

A. Allocations. For purposes of maintaining the Sole Member's Capital Account, all of the Company's net profits, net losses, expenses and other items of income, gain, loss, and credit shall be allocated to the Sole Member. All items of Company taxable income, gain, loss, deduction, and credit recognized or allowable for Federal income tax purposes shall be allocated and credited or charged to the Sole Member.

B. Distributions. Net cash flow shall be distributed in the following priority:

1. First, to the Sole Member in repayment of any advance of funds to the Company as a lender, to the extent of and in proportion to such advances, including interest thereon, if any;

2. Additional distributions, if any will be made to the Sole Member, in such amounts and at such times as determined by the Sole Member.

C. Distribution upon Liquidation of the Company.

1. At the termination of the Company and after the Company has satisfied or provided for the satisfaction of all the Company's debts and other obligations, the Company's assets will be distributed in cash to the Sole Member and any dissociated members whose interests have not been previously redeemed first, in discharge of their respective capital interests; and then, in proportion to their respective Membership Interests.

2. If the Company lacks sufficient assets to make the distributions described in the foregoing paragraph, the Company will make distributions in proportion to the amount of the respective capital accounts of the Sole Member and any dissociated members whose interests have not been previously redeemed.

SECTION V

MANAGEMENT OF BUSINESS

A. In General. The Company shall be manager-managed. The initial Manager of the Company shall be Richard Kahn. The Manager shall manage the business and affairs of the Company and shall have full and complete authority, power and discretion to do all things necessary or convenient to manage, control and carry out the business, affairs and properties of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company's business.

B. Limitation of Manager's Authority. Notwithstanding the authority of the Manager, the written consent of the Sole Member shall be required for the Manager to:

1. Issue or sell, or approve the transfer, assignment, conveyance or other disposition of any Membership Units or Membership Interest in the Company;
2. Adopt, amend or repeal the Operating Agreement of the Company;