eliminate such Excess Deficit Balances as quickly as possible.

3.05. Reallocation to Avoid Excess Deficit Balances. Notwithstanding any other provisions of the Agreement, no Book loss or deduction shall be allocated to any Member to the extent that such allocation would cause or increase an Excess Deficit Balance in the Capital Account of such Member. Such Book loss or deduction shall be reallocated away from such Member and to the other Members in accordance with the Agreement, but only to the extent that such reallocation would not cause or increase Excess Deficit Balances in the Capital Accounts of such other Members.

3.06. Corrective Allocation. Subject to the provisions of Sections 3.02, 3.03, 3.04, and 3.05 of this Appendix, but notwithstanding any other provision of the Agreement, in the event that any Regulatory Allocation is made pursuant to this Appendix for any taxable year, then remaining Book items for such year (and, if necessary, Book items for subsequent years) shall be allocated or reallocated in such amounts and proportions as are appropriate to restore the Adjusted Capital Account Balances of the Members to the position in which such Adjusted Capital Account Balances would have been if such Regulatory Allocation had not been made.

3.07. Other Allocations.

(a) If during any taxable year of the Company there is a change in any Member's interest in the Company, allocations of Book income or loss for such taxable year shall take into account the varying interests of the Members in the Company in a manner consistent with the requirements of Section 706 of the Code.

(b) If and to the extent that any distribution of Section 751 Property to a Member in exchange for property other than Section 751 Property is treated as a sale or exchange of such Section 751 Property by the Company pursuant to Treas. Reg. # 1.751-1 (b) (2), any Book gain or loss attributable to such deemed sale or exchange shall be allocated only to Members other than the distributee Member.

(c) If and to the extent that any distribution of property other than Section 751 Property to a Member in exchange for Section 751 Property is treated as a sale or exchange of such other property by the Company pursuant to Treas. Reg. # 1.751-1 (b) (3), any Book gain or loss attributable to such deemed sale or exchange shall be allocated only to Members other than the distributee Member.

ARTICLE IV

ALLOCATION OF TAX ITEMS

4.01. In General. Except as otherwise provided in this Article IV, all items of income, gain, loss, and deduction shall be allocated among the Members for federal income tax purposes in the same manner as the corresponding allocation for Book purposes.

4.02. Section 704 (c) (1) (A) Allocations.

(a) In the event that the Book Value of an item of Company property differs from its Tax Basis, allocations of depreciation, depletion, amortization, gain, and loss with respect to such property will be made for federal income tax purposes in a manner that takes account of the variation between the Tax Basis and Book Value of such property in accordance with section 704 (c) (1) (A) of the Code and Treas. Reg. # 1.704-1 (b) (4) (I). Unless the Members, by Required Vote, determine otherwise, the Officer responsible for preparation of the Company's federal income tax return may select any reasonable method or methods for making such allocations, including, without limitation, any method described in Treas. Reg. # 1.704-3 (b), (c), or (d).

(b) In the event that allocations pursuant to this Article IV with respect to an item of Company property are limited by the Ceiling Rule to the extent permitted by Treas. Reg. # 1.704-3 (c) :

(i) the Company may make curative allocations in subsequent taxable years over a reasonable period of time, such as the economic life of such item of property, to offset the effect of the Ceiling Rule to the extent permitted by Treas. Reg. # 1.704-3 (c) (3) (ii); and

(ii) the Company may make curative allocations of gain from the sale or other taxable disposition of such property to offset the effect of the Ceiling Rule on allocations of depreciation or other cost recovery with respect to such property to the extent permitted by Treas. Reg. # 1.704-3 (c) (3) (iii) (B).

4.03. Tax Credits. Tax credits shall be allocated among the Members in accordance with Treas. Reg. # 1.704-1 (b) (4) (ii).

ARTICLE V

OTHER TAX MATTERS

5.01 Excess Nonrecourse Liabilities. For the purpose of determining the Members' shares of the Company's Excess Nonrecourse Liabilities pursuant to Treas. Reg. ## 1.752-3 (a) (3) and 1.707-5 (a) (2) (ii), and solely for such purpose, the Members' interests in profits are hereby specified to be their respective Shares.

5.02. Exculpatory Liabilities. Unless the Members, by Required Vote, determine otherwise, the Officer responsible for preparation of the Company's federal income tax return may (a) treat deductions attributable to Exculpatory Liabilities as deductions that are not Nonrecourse Deductions, and (b) disregard Exculpatory Liabilities in the determination of Company Minimum Gain.

5.03. Treatment of Certain Distributions.

(a) In the event that (i) the Company makes a distribution that would (but for this Subsection (a)) be treated as a Nonrecourse Distribution; and (ii) such distribution does not cause or increase a deficit balance in the Capital Account of the Member receiving such distribution as of the end of the Company's taxable year in which such distribution occurs; then, unless the Members, by Required Vote, determine otherwise, the Officer responsible for preparation of the Company's federal income tax return may treat such distribution as not constituting a Nonrecourse Distribution to the extent permitted by Treas. Reg. # 1.704-2 (h) (3).

(b) In the event that (i) the Company makes a distribution that would (but for this Subsection (b)) be treated as a Member Nonrecourse Distribution; and (ii) such distribution does not cause or increase a deficit balance in the Capital Account of the Member receiving such distribution as of the end of the Company's taxable year in which such distribution occurs; then, unless the Members, by Required Vote, determine otherwise, the Officer responsible for preparation of the Company's federal income tax return may treat such distribution as not constituting a Member Nonrecourse Distribution to the extent permitted by Treas. Reg. # 1.704-2 (i) (6).

5.04. Reduction of Basis. In the event that a Member's interest in the Company may be treated in whole or in part as depreciable property for purposes of reducing such Member's basis in such interest pursuant to section 1017 (b) (3) (C) of the Code, the Members may, by Required Vote upon the request of such Member, make a corresponding reduction in the basis of the Company's depreciable property with respect to such Member. Such request shall be submitted to the Company in

writing, and shall include such information as may be reasonably required in order to effect such reduction in basis.

5.05. Entity Classification. Neither the Company nor any Member shall file or cause to be filed any election, the effect of which would be to cause the Company to be classified as other than a partnership for federal income tax purposes, without the prior written consent of all Members.