Nr. 2/18.06.2020

Către:

BURSA DE VALORI BUCUREȘTI S.A.
AUTORITATEA DE SUPRAVEGHERE FINANCIARĂ

RAPORT CURENT 12/2020

Întocmit în conformitate cu Legea nr. 24 /2017 privind emitenții de instrumente financiare și operațiuni de piața si Regulamentul ASF nr. 5/2018 privind emitenții de instrumente financiare si operațiuni de piața.

Data raportului	18.06.2020
Denumirea societății	NOROFERT S.A.
Sediul social	București, str. Petrache Poenaru nr. 26, cam. 8, sector 5
Telefon	0312253373, 0785087780
Nr. înreg. la ONRC	J40/4222/2000
Cod unic de înregistrare	12972762
Capital social subscris și vărsat	3.209.576 lei
Număr de acțiuni	8.023.940
Piața de tranzacționare	SMT AeRO Premium, simbol NRF

Evenimente importante de raportat: Înființarea unei filiale Norofert în SUA

Conducerea Norofert SA („Compania") informează acționarii cu privire la înființarea unei filiale - Norofert USA, LLC, o companie cu răspundere limitată din Ohio. Norofert SA deține o participație de 99% în Norofert USA, LLC, în timp ce Vlad Popescu, Președinte Consiliu de Administrație și acționar la Norofert SA, deține 1%. Actul constitutiv al filialei din SUA este atașat la prezentul raport curent.

Procesul de extindere către piața americană a Norofert continuă, în prezent compania fiind în proces de înregistrare la IRS (Internal Revenue Services). Managementul vizează vânzarea primelor produse în SUA în timpul campaniei de toamnă din acest an cu testări prealabile in câmp ale produselor special formulate pentru piața americană.

PREȘEDINTE CONSILIU DE ADMINISTRAȚIE
Popescu Vlad Andrei

OPERATING AGREEMENT

OF

NOROFERT USA, LLC

(An Ohio Limited Liability Company)

April 28, 2020

THE MEMBERSHIP UNITS EVIDENCED BY THIS OPERATING AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES ACT. IN ADDITION TO ANY CONDITIONS CONTAINED IN THIS OPERATING AGREEMENT, NO TRANSFER OF ANY OF THE MEMBERSHIP UNITS SHALL BE PERMITTED UNTIL SUCH UNITS HAVE BEEN REGISTERED UNDER SUCH ACTS OR UNTIL THE COMPANY SHALL HAVE RECEIVED A FAVORABLE OPINION FROM LEGAL COUNSEL ACCEPTABLE TO THE COMPANY TO THE EFFECT THAT SUCH TRANSFER IS EXEMPT FROM REGISTRATION UNDER SUCH ACTS

OPERATING AGREEMENT
OF
NOROFERT USA, LLC

(An Ohio Limited Liability Company)

THIS OPERATING AGREEMENT ("Agreement") is entered into and effective on the 28th day of April 28, 2020, by and among the persons signing below, and such additional or substituted persons who later become parties to this Agreement in accordance with the terms hereof (referred to herein collectively as the "Members" and individually as a "Member"), and Vlad Popescu (referred to herein as the "Manager").

WHEREAS, the Members have caused Articles of Organization to be filed with the Ohio Secretary of State's office forming an Ohio limited liability company under the name "NOROFERT USA, LLC" (the "Company");

WHEREAS, the Members desire to set forth certain understandings and agreements among them with respect to the affairs of the Company and the conduct of its business; and

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth herein, the parties hereby agree as follows:

ARTICLE 1
FORMATION OF THE COMPANY

1.1 Formation of Limited Liability Company. The Members have organized the Company pursuant to the provisions of Sections 1705.01 et seq. of the Ohio Revised Code (the "LLC Act"). Except as otherwise provided herein, all rights, liabilities and obligations of the Members and the Manager, both as among themselves and as to persons not parties to this Agreement, shall be as provided in the LLC Act.

1.2 Principal Office. The principal office of the Company shall be _____, _____Brouse &McDowell, until you find a physical office_____, or at such other place as may be designated by the Members.

1.3 Purpose of the Company. The purpose of the Company shall be to engage in any lawful acts or activities for which limited liability companies may be formed under the LLC Act.

1.4 Duration of the Company. The Company shall commence on the date on which its Articles of Organization were filed with the Ohio Secretary of State's Office, and shall continue perpetually thereafter, unless sooner terminated and dissolved in accordance with the terms of this Agreement.

1.5 Powers and Authority. The Company shall have all of the powers and authority permitted by law.

1.6 Taxation of the Company and its Members. For federal income tax purposes, the Company shall be taxable as a partnership, and each of the Members agree to take such actions and steps, if any, which are necessary to effectuate such classification. The provisions of this Agreement shall be construed and applied in such a manner as to ensure full compliance with the provisions of the Code (as hereinafter defined) and the Regulations (as hereinafter defined) applicable to partnership.

ARTICLE 2
CAPITAL CONTRIBUTIONS, CAPITAL ACCOUNTS

2.1 Initial Capital Contributions. Each Member's undivided interest in the capital of the Company shall be represented by membership units ("Membership Units"). The Membership Units shall be certificated. The Company shall be capitalized by each Member contributing the property and cash set forth on Exhibit A attached hereto, with such Member receiving, in exchange therefor, the number of Membership Units set forth on such exhibit. In the case of any property contributions, a Member shall also, upon such a contribution, execute and deliver such assignment or transfer documents which, in the opinion of counsel for the Company, are necessary or appropriate to transfer title to such property to the Company.

2.2 Subsequent Capital Contributions. Except as otherwise expressly provided for in this Agreement, the Members shall not be obligated to make any additional contributions to the capital of the Company.

2.3 Capital Calls. The Members recognize that the income produced by the Company may be insufficient to pay the cost of operating the Company. The term "cost of operating the Company" shall include, without limiting the generality of said term, all real estate taxes and assessments and other state and governmental charges, insurance premiums, costs of repair and maintenance, cost of improvements, and the principal and interest payments required to be made on any loans or mortgages of the Company. If, in the opinion of the Members holding a majority of the Membership Units of the Company (the "Majority in Interest"), additional funds are required to pay the cost of operating the Company, such additional funds shall be contributed by the Members in proportion to their ownership of Membership Units.

2.4 Defaulting Members. If any Member is unwilling or unable to make, within thirty (30) days, any or all of such Member's proportionate contribution upon a capital call, then the other Members shall each have the right to make up such deficit amount in any proportion that they decide. If the other Members, or any one of them, make a contribution pursuant to the foregoing, such Member(s) shall have the option to treat the contribution as additional capital of the Company, or to treat the contribution as a loan to the defaulting Member. Such election shall be made, in writing, at the time the contribution is made.

(a) If the contributing Members elect to treat their contribution as additional capital, then after such contributions are made, each Member's percentage capital interest in the Company (and their respective interests in the net profits, net losses and cash flow) shall be adjusted and determined by dividing the total amount of capital contributed to the Company by such Member since the Company's inception by the total amount of capital

contributed to the Company since its inception by all Members. The resulting quotient, with respect to each Member, shall be the adjusted percentage interest of such Member in the capital of the Company (and in the net profits, net losses and cash flow). In accordance with such increased capital interest, the Company shall issue to the contributing Members such additional Membership Units as are necessary to properly reflect their increased capital interest in the Company.

(b) If the contributing Members elect to treat their contributions as a loan to the defaulting Member, then no adjustment shall be made to the percentage capital interest of the contributing Members, and each Member's share in the profits and losses and cash flow of the Company shall remain the same. The defaulting Member's capital account shall be increased in the same amount as would occur if the defaulting Member had made the additional capital contribution in the amount of the loan. In addition, the defaulting Member's share in the net profits, net losses and cash flow of the Company shall be adjusted, if necessary, as if he or she had made a contribution to the capital of the Company in the amount of such loan. The amount advanced by the Members on behalf of the defaulting Member shall be a debt of the defaulting Member to the contributing Members and shall bear interest at the prime rate or base lending rate as published in the Wall Street Journal as of the date such loan is made and shall be repaid out of available cash flow after the payment of all other amounts due on debt owed to third parties but prior to any distributions to the Members. Thereafter, all distributions of cash from the Company due to the defaulting Member shall be paid to the Members who elected to treat their contribution as loan until such time as the principal and interest of the loan is paid in full.

2.5 Return of Capital Contributions. A Member shall not have the right to demand or receive the return of such Member's capital contribution except as otherwise expressly provided herein.

2.6 Capital Accounts. An individual capital account shall be established and maintained for each Member and has been or shall be credited with the amount of each Member's initial capital contribution to the Company. Each Member's capital account shall be determined and maintained throughout the term of the Company in accordance with the requirements of Section 704(b) of the Internal Revenue Code of 1986, as amended (the "Code") or its counterpart in any subsequently enacted Internal Revenue Code, the applicable Treasury Regulations (including Treasury Regulation Section 1.704-1(b)(2)(iv)) (the "Regulations") thereunder and the provisions of Exhibit B attached hereto.

ARTICLE 3
ALLOCATIONS OF PROFITS AND LOSSES, AND DISTRIBUTIONS

3.1 Profits and Losses. The Company's "net profits" and "net losses," shall be computed in accordance with the provisions of Exhibit C attached hereto. Except as otherwise provided in such Exhibit, the net profits and net losses of the Company shall be allocated among, or borne by, the Members in proportion to the Membership Units owned by each of them.

3.2 Non-Liquidating Distributions. Except as provided in Section 3.3 below, distributions shall be made to the Members at such times as determined by the Majority in Interest, and in proportion to the Membership Units owned by each of them. For purposes hereof, a "non-liquidating distribution" shall mean a distribution which is not made in anticipation of, or subsequent to, the termination of the Company pursuant to Section 9.2. No Member shall have the right to demand and receive any distribution in any form other than cash.

3.3 Tax Distributions. The Company shall make pro-rata distributions to the Members for the payment of taxes in accordance with the following:

(a) The amount distributable with respect to any year shall be equal to the aggregate amount of Federal, state and local income taxes payable by the Members as a result of the Company being taxed as a partnership for Federal Income Tax purposes, assuming, for purposes of determining the amount of such distribution, that each Member will be taxed on the net amount set forth in his respective K-1 at the highest marginal individual Federal income tax rate for such year, and at the highest marginal individual state and local income tax rates applicable to any Member for each such taxable year; and

(b) such distributions shall be payable at such time or times and in such amounts as will enable the Members to avoid penalties and interest otherwise payable on account of the failure to pay a sufficient amount of estimated taxes as required by law.

3.4 Financial and Tax Reporting. Within sixty (60) days after the end of each calendar year, the Company shall prepare and distribute to all Members reasonable tax-reporting information, in sufficient detail to enable the Members to prepare their federal, state and local income tax returns. In addition, within ninety (90) days after the end of each calendar year, the Company shall prepare and provide to each Member a balance sheet and a report of the receipts, disbursements, net profits and losses, and cash flow of the Company, and the share of the net profits and losses and cash flow of each Member for such calendar year. Such balance sheet and report shall be prepared by a certified public accountant in accordance with the method of accounting used by the Company for tax purposes.

3.5 Taxable Year. The taxable year of the Company shall be a calendar year, and the first taxable year shall end on December 31st of the year in which the Company is formed.

3.6 Partnership Representative. The Members hereby appoint Vlad Popsecu as the "partnership representative" (the "Partnership Representative") as provided in Section 6223(a) of the Code. The Partnership Representative may resign at any time. If the Partnership Representative ceases to be a Member, resigns, or is otherwise unable to perform his duties in such capacity, the Members will appoint another Member as the new Partnership Representative.

3.7 Election Out of Partnership Audit Regime. For each taxable year of the Company beginning after December 31, 2017, if the Company qualifies to make the election pursuant to Section 6221(b) of the Code (or successor provision) to have Subchapter C of Chapter 63 of the Code not apply to any federal income tax audits and other proceedings, the Members will cause the Company to make such election. In this regard, any Member that is taxable as an "S corporation" (as defined in Section 1361(a)(1) of the Code), will provide to the Company with the name and

taxpayer identification number of each person with respect to whom such Member is required to furnish a statement under Section 6037(b) of the Code for the taxable year of such Member ending with or within the Company's taxable year for which the election out under Section 6221(b)(1) of the Code is made.

3.8 Partnership Adjustments. If any "partnership adjustment" (as defined in Section 6241(2) of the Code) is finally determined with respect to the Company and the Company has not made the election under Section 6226 of the Code, then: (i) the Members will take such actions requested by the Company or the Partnership Representative, including filing amended tax returns and paying any tax due in accordance with Section 6225(c)(2) of the Code; (ii) the Company and the Partnership Representative will use commercially reasonable efforts to make any modifications available under Section 6225(c)(3), (4) and (5) of the Code; and (iii) any "imputed underpayment" (as determined in accordance with Section 6225 of the Code) or partnership adjustment that does not give rise to an imputed underpayment will be apportioned among the Members of the Company for the taxable year in which the adjustment is finalized in such manner as may be necessary (as determined by the Partnership Representative in good faith) so that, to the maximum extent possible, the tax and economic consequences of the partnership adjustment and any associated interest and penalties are borne by the Members based upon their interests in the Company for the reviewed year.

3.9 Subsidiary Adjustments. If any Subsidiary of the Company: (i) pays any partnership adjustment under Section 6225 of the Code; (ii) requires the Company to file an amended tax return and pay associated taxes to reduce the amount of a partnership adjustment imposed on the Subsidiary, or (iii) makes an election under Section 6226 of the Code, the Partnership Representative will cause the Company to make the administrative adjustment request provided for in Section 6227 of the Code consistent with the principles and limitations set forth in Subsection 3.8 above for partnership adjustments of the Company, and the Members will take such actions reasonably requested by the Partnership Representative in furtherance of such administrative adjustment request.

3.10 Tax Returns and Tax Deficiencies. Each Member agrees that such Member will not treat any Company item inconsistently on such Member's federal, state, foreign or other income tax return with the treatment of the item on the Company's return.

3.11 Cooperation. Each Member will provide such cooperation and assistance, including executing and filing forms or other statements and providing information about the Member, as is reasonably requested by the Partnership Representative, as applicable, to enable the Company to satisfy any applicable tax reporting or compliance requirements, to make any tax election or to qualify for an exception from or reduced rate of tax or other tax benefit or be relieved of liability for any tax regardless of whether such requirement, tax benefit or tax liability existed on the date such Member was admitted to the Company. If a Member fails to provide any such forms, statements, or other information requested by the Partnership Representative, as applicable, such Member will be required to indemnify the Company for the share of any tax deficiency paid or payable by the Company that is due to such failure (as reasonably determined by the Partnership Representative).

3.12 Survival of Obligations. The obligations of each Member or former Member under this Subsection 3 will survive the transfer or redemption by such Member of its Membership Units and the termination of this Agreement or the dissolution of the Company.

ARTICLE 4
MANAGEMENT

4.1 Management by Manager. The management of the Company shall not be reserved to its Members. Except as otherwise provided in this Agreement (such as in Section 4.2 below) or by the LLC Act, the management and control of the Company's business and affairs, and the exercise of the powers of the Company, shall be under the direction of, and shall be exercised by, the Manager; and any act for carrying on the business of the Company in the usual way may be made by the Manager acting on behalf of the Company.

4.2 Member Approval for Certain Actions. Notwithstanding the provisions of Section 4.1 above, each of the following actions shall require the affirmative vote of the Members holding a Majority in Interest:

(a) the lease, sale, exchange, transfer, or other disposition of all, or substantially all, of the assets, with or without the goodwill, of the Company;

(b) a consolidation or a merger of the Company with any other entity, regardless of whether the Company is the surviving or the disappearing entity;

(c) any amendment, modification or change to the Company's Articles of Organization;

(d) the dissolution of the Company;

(e) the filing of a bankruptcy action or an assignment of the Company's assets for the benefit of the creditors of the Company;

(f) any act which would make it impossible to carry on the business of the Company including any disposition of the goodwill of the business of the Company;

(g) confession of a judgment by the Company;

(h) issuance of additional Membership Units and/or the admission of a new Member; or

(i) entering into an contract or agreement in which the Manager or any officer of the Company has a personal or financial interest.

4.3 Removal of Manager; Appointment of New Manager. The Manager may be removed as the manager of the Company, with or without cause, upon the affirmative vote of the Majority in Interest. Except as otherwise provided in Section 4.1, upon the Manager ceasing to be the manager of the Company, whether due to death, incompetency or removal, a new manager shall appointed by the Majority in Interest.

4.4 Outside Activities. Except for business or investment activities which are competitive with the business of the Company, the Manager may engage in business or investment activities outside of the Company so long as such activities do not prevent the Manager from fulfilling his responsibilities to the Company.

4.5 Standard of Care; Liability. The Manager shall perform his duties as the manager of the Company in good faith, in a manner the Manager reasonably believes to be in or not opposed to the best interests of the Company, and with the care that an ordinarily prudent person in a similar position would use under similar circumstances. The Manager shall be liable in damages for any action that he takes or fails to take as the manager of the Company only if it is proved, by clear and convincing evidence, in a court with jurisdiction, that the Manager's action or failure to act involved an act or omission undertaken with deliberate intent to cause injury to the Company or undertaken with reckless disregard for the best interests of the Company.

4.6 Compensation and Expense Reimbursement. The Manager shall not be entitled to compensation for services rendered to the Company without the consent of the Majority in Interest. Upon substantiation of the amount and purpose thereof, the Manager shall be entitled to reimbursement for expenses reasonably incurred in connection with the activities of the Company.

4.7 Officers. For the efficient operation of the Company and/or its business, the Manager may appoint one or more officers of the Company. Such officers shall have such titles and authority which the Manager shall determine from time-to-time.

4.8 Books and Records.

(a) The Manager shall cause the Company to maintain the following books and records at its principal office:

(i) a current list of the full names, in alphabetical order, and last known business or residence address of each Member;

(ii) a copy of the articles of organization, all amendments to the articles, and executed copies of any powers of attorney pursuant to which the articles or the amendments have been executed;

(iii) a copy of this Agreement, all amendments to this Agreement, and executed copies of any written powers of attorney pursuant to which this Agreement and the amendments have been executed;

(iv) copies of any federal, state, and local income tax returns and reports of the Company for the three most recent years;

(v) copies of any financial statements of the Company for the three most recent years; and

(vi) complete and accurate records of all properties owned or leased by the Company and complete and accurate books of account (containing such information as shall be necessary to record allocations and distributions).

(b) The Company shall make such records and books of account available for inspection by any Member, or any Member's duly authorized representative, during regular business hours and at the principal office of the Company.

ARTICLE 5
MEMBERS

5.1 Ownership Schedule. The names and addresses of the initial Members are as set forth on Exhibit A, together with the amount of all Capital Contributions from, and the Membership Units issued, to each such person. Exhibit A will be amended from time to time to reflect any new Member admissions, Membership Unit adjustments, and all transfers and cancellations of Membership Units. If any capital contribution is received in the form of services or property other than cash, the agreed value of such contribution shall be stated on Exhibit A.

5.2 Meetings of Members. With respect to meetings of Members, the following provisions shall apply:

(a) *Annual Meeting.* There shall be an annual meeting of Members of the Company for the consideration of reports to be laid before such meeting, and the transaction of such other business as may properly be brought before such meeting. Such annual meeting shall be held at the principal office of the Company, or at such other place either within or without the State of Ohio as may be designated by the Manager, at 10:00 o'clock a.m., or at such other time as may be designated by the Manager, on the second Monday of March in each year, or on such other date as may be designated by the Manager.

(b) *Other Meetings.* A meeting of the Members of the Company may be called by the Manager or any Member. A meeting of Members may be held on any business day. The Manager shall give written notice of the meeting to all of the Members, which notice shall be given no earlier than thirty (30) days prior to the date of the meeting and no later than seven (7) days prior to such date. Such notice shall set forth the purpose or purposes of such meeting. Each meeting shall be called to convene between 9:00 a.m. and 4:00 p.m., and shall be held at the principal office of the Company. Notice of the time, place and purposes of any meeting of Members may be waived in writing, either before or after the holding of such meeting, by any Members, which writing shall be filed with or entered upon the records of the meeting. The attendance of any Members at any such meeting without protesting the lack of proper notice, prior to or at the commencement of the meeting, shall be deemed to have waived notice of such meeting.

(c) *Quorum; Adjournment.* At any meeting of the Members, the presence of a Majority in Interest, in person or by proxy, shall constitute a quorum for such meeting; provided, however, that no action required by law, by the Articles of Organization, or by this Agreement, to be authorized or taken by a designated proportion of the Membership Units may be authorized or taken by a lesser proportion; and provided, further, that the holders of a

majority of the capital interests represented thereat, whether or not a quorum is present, may adjourn such meeting from time-to-time; if any meeting is adjourned, notice of such adjournment need not be given if the time and place to which such meeting is adjourned are fixed and announced at such meeting.

(d) *Proxies.* At any meeting of Members, Members may act in person or by proxy. The person appointed as proxy need not be a Member. Unless the writing appointing a proxy otherwise provides, the presence at a meeting of the person having appointed a proxy shall not operate to revoke the appointment. Notice to the company, in writing or in open meeting, of the revocation of the appointment of a proxy shall not affect any vote or act previously taken or authorized.

(e) *Action Without a Meeting.* Any action which may be authorized or taken at a meeting of the Members may be authorized or taken without a meeting in a writing or writings signed by all of the Members entitled to vote on such matter, which writing or writings shall be filed with or entered upon the records of the Company. A telegram, telex, cablegram, or similar transmission by a member, or a photographic, photostatic, facsimile or similar reproduction of a writing signed by a Member, shall be regarded as signed by the Member for purposes of the foregoing.

(f) *Telephonic Participation in Meetings.* Members may participate in any meeting through telephonic or similar communications equipment by means of which all persons participating in the meeting can hear one another, and such participation shall constitute presence in person at such meeting.

ARTICLE 6
INDEMNIFICATION

6.1 Third Party Actions. The Company shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative, including all appeals (other than an action, suit or proceeding by or in the right of the Company) by reason of the fact that he is or was a manager, officer or employee of the Company, or is or was serving at the request of the Company as a manager, trustee, officer or employee of another company, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, decrees, fines, penalties and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interest of the company and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

6.2. Derivative Actions. The Company shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit, including

all appeals, by or in the right of the company to procure a judgment in its favor by reason of the fact that he is or was a manager, officer or employee of the Company, or is or was serving at the request of the Company as a manager, trustee, officer or employee of another company, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been finally adjudged to be liable for negligence or misconduct in the performance of his duty to the Company unless and only to the extent that the Court of Common Pleas or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the Court of Common Pleas or such other court shall deem proper.

6.3 Rights after Successful Defense. To the extent that a manager, officer or employee has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 6.1 or 6.2, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

6.4 Other Determination of Rights. Except in a situation governed by Section 6.3, any indemnification under Section 6.1 or 6.2 (unless ordered by a court) shall be made by the Company only as authorized in the specific case upon a determination that indemnification of the manager, officer or employee is proper in the circumstances because he has met the applicable standard of conduct set forth in Section 6.1 or 6.2. Such determination shall be made by the Members.

6.5 Advances of Expenses. Expenses of each person indemnified hereunder incurred in defending a civil, criminal, administrative or investigative action, suit or proceeding (including all appeals), or threat thereof, may be paid by the Company in advance of the final disposition of such action, suit or proceeding as authorized by the Members, whether a disinterested quorum exists or not, upon receipt of an undertaking by or on behalf of the manager, officer or employee, to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the company.

6.6 Nonexclusiveness; Heirs. The indemnification provided by this Article 6 shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled as a matter of law or under the Articles of Organization, any agreement, vote of members, any insurance purchased by the Company, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be manager, officer or employee and shall inure to the benefit of the heirs, executors and administrators of such a person.

6.7 Purchase of Insurance. The Company may purchase and maintain insurance on behalf of any person who is or was a manager, officer or employee of the company, or is or was serving at the request of the Company as a manager, officer or employee of another company, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the

Company would have the power to indemnify him against such liability under the provisions of this Article 6 or the LLC Act.

ARTICLE 7
RESTRICTIONS ON TRANSFER AND ENCUMBRANCE

7.1 General Restrictions. Each of the Members agrees not to sell, give, transfer, assign or otherwise dispose of all, or any portion, of his Membership Units, whether now owned or hereafter acquired, except in accordance with the terms of this Agreement. Each of the Members further agrees not to pledge, hypothecate, or otherwise secure any type of debt or obligation with all, or any portion, of his Membership Units in the Company, whether such debt is incurred voluntarily or involuntarily.

The term **"transfer"** as used in this Agreement with respect to any Membership Units shall include any sale, gift, assignment, bequest, exchange, pledge, encumbrance, or other disposition of Membership Units, including transfers by operation of law (such as upon a merger or consolidation), involuntary transfers (such as pursuant to bankruptcy and divorce decrees), and change in control of a Member which is a corporation, limited liability company, partnership or other business entity.

7.2 Attempted Transfer or Encumbrance. Any attempted transfer or encumbrance by a Member of the Membership Units such Member owns (or hereafter acquires), which is not in compliance with the terms of this Agreement, shall be void and shall not be reflected on the records of the Company.

7.3 Voluntary Lifetime Transfers. Subject to the provisions of Sections 7.5 and 7.6 below, a Member may transfer his Membership Units if such transfer is in accordance with one or more of the following provisions:

(a) A Member may transfer all or a portion of his Membership Units in the Company with the written consent of all of the other Members.

(b) A Member may transfer all or a portion of his/her Membership Units in the Company to any of his/her lineal descendants or to a trust for the benefit of such Member's lineal descendants and spouse without the consent of any of the other Members or the need to offer such Membership Units to the Non-transferring Members in accordance with Section 7.3(c) below.

(c) If a Member receives a bona fide offer from an independent third party to purchase all (but not less than all) of the Member's Membership Units (the "Transferring Member"), the Transferring Member shall give written notice to the other Members (the "Nontransferring Members"), which notice shall set forth the identity of the prospective transferee and the price and terms of the offer received by the Transferring Member. Upon receipt of such notice, the Nontransferring Members shall have the option to purchase all (but not less than all) of the Membership Units in the Company owned by the Transferring Member at the price and upon the terms which were offered to the Transferring Member by such third party. To exercise such option, a Nontransferring Member shall give written

notice to the Transferring Member of his intention to exercise his option, which notice shall be given within thirty (30) days after the Nontransferring Member's receipt of notice from the Transferring Member. In the event that more than one of the Nontransferring Members exercises his right to purchase the Membership Units held by the Transferring Member, the Nontransferring Members shall purchase the Membership Units in the same proportion as such Members' own Membership Units in the Company. In the event one or more of the Nontransferring Members exercises his option, the parties shall complete the purchase and sale of such stock in accordance with the terms of the offer received by the Transferring Member. If none of the Nontransferring Members exercises his right to purchase the Transferring Member's Membership Units, the Transferring Member may sell his stock in the Company to the offeror at a price, and on terms, no more favorable to the offeror than those set forth in the notice given to the Nontransferring Members; provided, however, that if said sale shall not be concluded within thirty (30) days or less from the date that is sixty (60) days after the date the notice of receipt of such offer was sent to the Nontransferring Members, then the terms and conditions of this Section shall again apply in the case of any proposed sale by the Transferring Member.

7.4 Involuntary Lifetime Transfers. A Member shall immediately notify the other Members, in writing, upon becoming aware of facts which would reasonably lead him to believe that a court ordered transfer or sale of all or a portion of his Membership Units is foreseeable or likely, including, but not limited to, a court ordered transfer incident to any divorce or marital property settlement or pursuant to applicable community property, quasi-community property or similar state law. Such notice shall set forth the facts relating to the anticipated court order and the portion of the Member's Membership Units expected to be subject thereto. In the event of such notice, the provisions of Section 7.3(c) shall apply; provided, however, that the offered price for such purpose shall be considered the book value thereof as determined by the certified public accountant then servicing the account of the Company; provided, further, that the Nontransferring Members may exercise their option with respect to less than all of the Member's Membership Units anticipated to be subject to the court order.

7.5 Securities Laws. Notwithstanding the preceding provisions of this Article 7, no proposed or intended assignment, transfer or sale of a Member's Membership Units shall be effective, unless and until it appears, to the satisfaction of counsel for the Company, that such assignment, transfer or sale will not be in violation of, or otherwise render the Company and/or any Member liable under, the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder, or under the applicable state securities laws of any state or states.

7.6 Terminating Transfers. Notwithstanding the preceding provisions of this Article 7, no sale or exchange of a Member's Membership Units may be made if the Units sought to be sold or exchanged, when added to the total of all Membership Units sold or exchanged within the period of twelve (12) months prior thereto, would result in the termination of the Company under Section 708 of the Code, or any successor section thereto.

7.7 Member Status of Transferee. A transferee of a Member who acquires Membership Units pursuant to the provisions of this Article 7 shall not have any rights of a Member hereunder or under the LLC Act (including, without limitation, any right to participate in the management of the Company or any right to inspect the books and records of the Company), unless and until such

transferee is admitted as a substitute Member upon the unanimous vote of all of the remaining Members of the Company and becomes a signatory hereto. Until admitted as a Member, the transferee shall be entitled only to receive the distributions and the allocations provided for in this Agreement.

7.8 Continuation of Restrictions. This Agreement, and the terms, conditions and restrictions set forth herein, shall continue to apply to any Membership Units transferred by a Member in accordance with this Agreement. As a condition to any transfer of Membership Units hereunder (even a transfer not otherwise requiring the consent of the other Members), any Member may require that a transferee agree in writing to be bound by all of the terms, conditions and restrictions of this Agreement, which writing may take the form of a certificate of acceptance and adoption of this Agreement.

ARTICLE 8
DISCLOSURES AND REPRESENTATIONS

8.1 Disclosure by Company. In connection with the sale of the Membership Units to the Members hereunder, the Company hereby discloses the following information to the Members:

(a) the Membership Units have not been registered under the federal Securities Act of 1933, as amended (the "Federal Act"), and are being offered and sold by the Company pursuant to a registration exemption contained in Section 3(b) of the Federal Act and/or Securities and Exchange Commission Regulation D, promulgated thereunder;

(b) the Membership Units have the status of securities acquired under Section 4(2) of the Federal Act and cannot be resold without registration under the Federal Act or the availability of an exemption from registration.

(c) a legend has been, or will be, placed on each certificate or other document evidencing any of the Membership Units stating, if effect, that the Membership Units have not been registered under the Federal Act and may not be resold unless registered under the Federal Act or unless an exemption from registration is available.

(d) the Membership Units have not been registered under the Ohio Securities Act, set forth in Chapter 1707 of the Ohio Revised Code, as amended (the "Ohio Act"), and are being offered and sold by the Company pursuant to one or more registration exemptions contained in the Ohio Act; and

(e) the Company reasonably believes that the Members are acquiring the Membership Units hereunder for investment, has no information to the contrary, and through Section 8.2 below is hereby obtaining a signed statement to that effect from the Members prior to the purchase of any of the Membership Units hereunder.

8.2 Representations and Warranties of the Members. In connection with the Members' purchase of the Membership Units hereunder, each of the Members represents and warrants, which representations and warranties shall survive the consummation of the Member's purchase of such Member's Units hereunder, as follows:

(a) the Member's principal residence or principal office is located within the State of Ohio;

(b) the Member is aware that no market may exist for the resale of a Membership Units purchased under this Agreement;

(c) the Member is purchasing for investment and not for the distribution of the Membership Units purchased under this Agreement;

(d) the Member is aware of any and all restrictions imposed by the Company on the further distribution of the Membership Units, including, but not limited to, any required holding periods, stop transfer orders, or contractual restrictions on transfers of the Membership Units.

ARTICLE 9
WITHDRAWAL; TERMINATION AND DISSOLUTION

9.1 Withdrawal. A Member shall not be permitted to withdraw or resign from the Company. The death, incompetency, adjudication of bankruptcy, whether voluntary or involuntary, or the bankruptcy or dissolution of a Member during the term of this Agreement, shall not affect the Company or its business. The executor, administrator, trustee or other legal representative of the deceased, bankrupt, incompetent or dissolved Member shall succeed to all of the rights of such Member, subject to the provisions of this Agreement or any other agreement among the parties.

9.2 Termination of the Company. The Company shall be terminated and dissolved upon the adoption of a resolution of dissolution by the Members in accordance with the provisions of Section 4.2 above.

ARTICLE 10
WINDING UP

10.1 Winding Up. Upon the termination of the Company pursuant to Section 9.2 above, a full and general accounting shall be taken of the Company's business, and the affairs of the Company shall be wound up. Any profits earned or losses incurred since the last previous accounting shall be allocated among, or borne by, the Members in accordance with the provisions of Section 3.1 above. The Manager shall wind up and liquidate the Company by selling the Company's assets, or by distributing such assets in kind, subject to the Company's liabilities, or by a combination thereof, as determined by the Manager. The proceeds of such liquidation shall be applied and distributed in the following order of priority, by the end of the taxable year during which the liquidation occurs (or, if later, within ninety (90) days after the date of the liquidation):

(a) to the payment of any debts and liabilities of the Company;

(b) to the setting up of any reserve which the Manager shall reasonably deem necessary to provide for any contingent or unforeseen liabilities or obligations of the

Company, with any excess in such reserve remaining after such liabilities are satisfied to be distributed as soon as practicable in the manner hereinafter set forth; and

(c) thereafter, the balance of the proceeds, if any, shall be distributed in accordance with the positive capital account balances of the Members, as determined after taking into account all capital account adjustments for the Company's taxable year during which such liquidation occurs. For purposes of this subsection, a liquidation of the Company shall mean a liquidation as defined in Section 1.704-1(b)(2)(ii)(g) of the Regulations.

10.2 Statement. The Members shall be furnished with a statement prepared by the Company's accountants, which shall set forth the assets and liabilities of the Company as of the date of complete liquidation.

10.3 Return of Capital Contributions. Notwithstanding anything in this Agreement to the contrary, neither the Company nor any Member shall be personally liable for the return of the capital contributions of the Members, or any portion thereof, it being expressly understood that any such return of the capital contributions of the Members shall be made solely from Company assets.

10.4 Deficit Capital Accounts. No Member will be required to pay to the Company, to any other Member or to any third party, any deficit balance that may exist from time-to-time in the Member's capital account.

ARTICLE 11
MISCELLANEOUS

11.1 Entire Agreement; Amendments. This Agreement (including the exhibits and attachments hereto) contains the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes any and all other prior understandings, correspondence and agreements, oral or written, between them. This Agreement may not be altered, amended, or modified in any way except by a written modification signed by all of the Members.

11.2 Waiver. None of the terms or provisions of this Agreement shall be deemed waived except by a writing signed by the party which is entitled to the benefits thereof. The failure of any party to require performance of any provision hereof shall in no manner affect such party's right at a later time to enforce the same. The waiver by a party of any provision hereof shall not be deemed to be a continuing waiver of any such provision or a waiver of any other provision hereof.

11.3 Parties in Interest. Nothing in this Agreement is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than the parties hereto (including any creditor of any Member), nor is anything in this Agreement intended to relieve or discharge the obligations or liabilities of any third person or give any third person any right of subrogation or action over or against any party hereto. Except and only to the extent required by the LLC Act or other applicable law, no creditor or third party has any rights under this Agreement or any other agreement between the Company and any Member with respect to any capital contributions or otherwise.

11.4 Notices. Any notice, demand, request, or other communication or document to be provided under this Agreement to a party to this Agreement ("Notice") shall be in writing, and shall be given to the party at its address or telecopy number set forth in the Ownership Schedule (attached hereto as Exhibit A), or to such other address or telecopy number as the party may later specify for that purpose by notice to the Company. Each Notice shall be deemed given and received: (i) if given by telecopy, when the telecopy is transmitted and confirmation of complete receipt is received by that transmitting party during normal business hours or on the next business day if not confirmed during normal business hours; (ii) if hand delivered or given by overnight delivery service, the day on which the notice is actually delivered to the address listed herein (whether or not delivered to the party); or (iii) if given by normal or certified U.S. mail, two (2) business days after it is posted with the U.S. Postal Service. Such notices shall be made a permanent part of the Company records.

11.5 Obligations and Rights of Transferees. Any person who acquires in any manner whatsoever any Membership Units in the Company, irrespective of whether such person has accepted and assumed in writing the terms and provisions of this Agreement, shall be deemed by the acceptance of the benefit of the acquisition thereof to have agreed to be subject to, and to be bound by, all the obligations of this Agreement with the same force and effect as any predecessor in interest of such person.

11.6 Benefit and Binding Effect. This Agreement shall inure to the benefit of, and be binding upon, the parties hereto and their respective next of kin, legatees, administrators, executors, legal representatives, nominees, successors and permitted assigns.

11.7 Integration. This Agreement constitutes the entire agreement among the parties hereto pertaining to the subject matter hereof, and supersedes all prior and contemporaneous agreements and understandings of the parties in connection therewith.

11.8 Governing Law. This Agreement and the rights of all parties hereunder shall be governed by, and construed in accordance with, the internal laws of the State of Ohio. Each of the parties agrees to submit to the jurisdiction of any state or federal court of competent jurisdiction presiding within the State of Ohio regarding any case, controversy, or dispute pertaining to or arising out of this Agreement.

11.9 Interpretation of Agreement. The section and other headings in this Agreement are inserted solely as a matter of convenience and for reference, and shall be given no effect in the construction or interpretation of this Agreement. Unless the context of this Agreement otherwise clearly requires, references in the plural form include the singular and vice versa. The use of a particular pronoun herein shall not be restrictive as to gender or number but shall be interpreted in all cases as the context may require. This Agreement has been freely negotiated by all parties and in the event there is any controversy, dispute, or claim involving the meaning, interpretation, validity, or enforceability of this Agreement or any of its terms or conditions, there shall be no inference, presumption, or conclusion drawn against a party by virtue of such party having drafted this Agreement or any portion hereof. When used herein, the words "include" and "including" shall be construed as "include, without limitation" and "including, without limitation." Any action required hereunder to be taken within a certain number of days shall be taken within that number of calendar days (which may include days falling on weekends and holidays); provided, however, that if the last

day for taking such action falls on a weekend or a holiday, the period during which such action may be taken shall be automatically extended to the next business day.

11.10 Severability. Any provision hereof that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction and the provision that is prohibited or unenforceable shall be reformed or modified to reflect the parties' intent to the maximum extent permitted by applicable legal requirements.

11.11 Execution and Counterparts. This Agreement may be executed in multiple counterparts, which taken together shall constitute an original without the necessity of all parties signing the same page or the same documents, and may be executed by signatures to electronically or telephonically transmitted counterparts in lieu of original printed or photocopied documents. Signatures transmitted by facsimile shall be considered original signatures

[Signature page follows]

IN WITNESS WHEREOF, each party has executed this Operating Agreement on the day and year first written above.

MEMBERS:

NOROFERT SA

By: _____

Its: _____

SOCIETATEA COMERCIALA NOROFERT S.A. 4 BUCURESTI - ROMANIA

_____

Vlad Popescu

MANAGER:

_____

Vlad Popescu

1093695

ADDITIONAL MEMBERS

Each of the undersigned, having acquired Membership Units in the Company, hereby agrees to bound by, and to comply with, the terms and conditions of the foregoing Operating Agreement of the Company.

_____ _____

Date

_____

[print name]

_____

_____

[address]

_____ _____

Date

_____

[print name]

_____

_____

[address]

_____ _____

Date

_____

[print name]

_____

_____

[address]

_____ _____

Date

_____

[print name]

_____

_____

[address]

EXHIBIT A

Name of Member	Ownership Interest	Contribution
NOROFERT SA	99%	
Vlad Popescu	1%	

EXHIBIT B

CAPITAL ACCOUNT ACCOUNTING PRINCIPLES

Section 1. Capital Accounts. The company shall maintain for each member a capital account in accordance with the provisions of Treasury Regulation Section 1.704-1(b)(2)(iv). In accordance with such section, a member's capital account shall be increased by: (i) the cash amount or the Agreed Value (as defined below) of all capital contributions made by such member to the company; and (ii) all items of company income and gain (including, without limitation, income and gain exempt from tax) computed in accordance with Section 2 below as allocated to such member as provided in the Operating Agreement, and decreased by: (x) the amount of cash or the fair market value of all actual and deemed distributions of cash or property made to such member pursuant to the Operating Agreement; and (y) all items of company deduction and loss computed in accordance with Section 2 below as allocated to such member as provided in the Operating Agreement.

Section 2. Income/Loss. For purposes of computing the amount of any item of income, gain, deduction or loss to be reflected in the members' capital accounts, the determination, recognition and classification of any such item shall be the same as its determination, recognition and classification for federal income tax purposes (including, without limitation, any method of depreciation, cost recovery or amortization used for that purpose); provided, however, that:

(a) any deductions for depreciation, cost recovery or amortization (other than depletion under Section 611 of the Code) attributable to a Contributed Property (as defined below) shall be determined as if the adjusted basis of such property on the date it was acquired by the company was equal to the Agreed Value of such property;

(b) upon an adjustment to the Carrying Value (as defined below) of any company property (including any Contributed Property) subject to depreciation, cost recovery, depletion or amortization, any further deductions for such depreciation, cost recovery or amortization attributable to such property shall be determined as if the adjusted basis of such property were equal to the Carrying Value of such property immediately following such adjustment;

(c) any income, gain or loss attributable to the taxable disposition of any property (including any property subject to depletion under Section 611 of the Code) shall be determined by the company as if the adjusted basis of such property as of such date of disposition were equal in amount to the company's Carrying Value with respect to such property as of such date;

(d) expenditures of the company described in Section 705(a)(2)(B) of the Internal Revenue Code of 1986, as amended (the "Code") for a year shall be taken into account as if they were deductible items; and

(e) interest paid on loans made to the company by a member, and salaries, fees and other compensation paid to any member shall be deducted in computing profit or loss.

Section 3. Transfers. A transferee of membership units in the company will succeed to the capital account relating to the membership units transferred. If the transfer causes a termination of the company under Section 708(b)(1)(B) of the Code, the capital accounts of the transferee Member and the capital accounts of the other members of the terminated company shall carry over to the new company that is

formed as a result of the termination of the company under Treasury Regulations Section 1.708-1(b)(1)(iv) and the deemed contribution of assets and liabilities by the terminated company to the new company and the deemed liquidation of the terminated company that occur under Treasury Regulations Section 1.708-1(b)(1)(iv) shall be disregarded for purposes of this Exhibit B; provided further, however, that upon adjustment to the adjusted tax basis of company property under sections 732, 734, or 743, the capital accounts of the Members shall be adjusted as provided in Treasury Regulations Section 1.704-1(b)(2)(iv)(m).

Section 4. Unrealized Gain/Loss. Upon an issuance of additional membership units in the company for cash or Contributed Property, the capital accounts of all members (and the Carrying Values of all company properties) shall, immediately prior to such issuance, be adjusted (consistent with the provisions hereof) upward or downward to reflect any unrealized gain or unrealized loss attributable to each company property (as if such unrealized gain or unrealized loss had been recognized upon an actual sale of such property at the fair market value thereof, immediately prior to such issuance, and had been allocated to the members, at such time). In determining such unrealized gain or unrealized loss attributable to the properties, the fair market value of company properties shall be determined by the members using such reasonable methods of valuation as they may adopt.

Section 5. Liquidating Adjustments. Immediately prior to the distribution of any company property in liquidation of the company or to a Member as consideration for units in the company, the capital accounts of all members (and the Carrying Values of all company properties) shall, immediately prior to any such distribution, be adjusted (consistent with the provisions hereof and of Section 704 of the Code) upward or downward to reflect any unrealized gain or unrealized loss attributable to each company property (as if such unrealized gain or unrealized loss had been recognized upon an actual sale of each such property, immediately prior to such distribution, and had been allocated to the members, at such time). In determining such unrealized gain or unrealized loss attributable to the properties, the fair market value of company properties shall be determined by the members using such reasonable methods of valuation as they may adopt.

Section 6. Definitions. For the purposes of this Exhibit B, the following terms shall have the meanings indicated unless the context clearly indicates otherwise:

"Agreed Value" means the net fair market value of a Contributed Property as agreed to by the contributing member and the company, using such reasonable method of valuation as they may adopt.

"Carrying Value" means: (a) with respect to Contributed Property, the Agreed Value of such property, reduced (but not below zero) by all amortization, depreciation and cost recovery deductions charged to the members' capital accounts with respect to such property, as well as any other charges for sales, retirements and other dispositions of assets included in a Contributed Property, as of the time of determination; and (b) with respect to any other property, the adjusted basis of such property for federal income tax purposes as of the time of determination. The Carrying Value of any property shall be adjusted in accordance with the provisions of Sections 4 and 5 above.

"Contributed Property" means each member's interest in property or other consideration (excluding services and cash) contributed to the company by such member.

EXHIBIT C

ALLOCATIONS OF PROFITS AND LOSSES

Section 1. Determination of Net Profits/Losses. The terms "net profits" and "net losses," as used herein, shall mean the excess or the deficit, as the case may be, of the company's items of income and gain for a taxable period over the company's items of loss and deduction for the same taxable period. The items included in such calculation shall be determined in accordance with provisions of Section 2 of Exhibit B.

Section 2. Special Tax Regulatory Allocations. Notwithstanding any provision of the Operating Agreement to the contrary, if applicable, the following special allocations (the "Regulatory Allocations") of income, gain, loss and deductions shall be made in the following order:

(a) Company Minimum Gain Chargeback. Except as provided in Section 1.704-2(f) of the Treasury Regulations, and notwithstanding any other provision of the Operating Agreement or these Bylaws to the contrary, if there is a net decrease in Company Minimum Gain (as hereinafter defined) during any company fiscal year, each member shall be specially allocated items of company income and gain for that year (and if necessary, subsequent years) in an amount equal to that members share of the net decrease in company Minimum Gain determined in accordance with Section 1.704-2(g)(2) of the Treasury Regulations. Allocations made pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each member pursuant thereto. The items so allocated shall be determined in accordance with Sections 1.704-2(f)(6) and 1.704-2(j)(2) of the Treasury Regulations. This subsection is intended to comply with the minimum gain chargeback requirement set forth in Section 1.704-2(f) of the Treasury Regulations and shall be interpreted consistently therewith.

(b) Member Minimum Gain Chargeback. Except as provided in Section 1.704-2(i)(4) of the Treasury Regulations, and notwithstanding any other provision of the Operating Agreement or these Bylaws to the contrary, if there is a net decrease in Member Nonrecourse Debt Minimum Gain (as hereinafter defined) during any fiscal year, each member who has a share of the Member Nonrecourse Debt Minimum Gain, determined in accordance with Section 1.704-2(i)(5) of the Treasury Regulations, shall be specially allocated items of company income and gain for such fiscal year (and, if necessary, subsequent fiscal years) in an amount equal to such member's share of the net decrease in Member Nonrecourse Debt Minimum Gain, determined in accordance with Section 1.704-2(i)(4) of the Treasury Regulations. Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each member pursuant thereto. The items to be so allocated shall determined in accordance with Sections 1.704-2(i)(4) and 1.704-2(j)(2) of the Treasury Regulations. This subsection is intended to comply with the minimum gain chargeback requirement set forth in Section 1.704-2(i)(4) of the Treasury Regulations and shall be interpreted consistently therewith.

(c) Qualified Income Offset. In the event any member unexpectedly receives any adjustments, allocations, or distributions described in Sections 1.704-1(b)(2)(ii)(d)(4), (5) or (6) of the Treasury Regulations, items of company income and gain (consisting of a pro rata portion of each item of company income, including gross income, and gain for such year) shall be specially allocated to such member in an amount and manner sufficient to eliminate the Adjusted Deficit Capital Account Balance in the member's capital account created by such adjustments, allocations, or distributions as quickly as possible. This subsection is intended to constitute a "qualified income

offset" within the meaning of Section 1.704-1(b)(2)(ii)(d) of the Treasury Regulations and shall be interpreted consistently therewith.

(d) Gross Income Allocation. In the event any member has a deficit capital account at the end of any fiscal year that is in excess of the sum of: (i) the amount such member is obligated to restore; and (ii) the amount such member is deemed to be obligated to restore pursuant to the penultimate sentences of Sections 1.704-2(g)(1) and 1.704-2(i)(5) of the Treasury Regulations, each such 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 provision shall be made only if and to the extent that such member could have a deficit capital account in excess of such sum after all other allocations provided for in this Section 2. have been made as if paragraph (c) and (d) of this Section were not in this Agreement.

(e) Nonrecourse Deductions. Nonrecourse Deductions for any fiscal year shall be allocated to the members in proportion to their ownership of Membership Units.

(f) Member Nonrecourse Deductions. Any Member Nonrecourse Deductions for any fiscal year shall be specially allocated to the member who bears the economic risk of loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable, in accordance with Section 1.704-2(i)(1) of the Treasury Regulations.

Section 3. Curative Allocations. Notwithstanding any other provision of the Operating Agreement or any exhibit attached thereto to the contrary, the Regulatory Allocations set forth in Section 2 above shall be taken into account in allocating items of income, gain, loss and deduction among the members so that, to the greatest extent possible, the net amount of such allocations of other items and the Regulatory Allocations to the members shall be equal to the net amount that would have been allocated to the members if the Regulatory Allocations had not occurred.

Section 4. Income Tax Allocations. Except as provided below, each item of income, gain, loss and deduction of the Company for federal income tax purposes shall be allocated among the members in the same manner as such items are allocated for book purposes under the Operating Agreement and Sections 2 and 3 of this Exhibit C:

(a) 704(c) Allocations. In accordance with Section 704(c) of the Code and any applicable Treasury Regulations thereunder, income, gain, loss and deductions with respect to any property contributed to the capital of the Company shall, solely for tax purposes (and shall not affect, or in any way be taken into account in computing, any member's capital account or share of profits, losses, or other items or distributions pursuant to any provisions of the Operating Agreement or these Bylaws), be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and the value thereof as computed for book purposes. In the event any Company asset is revalued as provided in this Agreement and as permitted by the Treasury Regulations under Section 704(b) of the Code, subsequent allocations, for tax purposes, of income, gain, loss, and deductions respecting such asset shall be made so as to take account of any variation between the adjusted basis of such asset for federal income tax purposes and its value, as computed then and thereafter, for book purposes, in the same manner as under Section 704(c) of the Code and any applicable Treasury Regulations thereunder. Any elections or decisions relating to such allocations shall be made by the members in good faith in order to both (a) satisfy the provisions of Section 704(c) of the Code and the applicable Treasury Regulations thereunder, and (b) properly reflect the purpose and intention of this Agreement.

(b) 754 Adjustments. All items of income, gain, loss, deduction and credit allocated to the members in accordance with the provisions of the Operating Agreement and these Bylaws and basis allocations recognized by the company for federal income tax purposes shall be determined without regard to any election under Section 754 of the Code which may be made by the Company; provided, however, such allocations, once made, shall be adjusted as necessary or appropriate to take into account the adjustments permitted by Sections 734 and 743 of the Code.

Section 5. Ratable Allocation. Company income, gain, loss and deduction shall be allocated to the members in accordance with the portion of the year during which the members have held their respective membership units. All items of income and loss shall be considered to have been earned ratably over the fiscal year of the company, except that gains and losses arising from the disposition of assets shall be taken into account as of the date thereof.

Section 6. Minimum Percentage. Notwithstanding any provision of the Operating Agreement to the contrary, at all times during the existence of the company, the interest of each member in each material item of company income, gain, loss, deduction or credit will be equal to at least one percent (1%) of each such item.

Section 7. Definitions. For the purposes of this Exhibit C, the following terms shall have the meanings indicated unless the context clearly indicates otherwise:

"Adjusted Deficit Capital Account Balance" shall mean the deficit balance, if any, in a capital account of a member as of the end of the relevant fiscal year of the company, after giving effect to the following: (i) credit to such capital account any amounts the member is obligated to restore pursuant to the terms of this Agreement or by operation of law or is deemed to be obligated to restore pursuant to the penultimate sentences of Sections 1.704-2(g)(1) and (i)(5) of the Treasury Regulations; and (ii) debit to such capital account the items described in Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6) of the Treasury Regulations. The foregoing definition of Adjusted Deficit Capital Account Balance is intended to comply with the provisions of Section 1.704-1(b)(2)(ii)(d) of the Treasury Regulations and shall be interpreted consistently therewith.

"Company Minimum Gain" shall be the amount computed in the manner described in Section 1.704-2(d)(1) of the Regulations.

"Member Nonrecourse Debt" shall have the meaning set forth in Section 1.704-2(b)(4) of the Treasury Regulations.

"Member Nonrecourse Debt Minimum Gain" shall mean, with respect to each Member Nonrecourse Debt, an amount equal to the Company Minimum Gain that would result if such Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Section 1.704-2(i)(3) of the Treasury Regulations.

"Member Nonrecourse Deductions" shall have the meaning set forth in Sections 1.704-2(i)(1) and (2) of the Treasury Regulations.

"Nonrecourse Deductions" shall have the meaning set forth in Section 1.704-2(b)(1) of the Treasury Regulations.