OPERATING AGREEMENT
OF
PENNSYLVANIA AVENUE STRATEGIES, LLC,

THIS AGREEMENT is entered into as of January 1, 2005, by and among Pennsylvania Avenue Strategies, LLC, a Delaware limited liability company (the "Company"), and the persons listed on Schedule A hereto (each a "Member" and collectively the "Members").

NOW, THEREFORE, in consideration of the agreements and obligations set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

SECTION 1

DEFINITIONS

The following capitalized items used in this Agreement shall have the following meanings:

1.1. "Act" shall mean the Delaware Limited Liability Company Act, as amended from time to time.

1.2. "Adjusted Capital Account Balance" shall mean a Class A Member's Capital Account balance (a) increased by any amount that such Class A Member is obligated to restore under Treas. Reg. § 1.704-1(b)(2)(ii)(c) (including any addition thereto pursuant to the next to last sentences of Treas. Reg. § 1.704-2(g)(1) and (i)(5) after taking into account thereunder any changes during such Fiscal Year in Company Minimum Gain and in Member Nonrecourse Debt Minimum Gain) and (b) decreased by any adjustments, allocations, and distributions specified in Treas. Reg. § 1.704-1(b)(2)(ii)(d)(4), (5), and (6) as are reasonably expected to be made to such Class A Member. A distribution or allocation will result in a Class A Member having a deficit Adjusted Capital Account Balance to the extent such distribution or allocation either will create or increase a deficit balance in such Class A Member's Capital Account after making the adjustments described in the preceding sentence.

1.3. "Agreed Value" shall mean, with respect to Property, the fair market value of that Property on the date it is contributed to the Company, as determined by the Class A Members by Majority Vote in good faith and by reasonable methods (including the employment of independent professional appraisers, where appropriate).

1.4. "Agreement" shall mean this Operating Agreement, as amended from time to time.

1.5. "Bankruptcy" shall mean, with respect to any Person, (i) the entry of a decree or order for relief of such Person by a court of competent jurisdiction in any involuntary case involving such Person under any bankruptcy, insolvency or other similar law now or hereafter in effect; (ii) the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or other similar agent for such Person or for any substantial part of such Person's assets or property;

(iii) the ordering of the winding up or liquidation of such Person's affairs; (iv) the filing with respect to such Person of a petition in any such involuntary bankruptcy case, which petition remains undismissed for a period of ninety (90) days or which is dismissed or suspended pursuant to Section 305 of the U.S. Bankruptcy Code or any successor provision thereto; (v) the commencement by such Person of a voluntary case under any bankruptcy, insolvency or other similar law now or hereafter in effect; or (vi) the making by such Person of any general assignment for the benefits of creditors.

1.6. "Call" shall have the meaning ascribed thereto in Section 13.1.

1.7. "Capital Account" shall mean the capital account to be maintained by the Company for each Member in accordance with Section 4.3.

1.8. "Capital Call" shall have the meaning ascribed thereto in Section 4.1(b).

1.9. "Capital Contributions" shall mean all cash and other property contributed to the Company by or on behalf of a Class A Member or such Class A Member's predecessor in interest.

1.10. "Cash Reserve" shall mean any reserve fund which may be established and maintained by the Class A Members in accordance with Section 6.6, or otherwise by the Class A Members by Majority Vote, in their reasonable good faith judgment, for the conduct of the Company Business, provided that such fund never exceeds amounts reasonably necessary for anticipated debt service, future capital expenditures, repairs, replacements, taxes, contingent liabilities and the like. If the Cash Reserve is drawn down it may be replenished in accordance with the preceding limitations.

1.11. "Class A Member" shall mean, initially, the Class A Members designated on Schedule A hereto, and shall mean any Person admitted as a new Class A Member or Substitute Class A Member in accordance with the terms of this Agreement. Any Class B Member, upon the Vesting of his Class B Company Interest, shall become a Class A Member with Class A Company Interest in accordance with Section 3.1(b).

1.12. "Class B Member" shall mean, initially, the Class B Members designated on Schedule A hereto, and shall mean any Person admitted as a new Class B Member in accordance with the terms of this Agreement.

1.13. "Closing" shall have the meaning ascribed thereto in Section 13.4.

1.14. "Code" shall mean the Internal Revenue Code of 1986, as amended (or any corresponding provision or provisions of succeeding law).

1.15. "Company" shall mean Pennsylvania Avenue Strategies, LLC, a Delaware limited liability company.

1.16. "Company Business" shall mean the business in which the Company shall engage from time to time under Section 2.2 hereof.

1.17. "Company Interest" shall mean the ownership and voting interest of a Member in the Company at any particular time, including such Member's Percentage Interest and Voting Interest and the right of such Member to any and all distributions and any other benefits to which such Member may be entitled as provided in this Agreement or the Act (depending on whether he holds Class A Company Interest or Class B Company Interest), together with the obligations of such Member to comply with all the provisions of this Agreement and the Act (depending on whether he holds Class A Company Interest or Class B Company Interest). Class A Members shall hold Class A Company Interest and Class B Members shall hold Class B Company Interest. The Class B Company Interest of a Class B Member shall automatically be converted to Class A Company Interest upon the date such Class B Company Interest Vests.

1.18. "Company Minimum Gain" shall mean the amount of Company minimum gain, computed in the manner set forth in Treas. Reg. § 1.704-2(d).

1.19. "Company Nonrecourse Deduction" shall mean the amount of nonrecourse deductions computed in the manner set forth in Treas. Reg. § 1.704-2(c).

1.20. "Company Tax Items" shall mean all items of income, gain, loss, and deduction, and all tax preferences, depreciation, accelerated cost recovery system deductions, investment interest, and other tax items of the Company for each Fiscal Year, as allocated among the Class A Members for tax purposes under Section 7.3 hereof.

1.21. "Contributing Member" has the meaning ascribed thereto in Section 4.1(c).

1.22. "Default Notice" shall have the meaning ascribed thereto in Section 4.1(c).

1.23. "Default Rule" shall mean a provision of the Act that would apply to the Company unless otherwise provided in, or modified by, the Agreement.

1.24. "Fiscal Year" shall mean an annual accounting period ending December 31 of each year during the term of the Company; provided, however, that the last such Fiscal Year shall be the period beginning on January 1 of the calendar year in which the final liquidation and termination of the Company is completed and ending on the date such final liquidation and termination is completed. To the extent any computation or other provision hereof provides for an action to be taken on a Fiscal Year basis, an appropriate proration or other adjustment shall be made in respect of the first or final Fiscal Year to reflect that such period is less than a full calendar year period.

1.25. "Majority Vote" shall mean (a) the affirmative vote of Class A Members holding more than 50% of the total Percentage Interests held by such Class A Members with respect to matters expressly subject to determination by the Class A Members, and (b) the affirmative vote of Class A Members holding more than 50% of the total Voting Interests held by such Class A Members with respect to matters expressly subject to determination by the Class A Members holding Voting Interests.

1.26. "Member" shall mean the Members, including Class A Members and Class B Members, listed on Schedule A attached hereto, and any Person admitted as a new Member or a

Substitute Member in accordance with the terms of this Agreement. Schedule A may be amended from time to time to reflect the addition of a new Member or a Substitute Member or to reflect that a Class B Member has become a Class A Member in accordance with the terms of this Agreement.

1.27. "Member Nonrecourse Debt" shall mean any Company liability to the extent the liability is nonrecourse for purposes of Treas. Reg. § 1.1001-2, and a Class A Member (or related person (within the meaning of Treas. Reg. § 1.752-4(b))) bears the economic risk of loss under Treas. Reg. § 1.752-2 because, for example, the Class A Member (or related person) is the creditor or a guarantor. The determination of whether a Company liability constitutes a Member Nonrecourse Debt shall be made in accordance with Treas. Reg. § 1.704-2(b)(4).

1.28. "Member Nonrecourse Debt Minimum Gain" shall mean the amount of partner nonrecourse debt minimum gain, computed in the manner set forth in Treas. Reg. § 1.704-2(i)(3), with respect to each Member Nonrecourse Debt.

1.29. "Member Nonrecourse Deduction" shall mean the amount of partner nonrecourse deductions as computed under Treas. Reg. § 1.704-2(i)(2).

1.30. "Net Cash Flow" shall mean, for any period, the sum of cash from operations of the Company Business, from the proceeds of any loan made to or obtained by the Company, from the sale or disposition of Property of the Company, or from any other source for such period after deducting the following amounts for such period: (i) amounts required to pay the Company's operating expenses and current liabilities, (ii) amounts required to discharge any Company debt or obligation, including loans or advances from Members; (iii) the amount of any additions to Cash Reserve; and (iv) amounts to pay any capital expenditures of the Company. Net Cash Flow shall not be reduced by depreciation, amortization, cost recovery deductions or similar allowances, but shall be increased by any reductions of Cash Reserve.

1.31. "Non-contributing Member" shall have the meaning ascribed thereto in Section 4.1(c).

1.32. "Percentage Interest" shall have the meaning ascribed thereto in Section 3.1.

1.33. "Permitted Transfer" shall have the meaning ascribed thereto in Section 8.2.

1.34. "Person" shall mean any human being, organization, general partnership, limited partnership, corporation, limited liability company, joint venture, trust, business trust, association, governmental entity or other legal entity.

1.35. "Profits" or "Loss" shall mean, for each Fiscal Year, the Company's taxable income or taxable loss for such Fiscal Year, as determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss, or deduction required to be separately stated pursuant to Code Section 703(c)(1) shall be included in taxable income or loss), but with the following adjustments:

(a) Items of income, gain, loss and deduction relating to Property contributed to the Company shall be computed as if the basis of the Property to the Company at

the time of contribution were equal to its fair market value on that date and the amount of any depreciation, amortization, or other cost recovery deductions allowable were computed in accordance with the following sentence. For purposes of the preceding sentence, the amount of any depreciation, amortization, or other cost recovery deduction allowable for any period with respect to Property contributed to the Company shall be an amount that bears the same ratio to the fair market value of the Property on the date of contribution as the federal income tax depreciation, amortization, or other cost recovery deduction bears to the adjusted tax basis of the Property on the date of contribution; provided, however, that if the adjusted tax basis of the Property is zero on the date of contribution, then the amount of depreciation, amortization, or other cost recovery deduction shall be determined with reference to the fair market value of the Property on the date of contribution using any reasonable method selected by the Class A Members by Majority Vote.

(b) Any tax exempt income and gain, as described in Section 705(a)(1)(B) of the Code, realized by the Company during such Fiscal Year shall be added to such taxable income or taxable loss and any related expenses not allowed as a deduction pursuant to Section 265 of the Code shall be subtracted from such income or loss.

(c) Any expenditures of the Company described in Sections 705(a)(2)(B) (or treated as Code Section 705(a)(2)(B) expenditures pursuant to Treas. Reg. § 1.704-1(b) and not otherwise taken into account under this Section) and 709 of the Code (except for amounts with respect to which an election is properly made under Section 709(b)) for such Fiscal Year shall be subtracted from such taxable income or taxable loss.

(d) Except as otherwise provided in Treas. Reg. § 1.704-1(b), amounts described in this Section shall be computed without taking into account any basis adjustments created by a Section 754 election under the Code. Profits or Loss attributable to a basis adjustment resulting from a Section 754 election shall inure solely to the benefit or detriment of the Class A Member to whom the Section 754 election relates.

(e) If there has been an adjustment to the Class A Members' Capital Accounts pursuant to Section 4.3(e) to reflect the unrealized income, gain, loss, or deduction inherent in Company Property: (i) depreciation, amortization, or other cost recovery deductions with respect to such Property for each Fiscal Year or other period shall equal an amount which bears the same ratio to the fair market value of such Property on the date of such adjustment as the federal income tax depreciation, amortization, or other cost recovery deductions for such Fiscal Year or other period bears to the adjusted tax basis of such Property on such date; and (ii) gain or loss resulting from any disposition of such Property with respect to which gain or loss is recognized for federal income tax purposes shall be computed under this sentence as if such Property had an adjusted basis on the date of such adjustment equal to its fair market value on such date and all subsequent adjustments for depreciation, amortization, or other cost recovery deductions were made in accordance with clause (i) of this sentence.

(f) If the Company's taxable income or taxable loss for such Fiscal Year, as adjusted in the manner provided in paragraphs (a) through (e) of this Section, and after removing any amounts allocated under the Regulatory Allocations or under Section 7.2(d) (relating to curative allocations), is a positive amount, such amount shall be the Company's

Profits for such Fiscal Year, and if a negative amount, such amount shall be the Company's Loss for such Fiscal Year.

1.36. "Property" shall mean all of the Company's right, title and interest in and to any real or personal property interests (tangible and intangible) owned by the Company.

1.37. "Put" shall have the meaning ascribed thereto in Section 13.1.

1.38. "Regulatory Allocations" shall mean the allocations described in Sections 7.2(c)(i)-(vi) (Company Minimum Gain chargeback, Member Nonrecourse Debt Minimum Gain chargeback, Qualified Income Offset, gross income allocation, Company Nonrecourse Deductions, and Member Nonrecourse Deductions, respectively).

1.39. "Substitute Member" shall mean any Member, other than those listed in Schedule A hereto, that acquires a Class A Company Interest through a Permitted Transfer.

1.40. "Supermajority Vote" shall mean (a) the affirmative vote of Class A Members holding 80% or more of the total Percentage Interests held by such Class A Members with respect to matters expressly subject to determination by the Class A Members, and (b) the affirmative vote of Class A Members holding 80% or more of the total Voting Interests held by such Class A Members with respect to matters expressly subject to determination by the Class A Members holding Voting Interests.

1.41. "Tax Distribution Amount" means, with respect to each Fiscal Year, an amount equal to (i) the Company's net taxable income for such Fiscal Year, multiplied by (ii) the Tax Rate for such Fiscal Year.

1.42. "Tax Matters Member" shall mean Shawn Smeallie or such other person designated as the Tax Matters Member pursuant to Section 11.3.

1.43. "Tax Rate" means, with respect to a Fiscal Year, the sum of (a) the highest federal income tax rate applicable to individuals for such Fiscal Year, plus (b) the highest State income tax rate imposed upon a Class A Member with respect to his share of Company net income for such Fiscal Year, adjusted to reflect the deductibility of such State taxes for federal income tax purposes.

1.44. "Transfer" shall mean any sale, transfer, exchange, assignment, pledge, hypothecation, gift or any contract for the foregoing or any voting trust or other agreement or arrangement respecting voting rights or any beneficial interest in a Company Interest.

1.45. "Vest" shall have the meaning ascribed thereto in Section 3.1.

1.46. "Voting Interest" shall have the meaning ascribed thereto in Section 3.1.

SECTION 2

GENERAL PROVISIONS

2.1. Formation of the Venture. The Members have caused the Company to be formed as a Delaware limited liability company for the purposes set forth herein and shall take all actions and appropriately file all documents required by law to qualify the Company to conduct business as provided herein in all appropriate jurisdictions. The rights and liabilities of the parties hereto shall be as provided in the Act except as herein otherwise expressly provided.

2.2. Purpose of the Company. The Company is established for the purpose of:

(a) Establishing, consulting with and for, and administering political action committees;

(b) Establishing and managing political events;

(c) Engaging in such other activities as may be appurtenant or incidental to the purposes set out in Sections 2.2(a) and 2.2(b) and in the best interests of the Company; and

(d) engaging in such other business as the Class A Members may determine by Supermajority Vote.

2.3. Name of the Company. The name of the Company shall be Pennsylvania Avenue Strategies, LLC. The Company Business may be conducted under such other names as the Class A Members by Supermajority Vote may from time to time agree to be necessary or advisable.

2.4. Place of Business of the Company. The principal place of business of the Company shall be at 2099 Pennsylvania Avenue, NW, Suite 850, Washington, D.C. 20006, or such other place as the Class A Members may from time to time determine by Supermajority Vote. The Company may have such offices as the Class A Members may from time to time deem necessary or advisable by Supermajority Vote.

2.5. Registered Office, Registered Agent. The name and business address of the registered agent for service of process on the Company and its registered office in the State of Delaware are The Corporation Trust Company, The Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, or such other qualified Person as the Class A Members may designate from time to time by Majority Vote. The Company may select any Person permitted by applicable law to act as registered agent for the Company in each jurisdiction in which it is necessary to appoint a registered agent.

2.6. Term. The term of the Company shall be unlimited, but may be terminated as provided in Section 9.

2.7. Qualification to do Business. Each Member shall qualify to do business in each state in which the nature of the Company Business now or hereafter requires such qualification, when and for so long as such qualification is so required.

2.8. No Liability to Third Parties. The debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and

liabilities of the Company, and no Member shall be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a Member.

2.9. Intent. It is the intent of the Members that the Company be operated in a manner consistent with its treatment as a partnership for federal and state income tax purposes, provided that Class B Members shall not be considered to have any partnership interest. The Company shall take all appropriate actions to ensure that the Company will be treated as a partnership for federal and state income tax purposes, including the making of available tax elections. No election may be made to treat the Company as a corporation for federal or state income tax purposes without the written consent of all Class A Members. It is also the intent of the Members that the Company not be operated or treated as a "partnership" for purposes of Section 303 of the Federal Bankruptcy Code, or for any purposes other than tax purposes. Neither the Company nor any Member shall take any action inconsistent with the express intent of the parties hereto as set forth in this Section 2.9.

2.10. Default Rules Under the Act. Regardless of whether this Agreement specifically refers to a particular Default Rule:

(a) if any provision of this Agreement conflicts with a Default Rule, the provision of this Agreement controls and such Default Rule is hereby modified or negated accordingly, and

(b) if it is necessary to construe a Default Rule as modified or negated in order to effectuate any provision of this Agreement, such Default Rule is hereby modified or negated accordingly.

2.11. Title to Property. All real and personal property owned by the Company shall be owned by the Company as an entity and no Member shall have any ownership interest in such property in its individual name, and each Member's interest in the Company shall be personal property for all purposes. Except as otherwise provided in this Agreement, the Company shall hold all of its real and personal property in the name of the Company and not in the name of any Member.

2.12. Payments of Individual Obligations. The Company's credit and assets shall be used solely for the benefit of the Company, and no asset of the Company shall be transferred or encumbered for or in payment of any individual obligation of any Member.

SECTION 3

COMPANY INTERESTS AND VESTING

3.1. Company Interest. Each Member's Company Interest, including his or her Percentage Interest and Voting Interest, shall be determined under this Section 3.1.

(a) Each Member's initial Percentage Interest and Voting Interest is set forth in Schedule A attached hereto.

(b) For each Class B Member, on an individual basis, his Class B Company Interest shall vest and automatically convert to a Class A Company Interest ("Vest") upon the occurrence of (i) such Class B Member's continuous employment with the Company from the date first set forth above until the date that is three (3) calendar years thereafter, provided that such Class B Member has been credited by the Class A Members with having generated at least forty percent (40%) of all revenues of the Company over the course of such three (3) year period under a system for identifying revenue generating Persons that is reasonably agreeable to all Members at the commencement of operations of the Company, or (ii) the date of a Supermajority Vote of the Class A Members to Vest such Class B Member's Class B Company Interest. Prior to Vesting, a Class B Member having Class B Company Interest shall not be entitled to any benefits, or be responsible for any obligations, that would inure to Class A Company Interests. Upon Vesting, a Class B Member shall be deemed a Class A Member for purposes of this Agreement and such Class A Member shall be entitled to all of the benefits of, and be responsible for all of the obligations inuring to, his Class A Company Interests.

(c) Each Member's Percentage Interest and Voting Interest shall be adjusted upon the occurrence of the events specified in, and in the manner set forth in, Sections 3.2 and 4.1(c)(i).

3.2. Additional Members. The Company shall not be expanded to include additional Members unless by Supermajority Vote the Class A Members consent to the same. The Class A Members may take in new or additional Members upon such terms and conditions as they may find advisable, and the Percentage Interest and Voting Interest of each new or additional Member shall be taken from the existing Members hereto in such amounts and in such fashion as may be agreed upon by the Class A Members.

SECTION 4

CAPITAL CONTRIBUTIONS AND CAPITAL ACCOUNTS

4.1. Capital Contributions. In consideration of his Company Interest, each Class A Member shall make Capital Contributions to the Company in accordance with this Section 4.1.

(a) The initial Capital Contribution of each Member is set forth in Schedule A attached hereto. The Members acknowledge and agree that Class B Members shall make no initial Capital Contribution.

(b) No Member shall be required to make additional Capital Contributions, except pursuant to a Supermajority Vote of the Class A Members (a "Capital Call"). Notwithstanding the foregoing, no Class B Member shall make any additional Capital Contribution. Any Capital Call shall set forth the total amount of the additional Capital Contributions and each Class A Member's share thereof, which shall be in proportion to each Class A Member's Percentage Interest based on the total Percentage Interests of all Class A Members. No Capital Call shall require that a Class A Member make an additional Capital Contribution prior to the date that is thirty (30) days after the Supermajority Vote authorizing such Capital Call.

(c) In the event that some, but not all Class A Members ("Contributing Members") make their additional Capital Contributions pursuant to a Capital Call under Section 4.1(b), but one or more Class A Members ("Non-contributing Members") do not make their additional Capital Contributions pursuant to such Capital Call and such failure continues for fifteen (15) days after written notice ("Default Notice"), then:

(i) Any Contributing Member (who, for the avoidance of doubt, must be a Class A Member) may give notice to the Company that he wishes to make all, or a part of, the additional Capital Contributions initially required to be made by the Non-contributing Members (who, for the avoidance of doubt, must be Class A Members). The Company shall notify each such Contributing Member of the amount (and the time and means of payment) of all or a portion (as determined by the Company) of the additional Capital notice. The Capital Accounts of the Class A Members shall be adjusted as provided in Section 4.3(e) and the Percentage Interests of each Class A Member shall be adjusted to equal, for each individual Class A Member, the product of (A) and (B), where (A) is the quotient of the post-adjustment Capital Account balance of the Class A Member divided by the sum of the post-adjustment Capital Account balances of all Class A Members, and (B) is the difference between the sum of the Percentage Interests of all Members (Class A Members and Class B Members) and the sum of the Percentage Interests of all of the Class B Members prior to such adjustments.

(ii) If no Contributing Member gives the notice specified in Section 4.1(c)(i) within thirty (30) days after the Default Notice, then any Contributing Member shall have the right, but not the obligation, to loan to the Non-Contributing Member the amount of the capital contribution not made and if more than one Contributing Member desires to make such loan, then each shall make such loan in proportionate shares of the loan based upon the following fraction: the numerator is the interest in the Company of such Contributing Member; the denominator is the interest in the Company of all Contributing Members desiring to make such loan. Such capital contribution by the Contributing Members shall be treated as a loan to the Non-Contributing Member and will bear interest at a rate equal to six (6) percent per year above the Prime Rate as reported in The Wall Street Journal to be repaid out of any distributions that would have been made to such Defaulting Member pursuant to Section 7 absent such capital contribution, to be allocated in proportion to the amount loaned by each lending Contributing Member.

4.2. No Interest on or Right to Withdraw Capital Contributions. No interest shall be paid on any contribution to the capital of the Company or on the balance in any Capital Account and no Member shall have the right to withdraw his Capital Contribution or to demand or receive a return of this Capital Contribution.

4.3. Maintenance of Capital Accounts.

(a) The Company shall maintain a separate Capital Account for each Member in accordance with this Section 4.3. A Class B Member's Capital Account prior to Vesting shall remain fixed at zero (0).

(b) A Class A Member's Capital Account shall be credited with (i) the amount of any cash contributed to the Company by or on behalf of such Class A Member, (ii) the

fair market value of any Property other than cash contributed to the Company by or on behalf of such Class A Member, (iii) allocations to such Class A Member of Company Profits, income or gain pursuant to Section 7.2, (iv) the amount of any Company liabilities assumed by such Class A Member or which are secured by any Property distributed to such Class A Member, and (v) any other item required to be credited for proper maintenance of capital accounts by the Treasury regulations under Section 704(b) of the Code.

(c) A Class A Member's Capital Account shall be debited with (i) the amount of any cash and the fair market value of Property other than cash that is distributed to such Class A Member, all as may be determined in accordance with this Agreement, (ii) allocations to such Class A Member of Company Losses, deductions, Company Nonrecourse Deductions, or Member Nonrecourse Deductions pursuant to Section 7.2, (iii) the amount of any liabilities of such Class A Member assumed by the Company or which are secured by any Property contributed by such Class A Member to the Company, and (iv) any other item required to be debited for proper maintenance of capital accounts by the Treasury regulations under Section 704(b) of the Code.

(d) If any Property other than cash is distributed to a Class A Member, the Capital Accounts of the Class A Members shall be adjusted to reflect the manner in which gain or loss that has not previously been reflected in the Capital Accounts would be allocated among the Class A Members under Section 7.2 if the distributed Property had been sold by the Company for a price equal to its fair market value on the date of distribution.

(e) The Class A Members upon Majority Vote may, upon the occurrence of one of the events described in Section 4.3(e)(ii), increase or decrease the Capital Accounts of the Class A Members in accordance with Section 4.3(e)(i) to reflect a revaluation of Company Property.

(i) Any adjustments made under this Section 4.3(e) shall reflect the manner in which the unrealized income, gain, loss, or deduction inherent in Company Property (to the extent that it has not been reflected in the Capital Account previously) would be allocated among the Class A Members under Section 7.2 if the Company had sold all of its Property for its fair market value on the date of adjustment. The adjustments described in this Section 4.3(e)(i) shall be based on the fair market value of Company Property on the date of adjustment.

(ii) The Class A Members by Majority Vote may make the Capital Account adjustments described in this Section 4.3(e) upon the occurrence of the following events: (a) a contribution of money or other Property (other than a de minimis amount) to the Company by a new or existing Member as consideration for an interest in the Company; (b) a distribution of money or other Property (other than a de minimis amount) by the Company to a retiring or continuing Member as consideration for an interest in the Company; (c) the liquidation of the Company; or (d) the occurrence of any other event with respect to which a revaluation of Company Property is permitted under Treas. Reg. §1.704-1(b)(2)(iv)(f).

(iii) The adjustments described in this Section 4.3(e) are intended to comply with Treas. Reg. § 1.704-1(b)(2)(iv)(f) and shall be interpreted consistently

with such regulation to effectuate such intent. See the definition of "Profits and Losses" for special rules for the computation of Profits and Losses in the case of an adjustment under this Section 4.3(e).

(f) In the event any interest in the Company is transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred interest.

SECTION 5

DEALINGS WITH THE COMPANY

5.1. Exclusive Dealing Provision.

(a) Each Member hereby acknowledges, commits and agrees that he shall not, during the term of this Agreement, without the prior written consent of the other Members, engage or participate, either directly or indirectly, in the Company Business other than in accordance with this Section. For the avoidance of doubt, participation in business with American Continental Group, Inc. or American Continental Group, LLC shall not constitute Company Business for purposes of this Section 5.1.

(b) A Member may not engage or participate, either directly or indirectly, in the Company Business other than through the Company unless he shall first have offered the business opportunity to the Company and the Members shall have determined not to pursue it; provided, however, that the Member which shall have offered the business opportunity to the Company shall not have withheld his approval or agreement as may have been required for the Company to pursue such business opportunity.

5.2. Other Activities of the Members. The Members hereby agree that nothing in this Agreement shall be construed to prevent any of the Members from engaging or participating in any business other than the Company Business.

5.3. Meaning of "Participation". For purposes of this Section 5, participation shall include, without limitation, purchasing, acquiring or holding an interest in businesses or Persons then engaged, or which shall become engaged, in the Company Business, regardless of whether such investment shall be passive or active; provided, however, that the ownership of less than five percent (5%) of a class of publicly traded securities of a company shall not constitute participation in the business of such company.

5.4. Exculpation and Indemnity. A Member shall not be liable or accountable in damages or otherwise to the Company or the other Members for any act or omission done or omitted by him in good faith, unless such act or omission constitutes gross negligence, willful misconduct, or a breach of this Agreement on the part of the Member. The Company shall indemnify each Member against any loss, damage, judgment or claim incurred by or asserted against the Member (including reasonable attorneys' fees incurred in the defense thereof) arising out of any act or omission of the Member in connection with the Company, unless such act or omission constitutes gross negligence, willful misconduct or a breach of this Agreement on the part of the Member.

SECTION 6

MANAGEMENT AND OPERATION OF BUSINESS

6.1. Management. It is the intention of the Members that the day-to-day management of the Company Business shall generally be the responsibility of (a) with respect to functions that the Class A Members may direct to officers in accordance with Section 6.5, such officers, or (b) with respect to all other day-to-day management functions, the Members (including Class A Members and Class B Members) acting by majority vote equal to 50% of such Members' Voting Interests. Except as otherwise provided herein, the overall management and control of the business and affairs of the Company shall be vested with the Class A Members as more fully set forth herein. The Class A Members by Majority Vote shall have the authority to exercise all powers necessary and convenient for the purposes of the Company on behalf and in the name of the Company. Each of the Class A Members shall be a "manager" (within the meaning of § 18-101(10) of the Act) of the Company.

6.2. Powers of the Class A Members. Subject to Section 6.3 hereof, the Class A Members shall have and may exercise with respect to the Company plenary power to direct, manage and administer the affairs of the Company to the fullest extent permitted by law.

6.3. Limitations of the Power of the Class A Members. Anything in this Agreement to the contrary notwithstanding, the Class A Members shall not cause, or permit, the Company to take any of the following actions, except pursuant to a Supermajority Vote of the Class A Members, or otherwise in accordance with a separate agreement signed by Class A Members holding 80% or more of the total Voting Interests held by such Class A Members:

(a) do any act in contravention of this Agreement;

(b) issue a Capital Call;

(c) enter into any transaction with any Member other than as expressly provided in this Agreement;

(d) effect a merger or consolidation in which a majority of the voting power in the surviving entity is not held by the Members of the Company or a sale, lease, transfer or other disposition of all or substantially all of the assets of the Company;

(e) amend, alter or repeal any provision of the Certificate of Formation or this Operating Agreement;

(f) issue or redeem any Company Interest;

(g) create or authorize the creation of any debt;

(h) change the Tax Matters Member;

(i) enter into any contract or series of related contracts requiring an aggregate expenditure of more than $25,000 in any twelve month period;

(j) make any loan or advance to any Person (except for advances to Members and employees for ordinary course business expenses to the extent consistent with Company policy);

(k) guarantee any indebtedness, except trade indebtedness arising in the ordinary course of business;

(l) make any investment, other than in cash management instruments consistent with the Company's past practice;

(m) change the compensation of the Members and employees of the Company;

(n) change the principal line of business, enter new lines of business, or exit current lines of business of the Company;

(o) sell, transfer, pledge or encumber assets of the Company having a value in excess of $25,000;

(p) hire or terminate the employment of any Company employee; or

(q) file a voluntary petition in bankruptcy by the Company or the execution of an assignment for the benefit of creditors by the Company.

6.4. Meetings and Actions of the Members.

(a) All meetings of the Class A Members shall take place at such place as the Class A Members may from time to time agree upon. Regular meetings of the Class A Members shall be held when agreed by the Class A Members, but shall be held no less than annually. Class B Members may attend such meetings, unless otherwise restricted by unanimous decision of the Class A Members on a meeting by meeting basis.

(b) There shall be a quorum if a majority of Voting Interests held by the Class A Members are present at a meeting. A Member shall be deemed present at any meeting if he attends in person or by telephone or other means where he can be heard and can hear simultaneously the deliberations of the other Members present at such meeting. Unless otherwise provided for in this Agreement, a Majority Vote of the Class A Members holding Voting Interests shall constitute an action of the Company. The Class A Members may also take action by unanimous written consent reflecting the necessary approval of the Class A Members. Copies of the records of the Company shall be maintained at the principal office of the Company.

6.5. Officers of the Company. The Class A Members holding Voting Interests by Majority Vote may appoint from time to time any one or more persons to serve as officers of the Company as they deem necessary for the proper conduct of the business of the Company, in such capacities and with such delegated rights and powers as the Class A Members holding Voting Interests may approve by Majority Vote. Any Member, including a Class A Member or a Class B Member, may hold a position as an officer.

6.6. Cash Reserve. The Class A Members may decide by Majority Vote to establish a Cash Reserve for the Company. Such Cash Reserve may be replenished in accordance with the limitations set forth in Section 1.11 hereof.

SECTION 7

ALLOCATIONS AND DISTRIBUTIONS

7.1. Distributions of Net Cash Flow.

(a) Except as provided in Section 7.1(b) hereof, Net Cash Flow shall be distributed, when and as determined by Majority Vote of the Class A Members; provided, however that all Net Cash Flow shall be distributed among the Class A Members in proportion to their Percentage Interests based on the total Percentage Interests of all Class A Members, with appropriate adjustments made with respect to distributions of Net Cash Flow for any period during which the Percentage Interests of the Class A Members have changed. Net Cash Flow shall not be distributed to a Class B Member. Once a Class B Member's Class B Company Interest has Vested and such Class B Member has become a Class A Member and such Class B Company Interest has become Class A Company Interest, such new Class A Member shall be entitled to Net Cash Flow distribution in accordance with this Section 7.1(a) arising after the date of such Vesting.

(b) Proceeds from the liquidation of the assets of the Company upon dissolution shall be distributed to the Class A Members in accordance with Section 10.1. Proceeds from the sale (or other conversion into cash) of all or substantially all of the Company Property shall be distributed to the Class A Members in accordance with Section 10.1 as if such proceeds arose from the liquidation of the assets of the Company.

(c) All amounts withheld pursuant to the Code or any provision of any state or local tax law with respect to any payment, distribution, or allocation to the Company or any Class A Member shall be treated as amounts distributed to the Class A Members to this Section 7.1 for all purposes under this Agreement. The Company is authorized to withhold from distributions, or with respect to allocations, to the Class A Members and to pay over to federal, state, or local government any amounts required to be so withheld pursuant to the Code or any provisions of any other federal, state, or local law and shall allocate such amounts to the Class A Member or Class A Members with respect to which such amount was withheld.

(d) The Company shall make distributions under Section 7.1(a) of Net Cash Flow, as determined by the Class A Members, for each Fiscal Year in an aggregate amount equal to the Tax Distribution Amount for such Fiscal Year. The Company shall use reasonable efforts to make distributions under the preceding sentence in such a time and manner as to allow the Class A Members to make timely payments of their tax liabilities arising from ownership of a Company Interest.

7.2. Allocation of Profits and Losses.

(a) Allocation of Profits. After giving effect to the special allocations set forth in Section 7.2(c), Profits of the Company for each Fiscal year shall be allocated to the Class A Members as follows:

(i) First, items of income and gain and Profits shall be determined as of the end of such Fiscal Years, and shall be allocated to the Class A Members in proportion to, and to the extent of, the amount equal to the remainder, if any, of (A) the cumulative Losses allocated to each such Class A Member pursuant to Section 7.2(b)(i) for all prior Fiscal Years, over (B) the cumulative Profits allocated to each such Class A Member pursuant to this Section 7.2(a)(i) for all prior Fiscal Years.

(ii) Second, Profits, less any amounts allocated under Section 7.2(a)(i), shall be allocated to the Members in proportion to their respective Percentage Interests based on the total Percentage Interests of all Class A Members. Profits shall not be allocated to a Class B Member. Once a Class B Member's Class B Company Interest has Vested and such Class B Member has become a Class A Member and such Class B Company Interest has become Class A Company Interest, such new Class A Member shall be allocated Profits in accordance with this 7.2(a) arising after the date of such Vesting.

(b) Allocation of Losses. After giving effect to the special allocations set forth in Section 7.2(c), items of expense, deduction and loss and Losses of the Company for each Fiscal Year shall be determined as of the end of such Fiscal Year and allocated to the Class A Members as follows:

(i) Except as provided in Section 7.2(b)(ii), Losses shall be allocated to the Class A Members in proportion to their Percentage Interests based on the total Percentage Interests of all Class A Members. Losses shall not be allocated to a Class B Member. Once a Class B Member's Class B Company Interest has Vested and such Class B Member has become a Class A Member and such Class B Company Interest has become Class A Company Interest, such new Class A Member shall be allocated Losses in accordance with this Section 7.2(b) arising after the date of such Vesting.

(ii) The Losses allocated pursuant to Section 7.2(b)(i) shall not exceed the maximum amount of Losses that can be so allocated without causing any Class A Member to have a deficit Adjusted Capital Account Balance at the end of any Fiscal Year. In the event some but not all of the Class A Members would have deficit Adjusted Capital Account Balances as a consequence of an allocation of Losses pursuant to Section 7.2(b)(i), the limitation set forth in this Section 7.2(b)(ii) shall be applied on a Class A Member by Class A Member basis so as to allocate the maximum permissible Losses to each Class A Member under Treas. Reg. § 1.704-1(b)(2)(ii)(d). All Losses in excess of the limitations set forth in this Section 7.2(b)(ii) shall be allocated to the Class A Members in proportion to their Percentage Interests based on the total Percentage Interests of all Class A Members.

(c) Regulatory Allocations. The following special allocations shall be made in the following order:

(i) If there is a net decrease during a Company Fiscal Year in Company Minimum Gain then, to the extent required by Treas. Reg. § 1.704-2(f), each Class A Member shall be allocated items of Company income and gain entering into the computation of Profits and Losses for such Fiscal Year (and, as necessary, for subsequent Fiscal Years) equal to that Class A Member's share of the net decrease in the Company Minimum Gain (within the meaning of Treas. Reg. § 1.704-2(g)(2)). It is the intent of the Class A Members that this Section 7.2(c)(i) constitute a Company Minimum Gain chargeback provision under Treas. Reg. § 1.704-2(f) and be interpreted consistently with such regulation to effectuate such intent.

(ii) If there is a net decrease during a Company Fiscal Year in Member Nonrecourse Debt Minimum Gain then, to the extent required by Treas. Reg. § 1.704-2(i)(4), any Class A Member with a share of Member Nonrecourse Debt Minimum Gain at the beginning of such Fiscal Year shall be allocated items of Company income and gain entering into the computation of Profits and Losses for such Fiscal Year (and, if necessary, for subsequent Fiscal Years) equal to that Class A Member's share of the net decrease in Member Nonrecourse Debt Minimum Gain (within the meaning of Treas. Reg. § 1.704-2(i)(4)). It is the intent of the Class A Members that this Section 7.2(c)(ii) constitute a Member Nonrecourse Debt Minimum Gain chargeback provision under Treas. Reg. § 1.704-2(i)(4) and be interpreted consistently with such regulation to effectuate such intent.

(iii) If any Class A Member unexpectedly receives an adjustment, allocation, or distribution of the type contemplated by Treas. Reg. § 1.704-1(b)(2)(ii)(d)(4), (5), or (6) that causes or increases a deficit in such Class A Member's Adjusted Capital Account Balance, items of Company income and gain entering into the computation of Profits and Losses shall be allocated to all such Class A Members in an amount and manner sufficient to eliminate, to the extent required by Treas. Reg. § 1.704-1(b), the deficit Adjusted Capital Account Balance of such Class A Member as quickly as possible, provided that an allocation pursuant to this Section 7.2(c)(iii) shall be made only if and to the extent that such Class A Member would have a deficit Adjusted Capital Account Balance after all other allocations provided for in this Section 7.2 have been tentatively made as if this Section 7.2(c)(iii) were not in the Agreement. It is the intent of the Class A Members that this Section 7.2(c)(iii) constitute a qualified income offset provision under Treas. Reg. § 1.704-1(b)(2)(ii)(d) and be interpreted consistently with such regulation to effectuate such intent.

(iv) In the event that any Class A Member has a deficit Capital Account balance at the end of any Fiscal Year which is in excess of the sum of (1) the amount such Class A Member is obligated to restore pursuant to any provision of this Agreement, and (2) the amount such Class A Member is deemed to be obligated to restore pursuant to the next to last sentences of Treas. Reg. §§ 1.704-2(g)(1) and 1.704-2(i)(5), each such Class A Member shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 7.2(c)(iv) shall be made only if and to the extent that such Class A Member would have a deficit Capital Account balance in excess of such sum after all other allocations provided for in this Section 7.2 have been made as if Section 7.2(c)(iii) and this Section 7.2(c)(iv) were not in the Agreement. It is the intent of the Class A Members that this Section 7.2(c)(iv) constitute a gross income allocation and be interpreted to effectuate such intent.

(v) Company Nonrecourse Deductions shall be allocated to the Class A Members in proportion to their respective Percentage Interests based on the total Percentage Interests of all Class A Members.

(vi) Member Nonrecourse Deductions attributable to a Member Nonrecourse Debt shall be allocated to the Class A Member (or Class A Members) that bear the economic risk of loss for such Member Nonrecourse Debt in accordance with Treas. Reg. § 1.704-2(i)(1).

(d) Curative Allocations. The Regulatory Allocations are intended to comply with certain requirements of the Treasury Regulations under Code Section 704(b). It is the intent of the Class A Members that, to the extent possible, all Regulatory Allocations shall be offset either with other Regulatory Allocations or with special allocations of other items of Company income, gain, loss or deduction pursuant to this Section 7.2(d). Therefore, notwithstanding any other provision of this Section 7.2 (other than the Regulatory Allocations), the Class A Members shall make such offsetting special allocations of Company income, gain, loss or deduction in whatever manner they determine appropriate so that, after such offsetting allocations are made, each Class A Member's Capital Account balance is, to the extent possible, equal to the Capital Account balance such Class A Member would have had if the Regulatory Allocations were not part of the Agreement and all items of Company items of income, gain, loss or deduction were allocated pursuant to Sections 7.2(a) and 7.2(b). In exercising its discretion under this Section 7.2(d), the Class A Members shall take into account future Regulatory Allocations under Sections 7.2(c)(i) and 7.2(c)(ii) that, although not yet made, are likely to offset other Regulatory Allocations previously made under Sections 7.2(c)(v) and 7.2(c)(vi). This Section 7.2(d) is intended to minimize to the extent possible and to the extent necessary any economic distortions which may result from application of the Regulatory Allocations and shall be interpreted in a manner consistent therewith.

(e) Special Allocations In Connection With Liquidation. In the case of the Fiscal Year in which the Company is liquidated (and, to the extent necessary, for prior Fiscal Years) the Profits and Losses (or, to the extent necessary, items thereof) shall be allocated in such a manner, as determined by the Class A Members, as is necessary to provide a Capital Account balance for each Class A Member equal to the amount that such Class A Member would receive if all of the proceeds of liquidation of the Company were distributed among the Class A Members in accordance with Section 7.1(a) (determined as if the Company were not liquidating and that such distributable amounts were Net Cash Flow).

7.3. Tax Allocations. All items of income, gain, loss, and deduction, and all tax preferences, depreciation, accelerated cost recovery system deductions and investment interest and other tax items of the Company for each Fiscal Year (collectively referred to as "Company Tax Items") shall be allocated for tax purposes to the Class A Members in accordance with this Section 7.3.

(a) Except as provided in Sections 7.3(b) and 7.3(c), Company Tax Items shall be allocated for tax purposes in accordance with the allocations of items of income, gain, loss, deduction, Company Nonrecourse Deductions, Member Nonrecourse Deductions, Profits, and Losses under Section 7.2. For purposes of the preceding sentence, an allocation to a Class A

Member of a share of Profits or Losses shall be treated as an allocation to such Class A Member of the same share of each Company Tax Item that is taken into account in computing such Profits or Losses.

(b) Gain or loss upon sale or other disposition of any Property contributed to the Company or any depreciation, amortization, or other cost recovery deduction allowable with respect to the basis of Property contributed to the Company shall be allocated for tax purposes among the contributing and non-contributing Class A Members so as to take into account the difference between the adjusted tax basis and the Agreed Value of the Property on the date of its contribution in accordance with Section 704(c) of the Code. In making allocations pursuant to the preceding sentence, the Class A Members by Majority Vote may apply any method or convention required or permitted by Section 704(c) of the Code. In making allocations pursuant to the preceding sentence, the Class A Members shall apply any method permitted under Treas. Reg. §1.704-3.

(c) Except as provided in Section 7.3(b), if there has been an adjustment to the Class A Members' Capital Accounts pursuant to Section 4.3(e) to reflect the unrealized income, gain, loss, or deduction inherent in Company Property, Company Tax Items with respect to such Property shall be allocated to the Class A Members for tax purposes so as to take into account the difference between the adjusted tax basis of such Property and the value at which it is reflected in the Class A Members' Capital Accounts in the same manner as variations between the adjusted tax basis and fair market value of Property contributed to the Company are taken into account in determining the Class A Members' allocations of Company Tax Items under Section 7.3(b). The allocations under this Section 7.3(c) are intended to comply with paragraphs (b)(2)(iv)(f)(4) and (b)(4)(i) of Treas. Reg. § 1.704-1 and shall be interpreted consistently with such regulation to effectuate such intent.

(d) To the extent consistent with the intent of the parties to this Agreement, accounting matters relating to allocations of Profits and Losses, Capital Accounts, and allocations of items of federal income tax significance shall be handled in such a way that the allocations of items of federal income tax significance will have substantial economic effect or will otherwise be respected for federal income tax purposes.

7.4. Other Allocation Rules.

(a) All other items that must be allocated to the Class A Members shall be allocated to the Class A Members in accordance with the allocation of Profits and Losses as provided in Section 7.2 of this Agreement.

(b) The Class A Members are aware of the income tax consequences of the allocations made by this Section 7 and hereby agree to be bound by the provisions of this Section 7 in reporting their shares of Company income and loss for income tax purposes.

(c) Solely for purposes of determining a Class A Member's proportionate share of the "excess nonrecourse liabilities" of the Company within the meaning of Treas. Reg. § 1.752-3(a)(3), the Class A Members' interests in Company profits are in proportion to their Percentage Interests based on the total Percentage Interests of all Class A Members.

(d) To the extent permitted by Treas. Reg. § 1.704-2(h)(3), the Class A Members shall endeavor not to treat distributions of Net Cash Flow as having been made from the proceeds of a Company nonrecourse liability or a Company nonrecourse debt.

7.5. Allocation Savings Provision. The allocation method set forth in this Section 7 is intended to allocate Profits and Losses to the Class A Members for federal income tax purposes in accordance with their economic interests in the Company while complying with the requirements of Code Section 704(b) and the Treasury Regulations promulgated thereunder. If in the opinion of the Class A Members as determined by Majority Vote, the allocation of Profits or Losses pursuant to the provisions of this Section 7 shall not (i) satisfy the requirements of Code Section 704(b) or the Treasury Regulations thereunder, (ii) comply with any other provisions of the Code or Treasury Regulations or (iii) properly take into account any expenditure made by the Company or transfer of a Company Interest, then notwithstanding anything to the contrary contained in the preceding provisions of this Section 7, Profits and Losses shall be allocated in such manner as the Class A Members by Majority Vote determine to be required so as to reflect properly (i), (ii) or (iii), as the case may be; provided, however, that any change in the method of allocating Profits or Losses shall not materially alter the economic agreement between the Members.

7.6. Class A Members' Varying Interests. In the event of any changes in any Class A Member's Company Interest during the Fiscal Year, then for purposes of this Section 7, the Tax Matters Member shall take into account the requirements of Code Section 706(d) and shall have the right to select any method of determining the varying interests of the Class A Members during the Fiscal Year which satisfies Code Section 706(d). See Section 8.5 for additional rules relating to distributions and allocations in respect to Transferred Company Interests.

SECTION 8

TRANSFER PROVISIONS

8.1. Restriction on Transfers. Except as otherwise permitted by this Agreement, no Class A Member may Transfer all, or any portion, of its Class A Company Interest without prior written approval of the Class A Members acting by Supermajority Vote. No Class B Member may Transfer his Class B Company Interest unless agreed to unanimously by all Class A Members.

8.2. Permitted Transfers. Subject to the conditions and restrictions set forth in this Section 8, the following Transfers of a Class A Member's Class A Company Interests shall be permitted (a "Permitted Transfer") and the Class A Member's Class A Company Interest so Transferred shall remain subject to this Agreement and the transferee shall execute all reasonable documents to confirm the same, including, but not limited to, the transferee's agreement to be bound by this Agreement in the same manner, and subject to the same obligations and restrictions (including without limitation the transfer restrictions set forth in this Section 8) as the Class A Member making such Transfer: (a) upon the death of a Class A Member, such Class A Member's Class A Company Interest shall be repurchased by the Company subject to the provisions of Section 13 hereof, (b) the Transfer of a Class A Company Interest to any Person

with the written consent of a Supermajority of the Class A Members to such Transfer or (c) pursuant to the provisions of Section 13.

8.3. Prohibited Transfers. Any purported Transfer of a Company Interest that is not a Permitted Transfer shall be null and void and of no force or effect whatever; provided that, if the Company is required to recognize a Transfer that is not a Permitted Transfer (or if the Company, in its sole discretion, elects to recognize a Transfer that is not a Permitted Transfer), the interest transferred shall be strictly limited to the transferor's rights to allocations and distributions as provided by this Agreement (if any) with respect to the transferred Company Interest, which allocations and distributions (if any) may be applied (without limiting any other legal or equitable rights of the Company) to satisfy any debts, obligations, or liabilities for damages that the transferor or transferee of such Company Interest may have to the Company. In the case of a Transfer or attempted Transfer of a Company Interest that is not a Permitted Transfer, the parties engaging or attempting to engage in such Transfer shall be liable to indemnify and hold harmless the Company and the other Members from all cost, liability, and damage that any of such indemnified Persons may incur (including, without limitation, incremental tax liability and lawyers' fees and expenses) as a result of such Transfer or attempted Transfer and efforts to enforce the indemnity granted hereby.

8.4. Covenants. Each Member hereby represents, covenants and agrees with the Company for the benefit of the Company and all Members, that (i) he is not currently making a market in Company Interests and will not in the future make a market in Company Interests, (ii) he will not Transfer his Company Interest on an established securities market, a secondary market (or the substantial equivalent thereof) within the meaning of Code Section 7704(b) (and any regulations, proposed regulations, revenue rulings, or other official pronouncements of the Internal Revenue Service or Treasury Department that may be promulgated or published thereunder), and (iii) in the event such regulations, revenue rulings, or other pronouncements treat any or all arrangements that facilitate the selling of partnership interests and that are commonly referred to as "matching services" as being a secondary market or substantial equivalent thereof, he will not transfer any Company Interest through a matching service that is not approved in advance by the Company. Each Member further agrees that he will not transfer any Company Interest to any Person unless permitted by this Agreement and such Person agrees to be bound by this Section 8.4 and to transfer such Company Interest only to Persons who agree to be similarly bound. The Company shall, from time to time and at the request of an Member, consider whether to approve by Supermajority Vote of the Class A Members a matching service and shall notify all Members of any matching service that is so approved.

8.5. Distributions and Allocations in Respect to Transferred Company Interest. If any Class A Company Interest is Transferred during any Fiscal Year in compliance with the provisions of this Section 8, Profits, Losses, each item thereof, and all other items attributable to the Transferred Class A Company Interest for such Fiscal Year shall be divided and allocated between the transferor and the transferee by taking into account their varying Class A Company Interests during such Fiscal Year in accordance with Section 7.6. All distributions on or before the date of such Transfer shall be made to the transferor, and all distributions thereafter shall be made to the transferee. Solely for purposes of making such allocations and distributions, the Company shall recognize such Transfer not later than the end of the calendar month during which it is given notice of such Transfer, provided that, if the Company is given notice of a

Transfer at least ten (10) Business Days prior to the Transfer, the Company shall recognize such Transfer as the date of such Transfer, and provided further that, if the Company does not receive a notice stating the date such Class A Company Interest was Transferred and such other information as the Class A Members may reasonably require within thirty (30) days after the end of the Fiscal Year during which the Transfer occurs, then all such items shall be allocated, and all distributions shall be made, to the Person who, according to the books and records of the Company, was the owner of the Class A Company Interest on the last day of the Fiscal Year during which the Transfer occurs. Neither the Company nor any Member shall incur any liability for making allocations and distributions in accordance with the provisions of this Section 8.5, whether or not any Member or the Company has knowledge of any Transfer of ownership of any Class A Company Interest.

8.6. Tax Elections.

(a) In the event of a Transfer of all or part of a Company Interest by sale or exchange or upon the death of a Member, upon request of the transferee Member, the Company may elect, pursuant to section 754 of the Code, to adjust the basis of the Company's Property with respect to such Member; provided, however, that the transferee Member shall bear all costs incurred by the Company as a result of the election. Any tax items or aspects attributable to the aforesaid adjustments to basis (whether consisting of additional depreciation deductions or a reduction of gain on sale or otherwise) shall be allocated solely to the transferee Member. Each Member shall, at its own expense, within thirty (30) days of request from the Company, furnish to the Company such information as is reasonably necessary to accomplish the adjustments in basis provided for under the section 754 election.

(b) The Tax Matters Member shall cause the Company to make or revoke all other tax elections provided for under the Code. Each Member who Transfers all or any portion of his Company Interest shall furnish the Company with all information required to enable the Company to fulfill any federal income tax reporting requirements imposed with respect to such Transfer.

SECTION 9

SALE OF ASSETS AND DISSOLUTION OF COMPANY

9.1. Dissolution of the Company. The Company shall be dissolved on the occurrence of any of the following events:

(a) the sale of all or substantially all of the assets of the Company;

(b) the determination of the Class A Members acting by Supermajority Vote, in their sole discretion, to dissolve the Company; or

(c) otherwise by operation of law.

9.2. Heirs and Executors. The Members agree that this Agreement, including, without limitation, the terms and conditions of this Section 9, shall be binding upon any of their heirs, executors, administrators, successors, and, subject to Section 8 hereof, assigns.

SECTION 10

DISTRIBUTION UPON DISSOLUTION

10.1. Distributions.

(a) Upon the dissolution of the Company, the Class A Members or the Persons required by law to wind up the Company's affairs shall liquidate the assets of the Company and apply and distribute the proceeds of such liquidation as follows, unless required otherwise by law:

(i) first, to the payment of debts and liabilities of the Company, including debts and liabilities to Members, and of the expenses of winding up;

(ii) second, to the setting up of reasonable reserves for any contingent liabilities and obligations of the Company, provided that any such reserves shall be held for such period as the Class A Members or other Persons so distributing shall deem advisable for the purpose of disbursing such reserves in payment of such liabilities or obligations and, at the expiration of such period, the balance of such reserves, if any, shall be distributed as hereinafter provided;

(iii) third, to the Class A Members to the extent of, and in proportion to, their positive Capital Account balances as adjusted to reflect Company operations up to and including the liquidation; and

(iv) fourth, to the Class A Members in proportion to their respective Percentage Interests based on the total Percentage Interests of all Class A Members. For clarification purposes, the Members expect that all proceeds of liquidation will be distributed under paragraphs (a)(i) through (a)(iii) of this Section 10.1, and this paragraph (a)(iv) is intended to address the unlikely possibility that the amounts to be distributed will exceed the Class A Members' Capital Account balances (as adjusted in accordance with paragraph (a)(iii)).

For the avoidance of doubt, proceeds of liquidation shall not be distributed to a Class B Member.

(b) If the Class A Members or the Persons required by law to wind up the Company's affairs, in their sole discretion, shall determine that a portion of the Property should be distributed in kind to the Class A Members, the Class A Members or such Persons, as the case may be, shall obtain an appraisal as of a date reasonably close to the date of liquidation. The Class A Members' Capital Accounts shall be adjusted as provided in Section 4.3(e)(ii) to reflect each Class A Member's share of the unrealized appreciation (or loss) with respect to such distributed Property. The distribution of any such Property (or portions thereof as tenants in common) in kind to a Class A Member shall be considered a distribution of an amount equal to the Property's appraised fair market value (or portion thereof) for purposes of this Section 10.1.

10.2. Time for Liquidation. A reasonable time shall be allowed for the orderly liquidation of the assets of the Company and the discharge of liabilities.

10.3. Statements Upon Dissolution. By no later than one hundred twenty (120) days after the dissolution and termination of the Company, each of the Class A Members shall be furnished with statements similar, so far as may be practicable, to those described in Section 11.2 hereof prepared by the certified public accountant for the Company as of and for the period ending with the date of complete liquidation.

SECTION 11

BOOKS OF ACCOUNT, RECORDS AND REPORTS

11.1. Books and Records of the Company. Proper and complete records and books of account of the Company shall be kept or caused to be kept by an accountant selected by the Class A Members acting by Majority Vote, in which shall be entered fully and accurately all transactions and such other matters relating to the Company Business as are usually entered into records and books of account maintained by Persons engaged in businesses of a like character. The Company books and records shall be kept and the Company's income tax returns shall be filed on a cash basis unless the Class A Members holding Voting Interests by Majority Vote shall determine otherwise (and if permitted under applicable law). The books and records shall at all times be maintained at the principal office of the Company, and shall be open to the reasonable inspection and examination of any Class A Member or such Class A Member's duly authorized representatives during reasonable business hours.

11.2. Tax Information to Class A Members. Within ninety (90) days after the end of each Fiscal Year of the Company, the Company shall send to each Person who was a Class A Member at any time during such Fiscal Year such tax information, including, without limitation, Federal Tax Schedule K-1, as shall be reasonably necessary for the preparation of such Class A Member's federal income tax return. This period shall be automatically extended by the period of any delay beyond the control of the Class A Members, such as a delay resulting from the failure of a third party to provide required tax information to the Company in a timely manner.

11.3. Tax Matters Member. Shawn H. Smeallie or such other Person as is designated by the Class A Members by Supermajority Vote shall be the Tax Matters Member and shall be designated as such on all relevant forms or in any other manner as designated by applicable law or regulation. The Tax Matters Member shall have all powers needed to perform its duties, including, without limitation, the power to retain all attorneys and accountants of its choice. The Tax Matters Member shall be entitled to reimbursement from the Company for all necessary and reasonable out-of-pocket expenses incurred in performing its duties as Tax Matters Member.

11.4. Tax Returns. The Tax Matters Member shall cause income and other required federal, state and local tax returns for the Company to be prepared and to be timely filed with the appropriate authorities making such elections as the Tax Matters Member shall deem to be in the best interest of the Company and the Members. The Tax Matters Member shall use reasonable efforts to cause any such tax return to be submitted to each Class A Member for review at least thirty (30) days prior to its due date (including extensions) unless otherwise agreed to by the Majority Vote of the Class A Members. The Tax Matters Member shall use reasonable efforts to

distribute all necessary tax information to each Class A Member as soon as practicable after the end of each Fiscal Year but not later than six (6) months after the end of each Fiscal Year.

SECTION 12

REPRESENTATIONS AND WARRANTIES

Each of the Members hereby represents and warrants to each of the remaining Members as follows:

12.1. Such Member has power to execute, deliver and perform his obligations under this Agreement. This Agreement constitutes the valid and binding obligation of such Member, enforceable against him in accordance with its terms except as enforcement may be limited by laws governing bankruptcy, insolvency and similar matters and by general principles of equity.

12.2. The execution, delivery and performance of his obligations hereunder by such Member do not conflict with, violate, or constitute a breach or default under any law, regulation, judicial or administrative order, contract, indenture or other agreement to which such Member is a party or subject or by which he may be bound.

12.3. There is not pending or, to the best knowledge of such Member, threatened or pending against such Member any claim, suit, action or governmental proceeding, that would, if adversely determined, materially impair the ability of such Member to perform his obligations hereunder.

SECTION 13

PUT AND CALL

13.1. Right to Purchase and Sell. Notwithstanding anything to the contrary in this Agreement, the Company shall have the right to purchase from any Class A Member who ceases to be employed by the Company including without limitation, as a result of such Class A Member's death or disability, any or all of the Class A Company Interest held by such Class A Member (or in the event of such Class A Member's death, such Class A Member's legal representative) (the "Call"). Notwithstanding anything to the contrary in this Agreement, the Class A Member (or in the event of the Class A Member's death, the Class A Member's estate) shall have the right to require the Company to purchase any or all of the Class A Company Interest held by the Class A Member (or in the event of the Class A Member's death, from the Class A Member's legal representative) if the Class A Member is not employed by the Company, including without limitation, as a result of the Member's death or disability (the "Put"). Notwithstanding the foregoing, in the event of a Class A Member's death, the sale shall be for the entirety of the Class A Member's Class A Company Interest.

13.2. Notice. The Company or the Class A Member (or in the event of the Class A Member's death, the Class A Member's legal representative) shall notify the other of its intention to exercise the Put or Call within sixty (60) days from the date of termination of employment. If either party exercises the Put or Call, such Class A Member shall surrender his Class A Company Interest to the Company at the Closing (as defined in Section 13.4) and in

consideration therefor shall receive the purchase price for such Class A Company Interest, as determined and paid pursuant to Sections 13.3 and 13.4.

13.3. Purchase Price. The purchase price for the Company Interest being sold by a Class A Member (or in the event of the Class A Member's death, the Class A Member's estate) pursuant to Section 13.1 shall be (a) as a result of termination of a Class A Member for cause, One Dollar ($1.00) multiplied by such Class A Member's Percentage Interest; and (b) if (a) does not apply, as determined by good faith negotiations between the Company and such Class A Member (or in the event of the death of such Class A Member, such Class A Member's legal representative), provided that if the Company and such Class A Member (or such Class A Member's legal representative, as applicable) cannot agree, after good faith discussions, upon a reasonable purchase price, then, subject to the Class A Members' right to dissolve the Company by a Supermajority Vote of the Class A Members, the Class A Members (including, if applicable, the applicable deceased Class A Member's legal representative) shall mutually appoint an appraiser who shall determine the purchase price within fifteen (15) days of the appointment, and the Class A Members (including, if applicable, the applicable deceased Class A Member's estate) agree to be bound by the purchase price determined by the appraiser and agree to share equally the costs of the appraiser.

13.4. Closing. In the notice provided by the Company to the Class A Member or by the Class A Member (or his legal representative, as applicable) to the Company in accordance with Section 13.2, the Company or the Class A Member (or his legal representative, as applicable), as the case may be, shall specify a date of closing not more than ninety (90) days after termination of employment of the Class A Member (the "Closing"). Unless the parties otherwise agree, the Closing shall take place at the Company's principal executive offices. Unless the parties otherwise agree, at the Closing the Company shall deliver to the Class A Member (or his estate, as applicable) the purchase price. In addition, in conjunction with the Closing, the Class A Members, other than the Class A Member whose Class A Company Interest is being sold at the Closing, are hereby authorized to amend Schedule A hereto as evidence of the transfer of the applicable Class A Company Interest. In addition, the Company may reasonably request, as a condition to the Closing, that waivers of any tax liens and evidence of good title and authority of any representative be delivered to it.

13.5. Class B Members. No Class B Member shall have the right to sell to the Company his Class B Company Interest. If a Class B Member dies or otherwise leaves the employ of the Company for any reason prior to Vesting, then automatically (a) his Class B Company Interest shall lapse, (b) his Percentage Interest shall be distributed to the Class A Members in proportion to their respective Percentage Interests based on the total Percentage Interests of all Class A Members, (c) his Voting Interest shall be distributed to the Class A Members in proportion to their respective Voting Interests based on the total Voting Interests of all Class A Members, and (d) he shall receive no payment from the Company or any Class A Member and all of his interests in the Company shall cease.

SECTION 14

MISCELLANEOUS

14.1. Notices. All notices under this Agreement shall be in writing and shall be deemed to have been given when delivered personally, or, if sent by an overnight delivery service maintaining records of receipt or by facsimile or other electronic means of written communication, on the first business day of actual receipt. Notices to Members shall be addressed as indicated on Schedule A or to such other address as the Members shall specify by written notice and if to the Company, to the then principal office of the Company (with a copy not constituting notice to W. Andrew Jack, Esq., Covington & Burling, 1201 Pennsylvania Avenue, NW, Washington, DC 20004) or such other address as the Company shall specify by written notice.

14.2. Amendments. This Agreement may be amended only if approved in writing after a vote of 60% or more of the Voting Interests held by the Members.

14.3. Additional Documents. Each Member agrees to execute and acknowledge all documents and writings reasonably necessary to the creation of this Company and the achievement of its purposes, specifically including, without limitation, a certificate of formation and all amendments thereto, as well as any cancellation thereof. Shawn H. Smeallie is designated as an "authorized person" for purposes of filing a certificate of formation for the Company.

14.4. Successors and Assigns. Except as herein otherwise provided to the contrary, this Agreement shall be binding upon and inure to the benefit of the parties hereto, their successors and assigns.

14.5. Interpretation and Governing Law. When the context in which words are used in this Agreement indicates that such is the intent, words in the singular number shall include the plural, and vice versa, the masculine gender shall include the neuter or female gender, and "or" is used in the inclusive sense. Headings or titles contained herein are inserted only as a matter of convenience and in no way define, limit, extend or interpret the scope of this Agreement or any particular Section hereof. This Agreement shall be governed and construed in accordance with the laws of the State of Delaware, without giving regard to the conflict of laws provisions thereof.

14.6. Severability. If any provision, sentence, phrase or word of this Agreement or the application thereof to any Person or circumstance shall be held invalid, the remainder of this Agreement, or the application of such provision, sentence, phrase or word to Persons or circumstance, other than those as to which it is held invalid, shall not be affected thereby.

14.7. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

14.8. Third Parties. The agreements, covenants and representations contained herein are for the benefit of the Members hereto and are not for the benefit of any third parties including, without limitation, any creditors of the Company.

IN WITNESS WHEREOF, the parties have executed this Operating Agreement as of the day and year first above written.

PENNSYLVANIA AVENUE STRATEGIES, LLC:

BY: _____
DAVID METZNER
CLASS A MEMBER

BY: _____
SHAWN SMEALLIE
CLASS A MEMBER

BY: _____
DAVID URBAN
CLASS A MEMBER

MEMBERS:

_____
DAVID A. METZNER

_____
SHAWN H. SMEALLIE

_____
DAVID J. URBAN

_____
EDWARD RAHAL

_____
STEVEN ROSS