

Styles Media Group, LLC  
Operating Agreement

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Styles Media Group, LLC

Operating Agreement

This Operating Agreement (hereinafter, the "**Agreement**" or the "**Operating Agreement**") is made and entered into effective as of the 31st day of January, 2003, by and among (i) the undersigned persons named on Exhibit A as Class A Members (the "**Class A Members**"), and (ii) **Styles Management Co., LLC** (the "**Manager**"), who, by the execution of this Agreement, agree to be bound by the terms, conditions and provisions of this Agreement.

R E C I T A L S:

A. Articles of Organization of Styles Media Group, LLC, a State of Florida limited liability company (the "**Company**"), were filed by the then Members with the Florida Department of State as of May 15, 2002.

B. Effective as of January 31, 2003, the Class A Members made capital contributions to the Company in the aggregate amount of \$3,550,000 to enable it to have sufficient funds to close the purchase of the Stations described in Section 2.3. Such capital contributions were made on condition that the Members of the Company enter into an Operating Agreement which sets forth their agreements and understandings with each other.

C. The parties hereto desire to set forth in full the terms and conditions of their agreements and understandings relative to the Company in this Operating Agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, do hereby agree as follows:

SECTION 1 : FORMATION

1.1 Formation of the Company. The parties hereby acknowledge that the Company has been duly formed pursuant to the relevant provisions of the Florida Limited Liability Company Act (the "**Act**"). The Act shall govern the respective rights and liabilities of the Members except as otherwise expressly provided in this Agreement.



1.2 Company Name. The name of the Company and the name under which its business shall be conducted shall be "Styles Media Group, LLC." The Manager of the Company may change the name of the Company or

adopt such trade or fictitious names as it may determine to be appropriate, subject to the Act, and shall provide notice thereof to the Members as promptly as possible following any such action.

1.3 Legal Requirements. The Manager shall cause this Operating Agreement to be maintained on file in the Company's offices; and shall take such steps as are desirable or required by the Act for the continuing existence of the Company and the conduct of the Company's business under the Company name or under an assumed or fictitious name.

## SECTION 2 : BUSINESS LOCATION/PURPOSES/TERM

2.1 Principal Place of Business. The principal place of business of the Company shall be at 7106 Laird Street, Suite 102, Panama City Beach, Florida 32408. At the discretion of the Manager, the Company may relocate its principal place of business and have such other offices as the Manager deems necessary or desirable.

2.2 Registered Agent. The name of the Company's Registered Agent in Florida and its Registered Office address are as follows: Thomas DiBacco, 7106 Laird Street, Suite 102, Panama City Beach, Florida 32408. The Registered Agent and Registered Office of the Company may be changed from time to time by filing the name of the new Registered Agent and the address of the new Registered Office with the Florida Department of State pursuant to the Act. The Registered Agent shall promptly furnish to the Manager a copy of all writs, suits, summonses, pleadings, notices and other correspondence received by him in his capacity as Registered Agent of the Company.

2.3 Business Purposes. The purposes for which the Company is formed, and the business and objectives to be carried on and promoted by it, are (i) to have the funds available to close an Asset Purchase Agreement with Nextmedia Operating, Inc. and NM Licensing LLC (the "Agreement") to acquire the assets and licenses of Radio Stations WPCF(AM), WQJM(FM), WYOO(FM), WILN(FM) and WYYX(FM) (the "Stations"); (ii) to own and operate the Stations; (iii) to exercise all other powers incidental to, or reasonably connected with, the Company's business which may be legally exercised by a limited liability company organized under the Act,<sup>1</sup>

and (iv) to carry on any and all business and investment activities related to the foregoing.

2.4 Term. The term of the Company commenced on May 15, 2002. The Articles of Organization of the Company were filed by the Members with the Florida Department of State on such date. The term shall continue until May 31, 2027 unless (i) extended by the Members, (ii) sooner dissolved by the Members, or (iii) the Company is earlier dissolved in accordance with either the provisions of this Agreement or the Act. The right to continue the Company after the stated term or after an event of dissolution is reserved and may be exercised by a Majority Interest of the remaining Members.

### SECTION 3 : DEFINED TERMS

The following terms, when used in this Agreement, shall have the meanings ascribed thereto in this Section:

3.1 "Accountants" means the independent public accountants for the Company.

3.2 "Accrued Distribution Amount" means for each Class A Member the excess of (i) the sum of the amounts for each preceding Fiscal Year that is eight percent (8%) of the initial Capital Contribution amounts of each such Member, over (ii) the amounts actually distributed to each such Member in respect to each such Fiscal Year pursuant to Sections 10.7(a)(i) and 10.7(a)(ii).

3.3 "Act" means the Florida Limited Liability Company Act, as amended.

3.4 "Agreement" means this Operating Agreement as the same may be hereafter amended from time to time in writing.

3.5 "Articles of Organization" shall mean the Articles of Organization of Styles Media Group, LLC as filed with the Florida Department of State on May 15, 2002, as the same may be amended from time to time.

3.6 "Capital Account" means the account maintained by the Company for each Member pursuant to Section 9 which, as of any given date, reflects such Member's actual Capital Contributions paid to the Company, including any adjustments authorized by the Code, (i) increased to reflect such Member's distributive share of Company profits and gains for each Fiscal Year (or fraction thereof), and (ii) decreased to reflect such Member's distributive share of Company deductions and losses (including

any specially allocated deductions) for each Fiscal Year (or fraction thereof) and distributions of cash or property by the Company to such Member.

3.7 "Capital Contribution" means the total amount of money or other property contributed by each Member to the Company as is reflected in the books and records of the Company pursuant to Section 9 of this Agreement. Any reference to a Member's Capital Contribution shall include the Capital Contribution made by a predecessor holder(s) of the Interest of such Member, unless the context requires otherwise.

3.8 "Capital Proceeds" means the aggregate of: (i) the net proceeds received from the refinancing of any existing indebtedness secured by any Company assets, (ii) the net proceeds received from the sale or condemnation of any of the Stations or other property of the Company, if any, or all or substantially all of the Company's assets, (iii) the net proceeds received from title or fire and extended coverage insurance, and (iv) the net proceeds distributed from any reserves previously set aside from Capital Proceeds which are deemed available for distribution by the Manager; less amounts paid from such Capital Proceeds for (i) the expenses of the Company incurred in connection with such sale, refinancing or condemnation, including, without limitation, sales or financing commissions or fees and legal and accounting fees, (ii) the amounts used for the repayment of interest or principal on any loans or obligations of the Company; (iii) expenses and costs of the Company incurred in the construction, repair or restoration of improvements to the Stations or other property of the Company, and (iv) any reserves determined by the Manager to be withheld from such Capital Proceeds to provide for unanticipated costs of the Company.

3.9 "Class A Members" means those Members who contributed cash to the Company on or before January 31, 2003, and who are identified on Exhibit A as the Class A Members.

3.10 "Code" means the Internal Revenue Code of 1986, as amended, together with the Income Tax Regulations ("**Regulations**") thereunder.

3.11 "Company" means Styles Media Group, LLC, a State of Florida limited liability company.

3.12 "Consent" means either the written consent of a Member, or the affirmative vote of such Member at a meeting duly called and held pursuant to this Agreement, as the case may be, to do the act or thing for which the consent is required or solicited, or the act of granting such consent, as the context may require. Reference to the consent of a stated percentage in

interest of the Members means the consent of so many of the Members whose combined ownership Interests in the Company represent such stated percentage of the total Interests of the Members, or such higher percentage as is required by applicable law.

3.13 "Fiscal Year" means the accounting period selected by the Manager for use by the Company. The Manager has agreed with the Members that the Company's Fiscal Year shall commence on January 1st of each year and shall end on the following December 31st.

3.14 "Interest" or "Company Interest" means the percentage of ownership interest of a Member in the Company at any particular time, including the right of such Member to any and all benefits to which such Member may be entitled as provided in this Agreement and in the Act, together with the obligations of such Member to comply with all the terms and provisions of this Agreement and of the Act, which percentage Interest for voting and certain other purposes of this Agreement shall, absent proof to the contrary, be as set forth on Exhibit A hereof, as amended from time to time as provided herein.

3.15 "Majority Interest" means, unless otherwise stated, one or more Interests of Members which taken together exceed 50% of the aggregate Company Interests.

3.16 "Manager" shall mean Styles Management Co., LLC.

3.17 "Member" shall mean each Class A Member and the Manager who executes this Agreement, and each person who may hereafter become a Member.

3.18 "Net Cash Flow" means, with respect to any Fiscal Year or other accounting period selected by the Manager, the sum of (i) all cash receipts of the Company from operations and all other sources, other than Capital Contributions and Capital Proceeds, (ii) the net proceeds of any insurance, other than title or fire and extended coverage insurance, and (iii) any other funds deemed available for distribution by the Manager, including any amounts previously set aside as reserves from Net Cash Flow; less disbursements not funded with Capital Contributions or Capital Proceeds or Company reserves for (i) Operating Expenses, (ii) all required payments by the Company upon the principal and accrued interest of any obligations of the Company, including any debt due to a Member, (iii) capital construction, acquisitions, alterations, improvements, replacements or other similar capital outlay items, and (iv) reserves or escrows for working capital needs, improvements,

replacements, or repairs, or to meet anticipated expenses as the Manager shall deem necessary.

3.19 "Notice" means a writing containing the information required by this Agreement to be communicated to a person which is (i) personally delivered, (ii) sent by registered or certified mail, postage prepaid, return receipt requested, (iii) delivered by an overnight courier service, or (iv) sent or delivered by any other means which requires a signature release, to such person at the last known address of such person as shown on the books of the Company. The date of personal delivery, the date of sending by registered or certified mail, by overnight courier or by any other means requiring a signature release, as the case may be, shall be deemed to be the date of such Notice; provided, however, that any written communication containing such information actually received by a person shall constitute Notice for all purposes of this Agreement.

3.20 "Operating Agreement" shall mean this Operating Agreement as originally executed and as amended from time to time.

3.21 "Operating Expenses" means all current reasonable costs and expenses of operation of the Stations and business of the Company, including, without limitation, costs of payroll, taxes, insurance, maintenance, repairs, management fees, prepaid expenses, escrows and reserves required by any lender, costs of audit and preparation of financial reports and tax returns pursuant to this Agreement, and reasonable reserves to meet anticipated expenses, but excluding costs of formation of the Company and any other capital costs of the Company.

#### SECTION 4: MEMBERS/INTERESTS

4.1 Names and Addresses of Members. The names and addresses of the Members of the Company are as set forth on Exhibit A.

4.2 Address Change. Any Member may change his or its address by Notice delivered to the Manager.

4.3 Interests. The Company Interest of each Member shall be the percentage Interest set forth opposite such Member's name on Exhibit A attached hereto.

## SECTION 5: RIGHTS AND DUTIES OF MANAGER

### 5.1 Duties/Delegating Authority/Appointment/Meetings

(a) The business and affairs of the Company shall be managed by its Manager. Except for situations in which the approval of the Members is required by this Agreement or by law, the Manager shall have full, exclusive and complete authority and discretion in the management and control of the business of the Company for the purposes herein stated and for any other purpose or business which the Company may lawfully conduct, and shall make all decisions affecting the business and affairs of the Company. If the Manager acts in contravention of its authority under this Agreement, it shall be liable to the Company for any liability the Company may suffer because of its unauthorized acts. The Manager shall manage and control the affairs of the Company to the best of its ability and shall use its best efforts to carry out the business and purposes of the Company as set forth in Section 2, and in connection therewith the powers of the Manager shall include, but shall not be limited to, the power to perform all actions set forth in Section 2 hereof.

(b) The validity of any transaction, agreement or payment involving the Company and the Manager or any affiliate of the Manager otherwise permitted by the terms of this Agreement or necessary or desirable in connection with the Company's business, shall not be affected by reason of such relationship between the Company and the Manager or between the Manager and such affiliate. Any transaction between the Company and the Manager or its affiliates shall be effected on such terms and conditions as are commercially reasonable and proper.

(c) As additional rights and powers, the Manager shall possess and may enjoy and exercise all of the rights and powers of a manager as more particularly provided by the Act, except to the extent any of such rights may be limited or restricted by the express provisions of this Agreement or the Act.

(d) Unless otherwise limited herein or by the Act or reserved to the Members, the Manager shall have power and authority, on behalf of the Company:

(i) To enter into asset purchase agreements for the purpose of the purchase of radio stations. The fact that a

Manager or a Member is directly or indirectly affiliated or connected with any such person shall not prohibit the Manager from dealing with that person.

(ii) To acquire property from any person as the Manager may determine. The fact that a Manager or a Member is directly or indirectly affiliated or connected with any such person shall not prohibit the Manager from dealing with that person.

(iii) To borrow money for the Company from banks, other lending institutions, the Manager, Members, or affiliates of the Manager or Members on such terms as the Manager deems appropriate, and in connection therewith, to hypothecate, encumber and grant security interests in the assets of the Company to secure repayment of the borrowed sums. No debt shall be contracted or liability incurred by or on behalf of the Company except by the Manager, or to the extent permitted under the Act, by agents or employees of the Company expressly authorized to contract such debt or incur such liability by the Manager.

(iv) To purchase liability and other insurance to protect the Company's property and business.

(v) To hold and own any Company real and/or personal properties in the name of the Company.

(vi) To invest any Company funds temporarily (by way of example but not limitation) in time deposits, short-term governmental obligations, commercial paper or other investments.

(vii) Upon the affirmative vote of the Class A Members holding at least seventy percent (70%) of all Interests, to sell or otherwise dispose of any of the Stations or all or substantially all of the assets of the Company as part of a single transaction or plan so long as such disposition is not in violation of or cause a default under any other agreement to which the Company may be bound, provided, however, that the affirmative vote of the Class A Members holding at least seventy percent (70%) of all Interests shall not be required with respect to any sale or disposition of the Company's assets in the ordinary course of the Company's business;

(viii) To execute on behalf of the Company all instruments and documents, including, without limitation, checks, drafts, notes and other negotiable instruments, mortgages or deeds of trust, security agreements, financing statements, documents providing for the acquisition, mortgage or disposition of the Company's property, assignments, bills of sale, leases,



partnership agreements, operating agreements of other limited liability companies and partnerships, and any other instruments or documents necessary, in the opinion of the Manager, to the business of the Company.

(ix) To employ accountants, legal counsel, managing agents or other experts to perform services for the Company and to compensate them from Company funds.

(x) To enter into any and all other agreements on behalf of the Company, with any other person for any purpose, in such forms as the Manager may approve.

(xi) To do and perform all other acts as may be necessary or appropriate to the conduct of the Company's business and affairs.

5.2 Power to Bind the Company. Unless authorized to do so by this Agreement or by the Manager of the Company, no attorney-in-fact, employee or other agent of the Company shall have any power or authority to bind the Company in any way, to pledge its credit or to render it liable pecuniarily for any purpose. No Member shall have any power or authority to bind the Company unless the Member has been authorized by the Manager to act as an agent of the Company in accordance with the previous sentence or as provided in this Agreement.

5.3 Management Authority. The Manager may designate any of its Members to act for and on behalf of the Company, and any such person shall act only in the best interests of and for the Company, and any such person to whom management authority is delegated shall act only in the best interests of and for the Company. The Manager hereby designates Thomas A. DiBacco, Kim Styles, and Donald G. McCoy to act for the Manager. Any decision of the Manager shall require the consent of Donald G. McCoy so long as he is owed any indebtedness by the Company.

5.4 Unauthorized Acts. The Manager shall exercise the powers granted hereby in a fiduciary capacity and in the best interests of the Company. Notwithstanding the generality of the powers granted hereby, the Manager shall not have any authority to:

- (a) Do any act in contravention of this Agreement;
- (b) Do any act not specifically authorized herein which would make it impossible to carry on the ordinary business of the Company;
- (c) Possess Company property or assign the rights of the Company in specific property for other than a Company purpose;
- (d) Admit a person as a Member of the Company, except in accordance with this Agreement;
- (e) Change or extend the purposes of the Company; or change or reorganize the Company into any other legal form;
- (f) Confess a judgment against the Company;
- (g) Require the Members to make any additional contribution to the capital of the Company or make any loans to the Company not provided for herein; or
- (h) Knowingly perform any act that would cause the Company to conduct business in a state which has neither enacted legislation which permits limited liability companies to organize in such state nor permits the Company to register to do business in such state as a foreign limited liability company.

#### 5.5 Service by Manager/Outside Business Ventures

- (a) The Manager and its members shall devote such of its (and their) time to the business and affairs of the Company as the Manager and its members may, in their discretion, deem to be necessary to conduct said business.
- (b) The Manager and its members may engage in, for their own account and for the account of others, any business ventures, including the purchase and ownership of other broadcast properties, provided that such other business ventures shall not be in competition with the business of the Company. The Company and its Members shall have no right to participate in any separate business or investments of the Manager or its members, and shall not have any right to the income or profits derived therefrom.

5.6 Indemnification. The Manager and its members and its affiliates with whom they may contract on behalf of the Company, their designees and nominees, shall not be liable to the Company, nor to the Members for, and, to the extent of its assets, the Company shall indemnify such parties against, liability

(including fees and expenses of counsel and court costs) resulting from errors in judgment or any acts or missions performed or made by any of them in a manner reasonably believed by them to be within the scope of their authority under this Agreement, unless caused by their own willful misconduct or gross negligence.

5.7 Resignation. The Manager of the Company may resign at any time by giving notice to the Members of the Company. The resignation of the Manager shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. The resignation of the Manager shall not affect the Manager's rights as otherwise provided in this Agreement.

5.8 Vacancy. Any vacancy occurring for any reason in the office of Manager of the Company shall be filled by vote of a Majority Interest of the Class A Members.

5.9 Compensation. The compensation, if any, of the Manager shall be fixed from time to time by an affirmative vote of Members holding at least 70% of the Interests, and the Manager shall not be prevented from receiving such salary by reason of the fact that the members of the Manager are also Members of the Company. The Company agrees to employ KIM STYLES as its Stations General Manager in accord with a separate Employment Agreement, and she shall receive compensation as provided in said Employment Agreement.

5.10 Return of Capital. The Manager shall not be liable for the return of any portion of the Capital Contributions of the Members. The Manager and its members do not in any way guarantee the return of the Capital Contributions of the Members or a profit from the operations of the Company.

## SECTION 6: OFFICERS OF COMPANY

6.1 Offices. The Manager may designate any of its members as officers of the Company. Any such officers so designated shall perform such duties and have such powers as the Manager shall prescribe. The Manager may designate, create and staff such additional offices as may be deemed reasonable and necessary to fulfill the purposes of the Company. An officer shall not be required to be a member of the Manager or Member in order to serve as an officer.

6.2 Resignation. Any officer may resign at any time by giving written notice to the Manager.

6.3 Compensation. No person serving as an officer of the Company shall receive any salary for serving in such officer capacity. Any person serving as an officer shall be reimbursed for any out-of-pocket costs or expenses incurred by such person on account of serving as an officer of the Company.

## SECTION 7: RIGHTS AND OBLIGATIONS OF MEMBERS

7.1 Limited Liability. Each Member's liability shall be limited as set forth in this Agreement and the Act.

### 7.2 Access to Records

(a) Each Member shall have full, immediate and complete access to all financial and related information pertaining to the Company, including, but not limited to, all books and records and all tax records and returns of the Company.

(b) The Members or their duly authorized representative shall be entitled, upon written request and for any proper purpose, to review the records of the Company at reasonable times and at the location where such records are kept by the Company.

7.3 Sale of Company Assets. The Class A Members by vote of Members holding at least 70% of the Class A Members Interests shall have the right to approve the sale, exchange or other disposition of any of the Stations or all, or substantially all, of the Company's assets (other than in the ordinary course of the Company's business) which is to occur as part of a single transaction or plan.

7.4 Limitation on Liability. The Members shall not be bound by, nor be personally liable for, the expenses, liabilities or obligations of the Company, except to the extent of their respective Capital Accounts and as may otherwise be specifically provided herein. The Interests owned by the Members, after payment of the full Capital Contributions agreed to be made, shall be fully paid and nonassessable.

### 7.5 Transferability of Member's Interest.

(a) The Members may assign their Interests in the Company to any person, in whole or in part, by an executed and acknowledged written instrument, provided that:

(i) The proposed assignee agrees in writing to be bound by this Agreement and to assume the obligations of his transferor;

(ii) The Manager gives its Consent to such proposed assignment, which Consent may be withheld if the Manager determines that the representations of the assignee as to matters set forth herein are not entirely accurate or correct; and

(iii) The proposed assignment shall be recognized by the Company only as effective on the first day of the month following receipt by the Company of notice of the proposed assignment unless the Manager, in its sole discretion, elects to recognize the assignment as effective as of an earlier date. The Company may charge the assigning Member a transfer fee equal to the costs of effecting the transfer of such Interest.

(b) The Manager shall be required to promptly amend this Agreement to reflect any assignments of Interests by Members.

(c) For the purpose of allocating income, profits, gains, losses, deductions and credits and distributing cash of the Company between transferors and transferees, as otherwise set forth in Section 10 of this Agreement, an assignee shall be treated as having become a Member upon his signing an amendment to this Agreement.

(d) If a Member assigns his Interest, he must evidence his intention that his proposed assignee be admitted as a Member in his place and execute any instruments reasonably required in connection therewith by the Manager.

(e) The Consent of the Manager to the proposed assignment of the Member's Interest and/or the substitution of its assignee as a Member may be conditioned upon receipt of (i) an opinion of counsel for the Company that such transfer would not cause the Company to be treated as an association taxable as a corporation rather than a partnership for federal income tax purposes, cause the termination of the Company for federal income tax purposes, or violate the provisions of any federal or state securities laws; and (ii) evidence that the proposed assignee meets any applicable net worth, income or other requirements of any federal or state securities laws and regulations applicable to such assignee.

(f) Upon the dissolution, cessation, bankruptcy or insolvency of a Member, the authorized representative of such Member shall have all the rights of a Member for the orderly winding up and disposition of the business of such Member as it relates to the Company, which rights include the power of such authorized representative to constitute a successor, as a proposed assignee of the Member's Interest, and to join with such

entity making application to substitute such proposed assignee as a Member as above provided.

(g) Subject to the provisions of Section 7.5(a), a Member may transfer, alienate, assign, give, bequeath or otherwise dispose of all or any portion of his Interest, whether voluntarily or by operation of law, to the transferor's parent or parents, brothers or sisters, spouse, natural or legally adopted children, if applicable, or to an inter vivos or testamentary trust primarily for the benefit of any of the aforesaid related persons, or to a partner of a partnership that is a Member or to a partnership of which he is a partner, or to the beneficiary of a trust which is a Member, or to a corporation, foundation or other organization described in Section 501(c)(3) of the Code; provided, however, that each such transfer or other disposition shall be expressly conditioned upon each such transferee or his or its legal representative acknowledging in writing to the Company, either prior to or at the time of such transfer, that he or it shall be similarly bound by this Agreement to the same extent as his or its transferor.

#### SECTION 8 : MEETINGS OF MEMBERS

8.1 Annual Meeting. There shall be an annual meeting of the Members which shall be held at such time each year and at such place within 90 days after the end of the last Fiscal Year of the Company as shall be determined by the Manager for the purpose of providing an annual report of operations of the Company to its Members and the transaction of such business as may come before the meeting.

8.2 Special Meetings. Special meetings of the Members, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the Manager or by any Member or Members holding at least thirty-five percent (35%) of the Interests of the Company.

8.3 Location. The Manager may designate any place, either within or outside the State of Florida, as the place of meeting for any meeting of the Members. If no designation is made, or if a special meeting shall otherwise be called, the place of meeting shall be the principal executive office of the Company in the State of Florida.

8.4 Notice. Written notice stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called shall be delivered not less than ten (10) nor more than thirty (30) days before the date of the meeting, either personally or by mail, by or at the direction of the Manager or person calling the meeting, to each Member. If mailed, such

notice shall be deemed to be delivered two (2) calendar days after being deposited in the United States mail, addressed to the Member at its address as it appears on the books of the Company, with postage thereon prepaid.

8.5 Meetings Without Notice. If all of the Members shall meet at any time and place, either within or outside of the State of Florida, and consent to the holding of a meeting at such time and place, such meeting shall be valid without call or notice, and at such meeting lawful action may be taken.

8.6 Record Date. For the purpose of determining Members entitled to notice of or to vote at any meeting of Members or any adjournment thereof, or Members entitled to receive payment of any distribution, or in order to make a determination of Members for any other purpose, the date on which notice of the meeting is mailed or the date on which the resolution declaring such distribution is adopted, as the case may be, shall be the record date for such determination of Members. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this Section, such determination shall apply to any adjournment thereof.

8.7 Quorum. Members holding at least seventy percent (70%) of all Interests, represented in person or by proxy, shall constitute a quorum at any meeting of Members. In the absence of a quorum at any such meeting, a majority of the Interests so represented may adjourn the meeting from time to time for a period not to exceed 60 days without further notice. However, if the adjournment is for more than 60 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each Member of record. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal during such meeting of that number of Interests whose absence would cause less than a quorum.

8.8 Action By Majority Interest. If a quorum is present, the affirmative vote of Members holding a Majority Interest shall be the act of the Members, unless the vote of a greater or lesser proportion or number is otherwise required by the Act, by the Articles of Organization, or by this Operating Agreement. Unless otherwise expressly provided herein or required under applicable law, Members who have an interest (economic or otherwise) in the outcome of any particular matter upon which the Members vote or consent may vote or consent upon any such matter and their Interest, vote or consent, as the case may be, shall be

counted in the determination of whether the requisite matter was approved by the Members.

8.9 Voting By Proxy. At all meetings of Members a Member may vote in person or by proxy executed in writing by the Member or by a duly authorized attorney-in-fact. Such proxy shall be filed with the Manager of the Company before or at the time of the meeting. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.

8.10 Action By Written Consent. Action required or permitted to be taken at a meeting of Members may be taken without a meeting if the action is evidenced by one or more written consents describing the action taken, signed by each Member entitled to vote and delivered to the Manager of the Company for inclusion in the minutes or for filing with the Company records. Action taken under this Section is effective when all Members entitled to vote have signed the consent, unless the consent specified a different effective date. The record date for determining Members entitled to take action without a meeting shall be the date the first Member signs a written consent.

8.11 Waiver of Notice. When any notice is required to be given to any Member, a waiver thereof in writing signed by the person entitled to such notice, whether before, at, or after the time stated therein, shall be equivalent to the giving of such notice.

## SECTION 9 : CAPITAL ACCOUNTS

9.1 Capital Contributions. The Capital Contributions of the Members are the amounts reflected on the books and records of the Company and are set forth opposite their names on Exhibit A hereof.

9.2 Basis Adjustment. Upon request of any Member, the books and records of the Company shall be adjusted to reflect that the Company will make a valid election under Section 754 of the Code, and the applicable Regulations thereunder.

9.3 Capital Accounts. A Capital Account shall be maintained for each Member in accord with the provisions of this Section 8 and Section 1.704-1(b)(2)(iv) of the Regulations. Said Capital Account shall properly reflect the amount contributed by each Member of the Company, including any adjustment authorized by the Code, as increased by (i) subsequent Capital Contributions (if any), (ii) its share of the profits of the Company, and (iii)



its share of any other item of income or gain; and decreased by (i) all withdrawals and distributions chargeable to such Member's Capital Account, and (ii) its share of all losses incurred by the Company and any deductions specially allocated to such Member under the terms of this Agreement.

#### 9.4 Capital Account Adjustments

(a) Except as otherwise specifically provided by this Agreement, whenever it is necessary to determine the Capital Account balance of any Member for purposes of this Agreement, the Capital Account balance of such Member shall be determined after giving effect to all allocations of income, gains, deductions and losses of the Company for the current year and all distributions for such year in respect to transactions effected prior to the time as of which such determination is to be made. However, if, pursuant to this Agreement or as may otherwise be required by the Code, any Company property is reflected on the books of the Company at a book value that differs from the adjusted basis of such property for income tax purposes, then for purposes of determining the Members' Capital Account balances, all items of income, gain, loss, deduction and expenditure with respect to such property shall be computed based upon the book value of such property, and depreciation, amortization, and gain or loss shall be allocated or charged to the Members' Capital Accounts in a manner consistent with such computation.

(b) Unless otherwise agreed by the Members, an adjustment in the book value of all Company property shall be made upon:

(i) Any contribution of money or other property (other than an insignificant amount) to the Company by a new or existing Member as consideration for an Interest in the Company; or

(ii) Any distribution of money or other property (other than an insignificant amount) by the Company to a retiring or continuing Member as consideration for the reduction of his Interest in the Company.

In any case in which an adjustment to the book value of any Company property is to be made, the fair market value of the Company property shall be determined by an independent appraiser selected by the Manager or by such other method as the Members shall determine to be appropriate, and the Capital Accounts of the Members shall be adjusted as though each item of the Company's property had been sold for its fair market value (or in the case of property encumbered by indebtedness as to which no Member has any personal liability, the greater of the fair market

value of such property or the amount of such indebtedness) and the gains and losses resulting from such sales had been credited or charged to the Capital Accounts of the Members as provided in this Agreement.

(c) To the extent that any differences between the tax basis and book value of any item of Company property result in a variation between the depreciation, amortization, and gain or loss as computed for book purposes and tax purposes with respect to such property, the Capital Accounts of the Members shall reflect only the adjustments made for book purposes and the variation in such items for tax purposes shall be allocated among the Members in a manner that takes into account the variation between the adjusted tax basis of Company property and its book value 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 Members' shares of tax items under Section 704(c) of the Code.

9.5 No Right to Withdraw Capital. A Member shall not be entitled to withdraw any part of such Member's Capital Account or Capital Contribution or to receive any distribution from the Company, except as specifically provided in this Agreement. There shall be no obligation to return to any Member any part of such Member's Capital Contributions to the Company for as long as the Company continues in existence.

9.6 No Interest. No interest will be paid to any Member on any Capital Contributions by such Member to the Company.

9.7 Member Loans. Loans or advances by any Member to the Company shall not be considered contributions to the capital of the Company and shall not increase the Capital Account balance or Interest of the lending or advancing Member.

9.8 Transfer of Interest. Any Member who shall receive an Interest in the Company, or whose Interest in the Company shall be increased, by means of a permitted transfer to such Member of all or part of the Interest of another Member, shall have a Capital Account balance which reflects such transfer. Any Member who shall acquire all or part of the Interest of any other Member shall, with respect to the Interest so acquired, be deemed to be a Member of the same class as his transferor.

9.9 Limitation on Liability. The Members shall not be personally liable for any of the debts of the Company or be required to loan or contribute any capital to the Company in addition to the contributions required by the provisions of this Agreement, and all such Interests shall be fully-paid and nonassessable.

9.10 Borrowing Additional Funds

(a) In the event that at any time (or from time to time) additional funds are required by the Company for or in respect of its business or any of its obligations, expenses, costs, liabilities or expenditures, the Manager may endeavor, for and on behalf of the Company, to borrow such funds from commercial banks, lending institutions and/or other persons (or from the Members), on such terms and conditions and with such security as the Manager may deem appropriate.

(b) The foregoing provisions of this Section 9.10 are not intended to be for the benefit of any creditor or other person (other than a Member in its capacity as such) to whom any debts, liabilities, or obligations are owed by (or who otherwise has a claim against) the Company or any of the Members, and no such creditor or other person shall obtain any right under any such foregoing provision or shall by reason of any such foregoing provision make any claim in respect of any debt, liability, or obligation (or otherwise) against the Company or any of the Members.

## SECTION 10 : ALLOCATIONS AND DISTRIBUTIONS

10.1 Income, Profits and Losses. After giving effect to the special allocations set forth in Sections 10.4 through 10.6, the income and profits of the Company shall be shared, and the losses of the Company shall be borne, in the following manner:

(a) In any Fiscal Year in which the Company incurs a net loss, that net loss shall be allocated among the Class A Members, pro rata, in proportion to their respective Class A Interests until the positive Capital Account balances of such Class A Members are reduced to zero. Any net loss in excess of the amount allocated pursuant to the preceding sentence shall be allocated to the Manager.

(b) In any Fiscal Year in which the Company realizes a net profit from ordinary operations, that net profit shall be allocated as follows:

(i) First, to all Class A Members, in proportion to the amount of distributions of Net Cash Flow made to them pursuant to Section 10.7(a)(i), to the extent of any distribution of Net Cash Flow made to the Class A Members pursuant to Section 10.7(a)(i) hereof.

(ii) Second, to all Class A Members in an amount equal to the amount of the Accrued Distribution Amounts distributed to them under Section 10.7(a)(ii), allocated among all Class A Members in the same amounts as the Accrued Distribution Amounts were paid to the Class A Members.

(iii) Third, to the Manager to the extent that any loss was allocated to the Manager pursuant to the last sentence of Section 10.1(a).

(iv) Lastly, the balance of the net profits of the Company shall be allocated 25% to the Manager and 75% to the Class A Members, pro rata, in proportion to the respective percentages of Interest of the Class A Members.

(c) In any Fiscal Year in which the Partnership realizes a gain from the sale or other disposition of all or any substantial part of its property, including the Stations, or any one or more of the Stations, that gain shall, after giving effect to the special allocations set forth in Sections 10.4 through 10.6, be allocated among the Partners as follows:

(i) First, such gain shall be allocated to the Manager to the extent required to offset any Company net

losses specially allocated to the Manager pursuant to the second sentence of Section 10.1(a) until the cumulative amount of gain and net profit allocated to the Manager in the current and all prior Fiscal Years under this Section 10.1(c)(i) and Section 10.1(b)(iii) equals the cumulative amount of Company net losses allocated pursuant to the last sentence of Section 10.1(a).

(ii) Second, any gain in excess of the amount required to be allocated to the Manager pursuant to Section 10.1(c)(i) shall be allocated to the Class A. Members in an amount equal to the amount of the Accrued Distribution Amounts distributed to them under Section 10.8(a)(i), allocated among the Class A Members in the same amounts as the Accrued Distribution Amounts were paid to the Class A Members.

(iii) Lastly, any gain remaining after the allocations made pursuant to Sections 10.1(c)(i) and (ii) shall be allocated in the same manner that Capital Proceeds are distributed to the Members pursuant to Section 10.8(a)(iv) and (v).

(d) If in any Fiscal Year the Company realizes a loss from the sale or other disposition of all or any substantial part of its property, including the Stations, or any one or more of the Stations, that loss shall, after giving effect to the special allocations set forth in Sections 10.4 through 10.6, be allocated among the Members in the same manner and priorities as are set forth in Section 10.1(a).

(e) For purposes of the preceding provisions of this Section 10.1, the gains, profits and losses of the Company shall be determined by the Manager in accord with a method of accounting selected by the Manager to be consistently applied, and the gains, profits and losses of the Company so determined shall be net of such reasonable reserves which the Manager deems necessary for unforeseen and/or anticipated expenses and liabilities of the Company.

10.2 Tax Reporting of Allocations. For the purposes of Sections 702 and 704 of the Code, or the corresponding sections of any future Federal internal revenue law, or any similar tax law of any state or jurisdiction, the determination of each Member's distributive share of any Company item of income, gain, loss, deduction, credit or allowance for any Company Fiscal Year or other period shall be made in accordance with the allocations made pursuant to Section 10.1.

10.3 Allocation Rules For Transferred Interests. Income, profits, gains, losses, deductions, and credits allocated to a Company Interest assigned or reissued during a Fiscal Year of the

Company shall be allocated to the persons who were the holders of such Interest during such Fiscal Year, in proportion to the number of days that each such holder was recognized as the owner of such Interest during such Fiscal Year or in any other proportion permitted by the Code and selected by the Manager, without regard to the results of Company operations during the period in which each such holder was recognized as the owner of such Interest during such Fiscal Year, and without regard to the date, amount or recipient of any distributions which may have been made with respect to such Interest; provided, however, that this provision shall not be applicable to a gain or loss on the sale or other disposition of all or any substantial portion of the Company property, including one or more of the Stations, or to any other extraordinary non-recurring items.

#### 10.4 Special Allocations: Adjustments

(a) Any increase or decrease in the amount of any item of income, profits, gains, losses, deductions, or credits attributable to an adjustment to the basis of Company assets made pursuant to a valid election under Sections 732, 734, 743, and 754 of the Code, and pursuant to corresponding provisions of applicable state and local income tax laws, shall be charged or credited, as the case may be, and any increase or decrease in the amount of any item of credit or tax preference attributable to any such adjustment shall be allocated, to those Members entitled thereto under such laws.

(b) If any Member transfers all or part of his Company Interest at a profit, any basis adjustment, pursuant to the election under Section 754 of the Code (or pursuant to Section 732 of the Code if the transfer results in termination of the Company under Section 708 of the Code), shall be allocated solely to the transferee, and any gain, loss, or depreciation shall be allocable in a manner to reflect such basis adjustment.

(c) Notwithstanding the provisions of Sections 10.1(a) and 10.1(b), if the tax basis of any property contributed, or treated under the Code as contributed, to the Company by any Member is more or less than the amount credited to the Capital Account of the contributing Member, for federal or state income tax purposes, the gain or loss of the Company upon the sale or other disposition of such property shall be first allocated to the Member who contributed such property to the Company in the manner provided by Code Section 704(c) and the Regulations thereunder taking into account the adjustments made to the adjusted tax basis of such property from the time of contribution to the time of sale or other disposition of such property.

(d) Notwithstanding anything to the contrary in this Section, to the extent that any amounts are paid or accrued to a Member for services performed in a Company capacity or for the use of capital by the Company, and are measured by Company income within the meaning of Code Sections 707(a) or 707(c), respectively, such amount shall be treated as a distribution of Company income to the Member receiving such fee and an equal amount of taxable income of the Company shall be specially allocated to such Member.

(e) If, under any circumstances, the Capital Account of a Member is unexpectedly reduced to a negative balance by reason of an adjustment, allocation, or distribution described in Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6) of the Income Tax Regulations, then, notwithstanding any other provision of this Agreement, all income and gain realized by the Company shall be allocated exclusively to such Member until such Member's negative Capital Account balance which resulted from such adjustment, allocation or distribution is offset in full. This provision is intended as a "qualified income offset" within the meaning of Section 1.704-1(b)(2)(ii)(d) of the Income Tax Regulations and shall be construed so as to give effect to that intention.

(f) Any Member Loan Nonrecourse Deductions (as defined in Section 10.6 hereof) for any Fiscal Year or other period shall be allocated to the Member who bears the risk of loss with respect to the loan to which such Member Loan Nonrecourse Deductions are attributable in accordance with Section 1.704-1(b)(4)(iv)(g) of the Regulations (or, if applicable, Section 1.704-1(b)(4)(iv)(h) of the Regulations).

10.5 Company Minimum Gain. Notwithstanding anything contained in this Agreement to the contrary, if and to the extent that there is a net decrease in Company Minimum Gain, as computed pursuant to the provisions of Regulations Section 1.704-1(b)(4)(iv)(e), during the Fiscal Year (or portion thereof), or if the amount allocable pursuant to this Section 10.5 in prior Fiscal Years is less than the net decrease in Company Minimum Gain in such prior Fiscal Years, and if any Member would otherwise have a deficit Capital Account balance at the end of such Fiscal Year (after giving effect to all other adjustments to the Member's Capital Account with respect to such Fiscal Year), such Member shall be specially allocated, before any other allocation is made under this Agreement, income or gain for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in the amount and in the proportions sufficient to eliminate such deficits as quickly as possible, in the manner set forth in the provisions of Regulations Section 1.704-1(b)(4)(iv)(e). This Section 10.5 is intended to comply with the Minimum Gain Chargeback requirement provided in the provisions of Regulations

Section 1.704-1(b)(4)(iv)(e) and shall be interpreted consistently therewith.

#### 10.6 Special Allocations

(a) The allocations set forth in Sections 10.1, 10.2, 10.4, and 10.5 hereof (the "**Regulatory Allocations**") are intended to comply with certain requirements of Regulations Section 1.704-1(b). Notwithstanding any other provisions of this Section 10 (other than the Regulatory Allocations), the Regulatory Allocations shall be taken into account in allocating other profits, losses and items of income, gain, loss and deduction among the Members so that, to the extent possible, the net amount of such allocations of other profits, losses and other items and the Regulatory Allocations to each Member shall be equal to the net amount that would have been allocated to each such Member if the Regulatory Allocations had not occurred. Notwithstanding the preceding sentence, Regulatory Allocations relating to (a) nonrecourse deductions (as defined in Section 1.704-1(b)(4)(iv)(b) of the Regulations) shall not be taken into account except to the extent that there has been a reduction in Company minimum gain, and (b) Member Loan Nonrecourse Deductions shall not be taken into account except to the extent that there would have been a reduction in Company minimum gain if the loan to which such deductions are attributable were not made or guaranteed by a Member within the meaning of Section 1.704-1(b)(4)(iv)(g) (or, if Section 1.704-1(b)(4)(iv)(h) of the Regulations becomes applicable to the Company, a person related to a Member within the meaning of such section of the Regulations). For purposes of this Section 10, Member Loan Nonrecourse Deductions means any Company deductions that would be nonrecourse deductions if they were not attributable to a loan made or guaranteed by a Member within the meaning of Section 1.704-1(b)(4)(iv)(g) of the Regulations (or, if applicable, Section 1.704-1(b)(4)(iv)(h) of the Regulations).

(b) The Manager shall have reasonable discretion, with respect to each Company Fiscal Year, to (i) apply the provisions of Sections 10.4, 10.5 and 10.6 hereof in whatever order is likely to minimize the economic distortions that might otherwise result from the Regulatory Allocations, and (ii) divide all allocations pursuant to Sections 10.4, 10.5 and 10.6 hereof among the Members in a manner that is likely to minimize such economic distortions.

#### 10.7 Distribution of Net Cash Flow.

(a) Net Cash Flow for each Fiscal Year shall be distributed by the Manager to all Members as follows:



(i) First, to all Class A Members, in proportion to the amounts of their initial Capital Contributions made to the Company, in an amount equal to the lesser of --

(A) the entire amount of the Net Cash Flow for the Fiscal Year; or

(B) eight percent (8%) of the Class A Members' initial Capital Contributions made to the Company.

(ii) Second, to all Class A Members, pro rata, in proportion to their respective Accrued Distribution Amounts due to them as of the first day of the Fiscal Year, in an amount equal to the lesser of --

(A) the balance of the Net Cash Flow as reduced by the amount determined under Section 10.7(a)(i); or

(B) the entire balance of the Class A Members' Accrued Distribution Amounts due to them.

(iii) Lastly, the balance of the Net Cash Flow of the Company for such Fiscal Year shall be distributed 25% to the Manager and 75% to the Class A Members, pro rata, in proportion to their Class A Member Interests.

(b) For any Fiscal Year which consists of less than an entire fiscal year, and for the part of the Fiscal Year after the date of this Agreement, the percentage set forth in Section 10.7(a)(i)(B) shall be appropriately reduced to reflect the actual number of days in the Fiscal Year and the Accrued Distribution Amounts determined under Section 3.2 for any such partial Fiscal Year of the Company shall be similarly reduced.

#### 10.8 Distribution of Capital Proceeds.

(a) Notwithstanding any other provision of this Agreement, and specifically Section 10.7(a), Capital Proceeds<sub>1</sub>

received by the Company shall be distributed by the Manager in the following manner:

(i) First, to all Class A Members, pro rata, in proportion to their respective Accrued Distribution Amounts due to them as of the date of distribution of the Capital Proceeds, in an amount equal to the Class A Members' Accrued Distribution Amounts until all Accrued Distribution Amounts due to the Class A Members have been distributed to them.

(ii) Second, a preferential distribution shall be made to those Members whose Capital Account Balance (in relation to other Class A Members) is greater than their Company Interest is in relation to the other Class A Members. Such preferential distribution shall be in an amount required to render (as of the date of such distribution) the respective Capital Accounts of all Class A Members proportional to the respective percentages of Company Interest of all Class A Members as set forth on Exhibit A; provided, however, except as required by law, no Class A Member shall, as a result of the application of this paragraph, be required to contribute any additional capital to the Company.

(iii) Third, to all Members, pro rata, in proportion to their respective Capital Account balances immediately before the distribution provided for by this paragraph, until the Members' Capital Accounts are reduced to zero.

(iv) Fourth, to each Member, an amount equal to the difference between (A) such Member's initial Capital Contribution, and (B) the amount distributed to such Member under Section 10.8(a)(iii).

(v) Lastly, the balance of any Capital Proceeds shall be distributed 50% to the Class A Members, pro rata, in proportion to their respective Company Interests, and 50% to the Manager.

(b) If the Capital Proceeds consist in part or entirely of promissory notes of a purchaser of the Stations or any of the Stations or of any other assets of the Company, the promissory notes shall be deemed to be the equivalent of cash at their principal amounts and such promissory notes shall be distributed among the Members as provided in Section 10.8(a) in such manner so as all Members receive promissory notes and cash in the same proportions.

10.9 Amount and Time of Distributions. The amount and timing of any distribution of Net Cash Flow or Capital Proceeds shall be in the sole discretion of the Manager and may be paid out in any manner which the Manager deems reasonable.

## SECTION 11 : REPRESENTATIONS AND WARRANTIES

11.1 Representations and Warranties of Each Class A Member. Each Class A Member hereby represents and warrants to the others and to the Manager as follows:

(a) This Agreement, once executed, will constitute a valid and binding agreement of the Class A Member enforceable in accordance with its terms.

(b) None of (i) the execution, delivery and performance of this Agreement by the Class A Member, (ii) the conduct of the business contemplated hereby, nor (iii) the Class A Member's compliance with the terms and conditions hereof will conflict with, breach the terms and conditions of, constitute a default under, or violate any judgment, order, lease, contract, licensing agreement or other such agreement or instrument to which the Class A Member is a party or by which it is legally bound. Nor will such acts result in the creation or imposition of any lien or encumbrance upon the properties or assets of the Company.

(c) No judgment is issued or outstanding against the Class A Member, and no litigation, action, special assessment, charge, lien, suit, judgment, proceeding or investigation is now pending or, to each Class A Member's knowledge, threatened, before any forum, court, or governmental body, department or agency of any kind, to which the Class A Member is a party, which might adversely effect the business of the Company.

11.2 Representations and Warranties of the Manager. The Manager hereby represents and warrants as follows:

(a) It is duly organized and in good standing under the laws of the State of Florida. It has the full power and authority to enter into this Agreement and to consummate the transactions contemplated herein.

(b) All necessary actions to duly approve the execution, delivery and performance of this Agreement and thei

consummation of the transactions contemplated herein have been taken by the Manager.

11.3 Indemnification By Class A Members and Manager. Each Class A Member and the Manager agrees to indemnify, defend and hold harmless the other, their successors and assigns, from and against: Any and all claims, liabilities, obligations, suits, proceedings, judgments or other loss, liability or damage suffered or incurred or arising because any representation or warranty on the part of such Member or the Manager under this Agreement shall be false or misleading.

## SECTION 12 : DISSOLUTION OF THE COMPANY

12.1 Dissolution. The Company shall continue for the term of the Company as provided in Section 2.4, or until dissolution occurs prior to that date:

(a) By an election to dissolve the Company made in writing by all of the Members;

(b) Upon the sale, exchange or other disposition of all or substantially all of the property of the Company; provided, however, that if the Company receives a purchase money mortgage or other evidence of indebtedness in connection with such a sale, the Company will continue until such mortgage or other indebtedness is satisfied, sold or otherwise disposed of;

(c) Ninety (90) days after the death, retirement, withdrawal, removal, bankruptcy, dissolution, termination, liquidation, disability, insanity or legal incapacity of the Manager or the occurrence of any event which terminates the continued membership of the Manager in the Company, unless the business of the Company is continued by the consent of a Majority Interest of the Class A Members within such ninety (90) day period after the withdrawal event;

(d) Upon the occurrence of any other event which under the Act would cause the dissolution of the Company.

12.2 Wind Up of Company Affairs. Upon dissolution of the Company, the Manager shall retain all powers of the Manager of the Company for purposes of winding up the affairs of the Company. Until such time as the dissolution of the Company is completed, no party shall restrict the access of any other party to the assets of the Company except as otherwise agreed in writing by the parties or as otherwise provided herein. The Manager shall make a full accounting of Company assets and liabilities and shall cause the Company assets to be liquidated.

Any proceeds derived therefrom shall be allocated and distributed as provided in this Agreement.

12.3 Liquidation For Tax Purposes. Notwithstanding any other provisions of this Section 12, in the event the Company is liquidated within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g) but no liquidating event has occurred, the assets of the Company shall not be liquidated, the Company's liabilities shall not be paid or discharged, and the Company's affairs shall not be wound up. Instead, the Company shall be deemed to have distributed its assets in kind to the Members, who shall be deemed to have assumed and been subject to all Company liabilities, all in accordance with their respective Company Interests. Immediately thereafter, the Members shall be deemed to have recontributed such assets of the Company in kind to the Company, which shall be deemed to have assumed and taken such assets subject to all such liabilities.

12.4 Filing of Articles of Dissolution. When all debts, liabilities and obligations of the Company have been paid and discharged or adequate provisions have been made therefor, and all of the remaining property and assets of the Company have been distributed to the Members, Articles of Dissolution shall be executed in duplicate and verified by the person signing the Articles, which Articles shall set forth the information required by the Act. Such Articles of Dissolution shall be filed with the State of Florida.

12.5 Cessation of Existence. Upon the issuance of a Certificate of Dissolution, the existence of the Company shall cease, except for the purpose of suits, other proceedings and appropriate action as provided in the Act. The Manager shall have authority to distribute any Company property discovered after dissolution, and to take such other action as it deems necessary on behalf of and in the name of the Company.

## SECTION 13 : BOOKS OF ACCOUNT, TAX REPORTING AND RECORDS

13.1 Books, Records and Financial Reports. Proper books of account shall be kept wherein shall be entered all transactions, matters and things relating to the Company's business as are usually entered into books of account kept by persons engaged in a business of a like character. The Manager shall have prepared, at the Company's expense, the following reports and schedules:

(a) Audited financial statements of the Company, containing a balance sheet and related statements of operations and changes in cash flows, prepared by the Accountants for the Company, using such methods of accounting as may be selected by the Manager in its sole discretion. In addition to the foregoing, the Manager shall provide to the Members, on a quarterly basis, a balance sheet and statement of operations and cash flows of the Company for the preceding quarter; and

(b) For each Fiscal Year, the Manager shall deliver to the Members by March 15 of the following year (unless unavoidably delayed), a Schedule K-1 applicable to each Member, showing the allocation of such profit and loss and deductions to that Member for the preceding Fiscal Year, and a copy of the Company's entire Form 1065.

13.2 Regulatory Reports. The Company shall cause to be prepared and timely filed with appropriate federal and state regulatory and administrative bodies, all reports required to be filed with such entities under current applicable laws, rules and regulations. Such reports shall be prepared on the accounting or reporting basis required by such regulatory bodies.

### 13.3 Tax Matters Partner

(a) Thomas DiBacco is hereby designated pursuant to Code Section 6231(a)(7) as the Company's Tax Matters Partner ("**TMP**"), who is responsible for acting as the liaison between the Company and the Internal Revenue Service and as the coordinator of the Company's actions pursuant to an Internal Revenue Service tax audit of the Company. Thomas DiBacco shall continue to serve as TMP until the sooner to occur of the following events:

(i) The Company is terminated;

(ii) Thomas DiBacco ceases to be a Member of the Company or resigns as TMP; or

(iii) Thomas DiBacco is removed as TMP by the Members.

(b) The TMP shall have the duties enumerated below, without obtaining the consent of the Members, in addition to such other duties as may be provided in the Code and Income Tax Regulations:

(i) Furnish to the Internal Revenue Service, when properly requested pursuant to the Code, the names, addresses, profits interest, and taxpayer identification number of each person and/or entity who or which was a Member of the Company at any time during the Company's taxable year;

(ii) Keep all the Members fully informed of all administrative and judicial proceedings for the adjustment, at the Company level, of Company items;

(iii) With the prior written consent of the Class A Members, extend the period of limitations for making assessments against the Company;

(iv) After receipt from the Internal Revenue Service of a notice of a final Company administrative adjustment, file a petition for a readjustment of Company items for such taxable year with: (1) the Tax Court; (2) the District Court of the United States for the district in which the Company's principal place of business is located; or (3) the Claims Court; and

(v) Enter into binding settlement agreements with the Internal Revenue Service with regard to Company items as provided in Code Section 6224(c)(3).

(c) Notwithstanding the general authority conferred upon Thomas DiBacco as TMP under the provisions of this Section 13.3, without the prior Consent of all of the Class A Members, the TMP shall not do anything or take any action in connection with an income tax audit of the Company which would have the effect of increasing the distributable income or gain allocated to, or decreasing the losses, deductions or credits of, the Members.

(d) In furtherance of the duties of the TMP described in this Agreement, the TMP shall be reimbursed by the Company for all expenses, costs, and liabilities expended or incurred by the TMP.

#### SECTION 14 : MISCELLANEOUS PROVISIONS

14.1 References. Any reference in this Agreement, by name or number, to a government department, agency, statute, regulation, program or form shall include any successor or similar department, agency, statute, regulation, program or form.

14.2 Addresses. The address of each Member for all purposes shall be the address set forth on Exhibit A, as amended from time to time, or such other address of which the Manager has received Notice. Any notice, demand or request permitted to be given or made hereunder shall be in writing and shall be deemed given or made when delivered in person or sent to such Member at such address by certified mail, postage prepaid, return receipt

requested, or by any private delivery company providing for an acknowledged receipt upon delivery.

14.3 Further Assurances. The Members shall execute and deliver all documents, provide all information and take or forbear from all such action as may be necessary or appropriate to achieve the purposes of the Company and this Agreement.

14.4 Choice of Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Florida.

14.5 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their permitted heirs, executors, administrators, successors, legal representatives and assigns.

14.6 Entire Agreement. This Agreement constitutes the entire agreement among the parties pertaining to the subject matter hereof and supersedes all prior agreements and understandings pertaining thereto. No covenant, representation or condition not expressed in this Agreement shall affect or be deemed to interpret, change or restrict the express provisions hereof.

14.7 Amendment. Except as provided by law or otherwise as set forth herein, this Agreement may be modified or amended only with the written approval of all Class A Members.

14.8 Not For the Benefit of Creditors. None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditors of the Company.

14.9 Rights and Remedies. The rights and remedies of any of the parties hereunder shall not be mutually exclusive, and the implementation of one or more of the provisions of this Agreement shall not preclude the implementation of any other provisions. Each of the parties recognizes and confirms that damages at law may be an inadequate remedy for a breach or threatened breach of any provision hereof. The respective rights and obligations hereunder shall be enforceable by specific performance, injunction or other equitable remedy but nothing herein contained is intended to or shall limit or affect any rights of the parties for a breach or threatened breach of any provision hereof, it being the intention by this paragraph to make clear the agreement of the parties that the respective rights and obligations of the parties hereunder shall be enforceable in equity as well as at law or otherwise.

14.10 Arbitration. In the event that a dispute arises between the Class A Members, or any of them, and the Manager



concerning the operation or management of the Company or any other matter provided for in this Agreement, and the disputing parties are unable to resolve such dispute in accordance with the terms hereof, then, any party may notify in writing all other parties of its demand to arbitrate. In such case, the dispute shall be referred to arbitration for final determination. Such arbitration shall be resolved before a single arbitrator in Florida in accordance with the commercial arbitration rules of the American Arbitration Association as then in effect. If the disputing parties cannot, within a reasonable period of time not to exceed fifteen (15) calendar days after the date on which the demand to arbitrate is made, agree upon the selection of a single arbitrator, they shall each appoint one nominee who will then collectively meet and agree upon and select the arbitrator. The arbitrator shall allow the disputing parties to conduct reasonable discovery pursuant to the Federal Rules of Civil Procedure. The costs of arbitration shall be borne equally by the disputing parties except as the arbitrator may otherwise direct. The decision of the arbitrator shall be binding on the parties to this Agreement and may be entered by any party in any court of competent jurisdiction. The determination of which party is the prevailing party in any arbitration shall be at the discretion of the arbitrator.

14.11 Authorization. The Manager and each Class A Member represents to the others and to the Company that he has been duly authorized to execute and deliver this Agreement.

14.12 Waiver of Partition. Each party hereby waives any right to a partition of the Company property.

14.13 Section Titles and Captions. All section titles or captions in this Agreement are for convenience and reference only. They shall not be deemed part of this Agreement and in no way define, limit, extend or describe the scope or intent of any of the provisions hereof.

14.14 Language Usage. Whenever the context may require, any provision used herein shall include the corresponding masculine, feminine or neuter forms. The singular form of nouns, pronouns and verbs shall include the plural form and vice versa as appropriate.

14.15 No Strict Performance. No failure by any party to insist upon the strict performance of any covenant, duty, agreement, or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute a waiver of any such breach of such or other covenant, agreement, term or condition. Any Member by Notice pursuant to Section 14.2 hereof may, but shall be under no obligation to, waive any of his

rights or any conditions to his obligations hereunder, or any duty, obligation or covenants of any other Member. No waiver shall effect or alter the remainder of this Agreement but each and every covenant, agreement, term and condition hereof shall continue in full force and effect with respect to any other then existing or subsequent breach.

14.16 Counterparts. This Agreement may be executed in counterparts, all of which taken together shall constitute one agreement binding on all parties notwithstanding that all the parties are not signatories to the original or the same counterpart. Each party shall become bound by this Agreement immediately upon affixing his signature hereto, or to a Certification and Signature Page, independently of the signature of any other party.

IN WITNESS WHEREOF, the undersigned have executed this Agreement effective as of the date hereinabove stated.

**MANAGER:**

**STYLES MANAGEMENT CO., LLC.**

By: \_\_\_\_\_ [SEAL]  
**Thomas A. DiBacco, Manager**

By: \_\_\_\_\_ [SEAL]  
**Donald G. McCoy, Manager**

**CLASS A MEMBERS:**

\_\_\_\_\_  
**Donald G. McCoy** [SEAL]

[signatures continued from page 34]

\_\_\_\_\_[SEAL]  
Charles C. Voorhis, III, Trustee of  
the Charles C. Voorhis, III  
Revocable Trust UAD 4-24-98

\_\_\_\_\_[SEAL]  
Charles C. Voorhis, III, Trustee of  
Charles C. Voorhis, III, MD., P.A.  
Profit Sharing Trust

\_\_\_\_\_[SEAL]  
Katherine Baker Voorhis, Trustee  
of Katherine Baker Voorhis  
Revocable Trust UAD 4-24-98

\_\_\_\_\_[SEAL]  
Thomas A. DiBacco

\_\_\_\_\_[SEAL]  
Kim Styles

\_\_\_\_\_[SEAL]  
Stephen A. Bodzin, Vice President  
of ASR-77 Securities, Inc.,  
General Partner of Lishil  
Enterprises Limited Partnership

\_\_\_\_\_[SEAL]  
Stephen A. Bodzin, Trustee of  
Anne S. Reich 1984 Revocable  
Trust

\_\_\_\_\_[SEAL]  
David M. Osnos, Trustee of the  
Anne S. Reich 1984 Revocable  
Trust

Exhibit A

STYLES MEDIA GROUP, LLC

OPERATING AGREEMENT

<u>Member Name and Address</u>	<u>Capital Contribution</u>	<u>Company Interest</u>
<b><u>MANAGER:</u></b>		
Styles Management Co., LLC. Thomas DiBacco, Manager 7106 Laird Street Suite 102 Panama City Beach, FL 32408	\$ 1,000	*
<b><u>CLASS A MEMBERS:</u></b>		
Donald G. McCoy 100 Cherry Street Panama City, FL 32401	\$1,050,000	29.57747%
Charles C. Voorhis, III Revocable Trust Charles C. Voorhis, Trustee 801 East Sixth Street Suite 406 Panama City, FL 32401	\$ 150,000	4.22535%
Katherine Baker Voorhis Revocable Trust Katherine Baker Voorhis, Trustee 801 East Sixth Street Suite 406 Panama City, FL 32401	\$ 150,000	4.22535%
Charles C. Voorhis, III, M.D., P.A. Profit Sharing Trust Charles C. Voorhis, III, Trustee 801 East Sixth Street Suite 406 Panama City, FL 32401	\$ 150,000	4.22535%

STYLES MEDIA GROUP, LLC

OPERATING AGREEMENT

<u>Member Name and Address</u>	<u>Capital Contribution</u>	<u>Company Interest</u>
Thomas A. DiBacco 7106 Laird Street Suite 102 Panama City Beach, FL 32408	\$ 275,000	7.74648%
Kim Styles 275,000 7106 Laird Street Suite 102 Panama City Beach, FL 32408	7.74648%	\$
Anne S. Reich 1984 Revocable Trust Stephen A. Bodzin, Trustee 1156 15th Street, NW Suite 329 Washington, DC 20005	\$ 750,000	21.12676%
Lishil Enterprises Limited Partnership Stephen A. Bodzin, Trustee 1156 15th Street, NW Suite 329 Washington, DC 20005	\$ 750,000	21.12676%
	\$ 3,551,000 =====	100.00000% =====

\* The Manager has contributed \$1,000.00 in cash for its Interest as a Member of the Company. The Manager's share of the profits and cash distributions are as set forth in Sections 10.1(b)(iii) and (iv) and 10.7(a)(iii) and 10.8(a)(iii), (iv), and (v).