IRG, LLC

OPERATING AGREEMENT

March 1st, 2023

THE UNITS IN THE COMPANY GOVERNED BY THIS OPERATING AGREEMENT HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR THE SECURITIES LAWS OF ANY STATE. WITHOUT SUCH REGISTRATION, THESE SECURITIES MAY NOT BE SOLD OR OTHERWISE TRANSFERRED, EXCEPT UPON DELIVERY TO THE COMPANY OF AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT REGISTRATION IS NOT REQUIRED FOR TRANSFER, AND THAT THE TRANSFER IS NOT IN VIOLATION OF THE SECURITIES ACT OF 1933 OR ANY APPLICABLE STATE SECURITIES LAWS. THE SALE, PLEDGE OR OTHER TRANSFER OF SUCH UNITS IS ALSO SUBJECT TO THE RESTRICTIONS SET FORTH IN THIS OPERATING AGREEMENT.

AMENDED AND RESTATED
OPERATING AGREEMENT

FOR

IRG, LLC

March 1st, 2023

THIS OPERATING AGREEMENT (the "**Operating Agreement**") of IRG, LLC, a Delaware limited liability company (the "**Company**"), is adopted and effective as of the date first stated above ("the **Effective Date**") by and among the Company and the Members (as defined in **Schedule B**).

RECITALS

WHEREAS, the Company was formed on October 17, 2017 pursuant to The Act;

WHEREAS, prior to the date hereof, the Company was operated and managed pursuant to that certain Operating Agreement of the Company dated October 17, 2017 (the "**Prior Operating Agreement**");

WHEREAS, the Members desire to enter into this Operating Agreement to amend and restate the Prior Operating Agreement and to set forth the rights and obligations of the Members and the terms on which the Company shall operate and be managed from and after the Effective Date.

NOW THEREFORE, the Members and the Company hereby adopt this Operating Agreement as follows from and after the Effective Date.

ARTICLE I
DEFINED TERMS

Unless otherwise indicated in this Operating Agreement, capitalized words and phrases used herein shall have the meanings set forth in **Schedule B**.

ARTICLE II
ORGANIZATION

Section 2.1 Formation. The Company is formed as a limited liability company pursuant to the provisions of the Delaware Limited Liability Company Act (as hereinafter defined). The rights and obligations of the Members, and the affairs of the Company, shall be governed first by the mandatory provisions of the Act, second by the Company's Certificate of Formation of Limited Liability Company, third by this Agreement and fourth by the optional provisions of the Act. In the event of any conflict among the foregoing, the conflict shall be resolved in the order of priority set forth in the preceding sentence.

Section 2.2 Name. The name of the Company is "IRG, LLC". For historical purposes, "IRG" is an acronym for "Independent Retailers Group".

Section 2.3 Background. The Company is a purchasing cooperative of independent uniform retailers formed to develop unique, branded products for distribution exclusively by Members of the Company. The objective of the Company is to provide high quality, competitively priced scrubs and accessories with a limited distribution only to Company members so as to obtain a price and distribution structure that maintains margins while allowing each Member to compete effectively in the Member's geographic market.

Section 2.4 Assumed Names. The Board may cause the Company to do business under one or more assumed names. In connection with the use of any such assumed names, the Board shall cause the Company to comply with such laws as apply to the use of such assumed name in the jurisdictions where such name is used.

Section 2.5 Term. The Company shall have a perpetual existence, unless sooner terminated in accordance with this Operating Agreement.

Section 2.6 Purpose. The purpose of the Company is to develop and provide high quality, competitively priced scrubs and accessories with distribution limited to Members only so as to obtain a price and distribution structure that maintains margins while allowing each Member to compete effectively in the Member's geographic market and to undertake any activity or business related thereto**.**

Section 2.7 Registered Office; **Registered Agent; Principal; Other Offices**. The registered agent and the principal office of the Company shall be at such place as the Board may designate from time to time. The Company may have such other offices as the Board may designate from time to time.

Section 2.8 Qualification in Other Jurisdictions. The Company may qualify to conduct business in, and conduct business in, such jurisdictions other than the State of Delaware as the Board may select from time to time.

Section 2.9 No Partnership. Members intend that the Company shall not be a partnership or joint venture, and that no Member be a partner or joint venturer of any other Member, for any purposes other than applicable tax laws, and this Operating Agreement may not be construed to suggest otherwise.

Section 2.10 Company Property. The Company Property shall be deemed to be owned by the Company as an entity, and no Member, individually or collectively, shall have any ownership interest in any such Company Property. Title to any or all the Company Property may be held in the name of the Company or one or more nominees, as the Board may determine.

ARTICLE III
EQUITY

Section 3.1 General.

(a) *Three Classes*. Interests in the Company shall be divided into three classes ("**Classes**"), "**Class A**", "**Class B**" and **"Class C",** in each case with such rights and privileges as are set forth in this Operating Agreement. Class A Members are founding equity Members of the Company (herein referred to as "***Founding Members***"); Class B Members are non-founding equity Members of the Company (herein referred to as "***Equity Members***"); and Class C Members are associate Members of the Company (herein referred to as "***Associate Members***") with no ownership or equity interest in the Company; each Class with such rights and obligations as are set forth in this Operating Agreement. The interests in the Company represented by each Class shall be further divided into Units, and the rights and interest of each Unit of a Class shall equal the rights and privileges of such Class divided by the number of Units of such Class then outstanding. Each Member shall also name a single Member Representative, to be recorded by the Company.

(b) *Qualifications*.

(i) *Founding Members*. A Person is eligible to be a Founding Member only if such Person was a Founding Member on the date of this Operating Agreement, or if all Founding Members existing at any such time vote in favor of admitting such Person as a Founding Member.

(ii) *Equity Members*. A Person is eligible to be an Equity Member if such Person satisfies the following criteria:

(A) Has been an active Associate Member for at least one full calendar year (unless otherwise determined by all the Founding Members) and remains in compliance with Sections 3.1(b)(iii)(A), 3.1(b)(iii)(C), 3.1(b)(iii)(E), 3.1(b)(iii)(F), and 3.1(b)(iii)(H);

(B) Meets purchasing requirements for Equity Members as set forth in **Schedule D** and offers for sale at its business location(s) a minimum of 50% of active IRG Branded Product collections.

(C) Is approved as an Equity Member by a unanimous vote of the Founding Members; and

(D) makes a $1,000 Capital Contribution to the Company in the year in which the Member becomes an Equity Member, and annually thereafter makes a $500 payment to the Company to maintain their status as an Equity Member.

(iii) *Associate Members*. A Person is eligible to be an Associate Member if such Person satisfies the following criteria:

(A) such Person is an independent medical uniform retailer with at least one brick and mortar location;

(B) such Person completes, in full, an IRG MEMBER application, in such form as determined by the Board, and other

requirements of the Board in order for such Person to be considered as an Associate Member;

(C) is in compliance with the obligations of the Members set forth in **Schedule C** hereto and other Company policies;

(D) is approved as an Associate Member by unanimous vote of the Board;

(E) is independently approved as a qualified vendor by each approved Company manufacturer or distributor of IRG Branded Products and remains in good standing with each such manufacturer or distributor;

(F) pays $500 annually to maintain their status as an Associate Member;

(G) commits to an opening order of 500 pieces of IRG Branded Products when approved as an Associate Member; and

(H) offers for sale at its business location(s) a minimum of 50% of active IRG Branded Product collections.

(c) *Removal of Members.*

(i) *Founding Members.* A Founding Member may not be removed, provided that any Founding Member who does not meet the minimum purchase requirements set forth in **Schedule D** for two consecutive calendar years (the first year being probational) will be automatically (with no action required by the Company, the Board or the Members) transferred, and reclassified as, an Equity Member. In such case, the Founding Member's Class A units will automatically be converted to Class B Units, pursuant to section 3.1(g)(i), and the transferred Member will thereafter have the rights, privileges and obligations of an Equity Member. The remaining Class A units will be equally distributed among existing Founding Members.

(ii) *Equity Members.* An Equity Member may be removed (A) if for two consecutive calendar years (the first year being probational), such Equity Member fails to meet the criteria set forth in Sections 3.1(b)(ii)(A), 3.1(b)(ii)(B) and 3.1(b)(ii)(D) on an annual basis, or (B) at any time by the vote of a Majority-in-Interest of the Founding Members to remove such Equity Member For Cause, as determined by the Founding Members. If an Equity Member is removed under Section 3.1(c)(ii), then the Company shall repurchase such Equity Member's Units for an amount equal to such Equity Member's Capital Contributions to the Company. If an Equity Member is removed under Section 3.1(c)(ii)(A), such Equity Member shall have the option to apply as an Associate Member if it meets the qualifications to be an Associate Member; and if an Equity Member is removed under Section 3.1(c)(ii)(B), then such Equity Member shall not be allowed to be a

Member of the Company in the future, unless and until approved by all Founding Members.

(iii) *Associate Members.* An Associate Member may be removed (A) if for two consecutive calendar years (the first year being probational), such Associate Member fails to meet the criteria set forth in Sections 3.2(b)(iii)(A), 3.2(b)(iii)(C), 3.2(b)(iii)(E), 3.2(b)(iii)(F), 3.2(b)(iii)(G) and 3.2(b)(iii)(H) on an annual basis, or (B) at any time by the vote of a Majority-in-Interest of the Founding Members to remove such Associate Member For Cause. If an Equity Member is removed under Section 3.1(c)(iii), then such Equity Member's Units shall be cancelled with no consideration paid therefor. If an Associate Member is removed under Section 3.3(c)(iii)(A), then such Associate Member shall have the option to reapply as an Associate Member in the future if it meets the qualifications to be an Associate Member; and if an Associate Member is removed under Section 3.1(c)(iii)(B), then such Associate Member shall not be allowed to be a Member of the Company in the future, unless approved by all Founding Members.

(d) *Unit Ledger.* The names, addresses and Units held by each Member shall be maintained by the Company in a ledger (the "**Unit Ledger**"). An illustration of the Unit Ledger as of the Effective Date is set forth in **Schedule A**. Upon the admission of any Member or the Transfer of Units permitted by Article VII of this Operating Agreement, the Company shall promptly make appropriate amendments to the Unit Ledger to reflect such actions.

(e) *Number of Units Authorized*. The Company is authorized to issue up to Ten Thousand Units. Subject to Section 3.2, Units may be issued whenever such issuance is approved by the Board and for such consideration (whether in cash or assets) as may be approved by the Board.

(f) *Units Not Certificated.* Units shall not be represented by certificates. The number of Units owned by a Member at any given time shall be as properly reflected on the books and records of the Company at such time. On the Effective Date, the issued and outstanding Units in the Company owned by the Members will be recorded as illustrated in **Schedule A**.

(g) *Percentage Ownership*.

(i) *Founding Members*. The Founding Members shall collectively own that percentage of the Company which is equal to the following: the greater of (A) the percentage that is determined by dividing the aggregate of all outstanding Class A Units by the sum of all outstanding Class A Units and Class B Units, or (b) 60%; it being understood that the Class A Units shall always be deemed to own no less than 60% of the outstanding Units of the Company.

(ii) *Equity Members*. The Equity Members shall collectively own that percentage of the Company which is equal to the following: the lesser of (A) the percentage that is determined by dividing the aggregate of all outstanding Class B Units by the sum of all outstanding Class A Units and Class B Units, and (B) 40%;

it being understood that the Class B Units shall always be deemed to own no more than 40% of the outstanding Units of the Company.

(iii) *Associate Members*. The Associate Members shall at all times own 0.00% of the Outstanding Units of the Company.

(h) *Distributions*. Class A Units and Class B Units shall be entitled to distributions as provided in Section 4.5(b). Class C Units shall not be entitled to distributions of any kind from the Company.

(i) *Voting*.

(i) *Class A Units*. In addition to the voting rights provided in Section 8.1(c), each Class A Unit shall have one vote on all matters submitted to the Members generally, and the Founding Members shall be entitled to notice of any meeting of Members held in accordance with this Operating Agreement.

(ii) *Class B Units*. Except for those matters for which the Founding Members have sole voting rights under this Operating Agreement, each Class B Unit shall have one vote on all matters submitted to the Members generally, and the Equity Members shall be entitled to notice of any meeting of Members held in accordance with this Operating Agreement.

(iii) *Class C Units*. Class C Units shall have no voting rights under this Operating Agreement, or with respect to the Company.

(j) *Additional Rights of Members*. The Members shall have those additional rights and obligations as Members of the Company as set forth in **Schedule C**.

Section 3.2 Issuance of Additional Units. Each Founding Member shall have the right, but not the obligation, to purchase its *pro rata* share of additional Class A Units offered by the Company. A Founding Member's *pro rata* share, for purposes of this Section 3.2, is equal to the ratio, as of the date of the relevant Participation Notice (as defined below), of (x) the total number of Class A Units owned by such Founding Member to (y) the total number of Class A Units issued and outstanding.

(a) *Participation Notice*. Where the Company proposes to issue additional Class A Units, the Company shall give each Founding Member a written notice (a "**Participation Notice**") of its intention, describing the additional Class A Units, and their price and the general terms upon which the Company proposes to issue the same. Each Founding Member shall have 15 days after a Participation Notice is mailed or delivered to agree to purchase such Member's *pro rata* share of such additional Class A Units for the price and upon the terms specified in the Participation Notice by giving written notice to the Company (a "**Participation Election**"). If any Founding Member does not exercise its rights to participate in an offering in accordance with this Section 3.2(a), the other existing Founding Members shall have the right to purchase such declining Member's share of the Class A Units to be issued in accordance with such other Founding Members' purchase of their pro rata Class A Units.

(b) *Dilution*. Each Founding Member understands and acknowledges that its failure or election not to purchase its *pro rata* share of additional Units under this Section 3.2 may result in a dilution of its equity in the Company.

(c) *No Preemptive Rights for Equity Members or Associate Members*. Equity Members and Associate Members have no right to preemptive rights to purchase any additional issuance of Units by the Company.

Section 3.3 Capital Contributions. With respect to all Class A Units and Class B Units issued, whether on or after the Effective Date, the Capital Contributions of such Members shall be the amount paid or the Agreed Value of property contributed by them, respectively, to acquire such Units issued to them. No Member shall be required to make any additional Capital Contributions without (a) the unanimous consent of all Founding Members and (b) any Equity Member from whom additional contributions are sought (if applicable). Associate Members will make no Capital Contributions to the Company; and annual fees due by Associate Members to the Company shall not be construed to be Capital Contributions to the Company. No Founding Member or Equity Member shall have the right to withdraw, or receive any return of, its Capital Contribution. No unrepaid Capital Contribution shall be considered to be a liability of the Company or of any Member. No Member shall be required to contribute or lend any cash or property to the Company to enable the Company to return any Member's Capital Contribution. No interest shall be paid by the Company on Capital Contributions or on balances in Members' Capital Accounts.

Section 3.4 Capital Accounts. A separate Capital Account shall be established and maintained for each Founding Member and Equity Member in accordance with the rules of Regulation section 1.704-1(b)(2)(iv), Section 4.2 and this Section 3.4.

(a) *Increases and Decreases*. Each Founding Members and Equity Member's Capital Account shall be (i) increased by (A) the amount of cash or cash equivalent Capital Contributions made by such Member, (B) the Net Agreed Value of non-cash assets contributed as Capital Contributions by such Member, and (C) allocations to such Member of Company income and gain (or items thereof), including, without limitation, income and gain exempt from tax and income and gain described in Regulation section 1.704-1(b)(2)(iv)(g), but excluding income and gain described in Regulation section 1.704-1(b)(4)(i); and (ii) shall be decreased by (A) the amount of cash or cash equivalents distributed to such Member by the Company, (B) the Net Agreed Value of any non-cash assets or other property distributed to such Member by the Company, and (C) allocations to such Member of Company losses and deductions (or items thereof), including losses and deductions described in Regulation section 1.704-1(b)(2)(iv)(g) (but excluding losses or deductions described in Regulation section 1.704-1(b)(4)(i) or (iii)).

(b) *Computation of Amounts*. For purposes of computing the amount of any item of income, gain, loss or deduction to be reflected in the Founding Members' or Equity 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 that:

(i) all fees and other expenses incurred by the Company to promote the sale of (or to sell) any interest that can neither be deducted nor amortized under section 709 of the Code, if any, shall, for purposes of Capital Account maintenance, be treated as an item of deduction at the time such fees and other expenses are required and shall be allocated among the Founding Members and Equity Members pursuant to Sections 4.2 and 4.3;

(ii) except as otherwise provided in Regulation section 1.704-1(b)(2)(iv)(m), the computation of all items of income, gain, loss and deduction shall be made without regard to any election under section 754 of the Code which may be made by the Company and, as to those items described in section 705(a)(1)(B) or 705(a)(2)(B) of the Code, without regard to the fact that such items are not includable in gross income or are neither currently deductible nor capitalized for federal income tax purposes;

(iii) any income, gain or loss attributable to the taxable disposition of any Company Property shall be determined as if the adjusted basis of such asset as of such date of disposition were equal in amount to the Company's Carrying Value with respect to such asset as of such date; and

(iv) in accordance with the requirements of section 704(b) of the Code, any deductions for depreciation, cost recovery or amortization attributable to any Contributed Property 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 on the date it was acquired by the Company. Upon an adjustment pursuant to Section 3.4(d) or 3.4(e) to the Carrying Value of any Company Property subject to depreciation, cost recovery or amortization, any further deductions for such depreciation, cost recovery or amortization attributable to such property shall be determined (A) as if the adjusted basis of such property were equal to the Carrying Value of such property immediately following such adjustment and (B) using a rate of depreciation, cost recovery or amortization derived from the same method and useful life (or, if applicable, the remaining useful life) as is applied for federal income tax purposes; provided, however, that if the asset has a zero adjusted basis for federal income tax purposes, depreciation, cost recovery or amortization deductions shall be determined using any reasonable method that the Company may adopt.

(c) *Transferees*. A transferee of all or a part of a Founding Member's or Equity Member's Interest shall succeed to all or the transferred part of the Capital Account of the transferring Member.

(d) *Contributed Unrealized Gains and Losses*. Consistent with the provisions of Regulation section 1.704-1(b)(2)(iv)(f), on an issuance of additional Interests for cash or Contributed Property, the Capital Accounts of all Members and the Carrying Value of each Company Property immediately prior to such issuance shall be adjusted upward or downward to reflect any Unrealized Gain or Unrealized Loss attributable to such Company Property, as if such Unrealized Gain or Unrealized Loss had been recognized on an actual sale of each such property immediately prior to such issuance and had been allocated to the Founding Members and Equity Members at such time pursuant to Section 4.2.

(e) *Distributed Unrealized Gains and Losses*. In accordance with Regulation section 1.704-1(b)(2)(iv)(f), immediately prior to any distribution to a Founding Member or Equity Member of any Company Property (other than a distribution of cash or cash equivalents that are not in redemption or retirement of a Member's Interest), the Capital Accounts of all Founding Members or Equity Members and the Carrying Value of each Company Property shall be adjusted upward or downward to reflect any Unrealized Gain or Unrealized Loss attributable to such Company Property, as if such Unrealized Gain or Unrealized Loss had been recognized in a sale of such property immediately prior to such distribution for an amount equal to its fair market value (which shall be determined by the Company using any valuation method it deems reasonable under the circumstances), and had been allocated to the Founding Members and Equity Members at such time, pursuant to Section 4.2.

(f) *Code Compliance*. Notwithstanding any provision in this Operating Agreement to the contrary, each Founding Member's and Equity Member's Capital Account shall be maintained and adjusted in accordance with the Code and the Regulations thereunder, including, without limitation, (i) the adjustments permitted or required by Code Section 704(b) and, to the extent applicable, the principles expressed in Code Section 704(c) and (ii) the adjustments required to maintain capital accounts in accordance with the "substantial economic effect test" set forth in the Regulations under Code Section 704(b).

Section 3.5 Loans From Members. Loans by a Founding Member or Equity Member to the Company shall not be considered Capital Contributions. If any Founding Member or Equity Member shall advance funds to the Company, the making of such advances shall not result in any increase in the amount of the Capital Account of such Member. The amounts of any such advances shall be a debt of the Company to such Member and shall be payable or collectible only out of the Company Properties in accordance with the terms and conditions upon which such advances are made. The repayment of loans from a Member to the Company upon liquidation shall be subject to the order of priority set forth in this Operating Agreement.

Section 3.6 Other Business. Except to the extent that any Person has otherwise agreed with the Company or any other Person, (a) this Operating Agreement shall not preclude or limit the right of any Member or any member the Board, or any of their Affiliates, to engage in or possess an interest in other business ventures (unconnected with the Company) of any kind or description, including serving as managers or directors of other limited liability companies and participating in businesses competitive with that of the Company, (b) any activity permitted under this Section 3.6 may be engaged in independently or with others without any obligation to offer any participation in the same to any other Member, and (c) neither the Company, any Member, nor their Affiliates shall have any rights in or to such independent ventures or the income or profits therefrom.

Section 3.7 Authority; Liability to Third Parties. No Member (other than as a member of the Board or an officer) has the authority or power to act for or on behalf of the Company, to do any act that would be binding on the Company, or to incur any expenditures on behalf of the Company. No Member (including any Member who is a member of the Board or officer) shall be liable for the debts, obligations or liabilities of the Company, including under a judgment decree or order of a court.

Section 3.8 Guarantees of Indebtedness. Except as may be expressly agreed by and among the Members and Company, no Member shall be obligated to guarantee or otherwise be directly liable for any debt obligations or liabilities incurred by the Company. If a Member should guarantee or otherwise be directly liable for any debt obligations or liabilities incurred by the Company, such Member shall be entitled to reasonable compensation from the Company for providing such guarantee or other comfort, which compensation shall be set by the Board.

ARTICLE IV
REVENUE, ALLOCATIONS AND DISTRIBUTIONS

Section 4.1 Anticipated Revenue. The Company revenue necessary to support Company business functions is to be generated from Vendor Set Asides and annual fees from Members.

Section 4.2 Allocations for Capital Account Purposes. For purposes of maintaining the Capital Accounts and in determining the rights of the Founding Members and Equity Members among themselves, the Company's items of income, gain, loss and deduction (computed in accordance with Section 3.4(b)) shall be allocated among the Founding Members and Equity Members in each taxable year or portion thereof (an "allocation period") as provided herein below.

(a) *Net Income and Net Loss*. Except as otherwise provided in this Operating Agreement, Net Income and Net Loss (and, to the extent necessary, individual items of income, gain, loss, deduction or credit) of the Company shall be allocated among the Founding Members and Equity Members in a manner such that, after giving effect to the special allocations set forth in Section 4.2(b), the Capital Account of each Member, immediately after making such allocation, is, as nearly as possible, equal (proportionately) to (i) the actual distributions of Available Cash made in accordance with Section 4.2 and 4.5(b) (ii) and to the extent no actual distributions of Available Cash are made under Section 4.4 or Section 4.5(b), the distributions that would be made to such Member pursuant to Section 4.5(b) if the Company were dissolved, its affairs wound up and its assets sold for cash equal to their Carrying Value, all Company liabilities were satisfied (limited with respect to each Nonrecourse Liability to the Carrying Value of the assets securing such liability), and the net assets of the Company were distributed in accordance with Section 4.5(b) to the Founding Members and Equity Members immediately after making such allocation, minus (iii) such Member's share of Company Minimum Gain and Minimum Gain Attributable to Member Nonrecourse Debt, computed immediately prior to the hypothetical sale of assets provided, however, that Net Losses shall not be allocated pursuant to this Section 4.2(a) to the extent that such allocation would cause a Member to have a deficit balance in its Adjusted Capital Account at the end of such taxable year (or increase any existing deficit balance in its Adjusted Capital Account).

(b) *Special Allocations*. The following special allocations shall be made in the following order prior to any allocations pursuant to Section 4.2(a):

(i) Nonrecourse Liabilities. For purposes of Regulation section 1.752-3(a)(3), the Founding Members and Equity Members agree that Nonrecourse Liabilities of the Company in excess of the sum of (A) the amount of Company Minimum Gain and (B) the total amount of Nonrecourse Built-in Gain shall be allocated among the Founding

Members and Equity Members ratably in proportion with their respective shares of Nonrecourse Deductions.

(ii) Company Minimum Gain Chargeback. Notwithstanding the other provisions of this Section 4.2, except as provided in Regulation section 1.704-2(f)(2) through (5), if there is a net decrease in Company Minimum Gain during any Company taxable year, each Founding Member and Equity Member shall be allocated items of Company income and gain for such period (and, if necessary, subsequent periods) in the manner and amounts provided in Regulation sections 1.704-2(f)(6) and (g)(2) and section 1.704-2(j)(2)(i), or any successor provisions. For purposes of this Section 4.2(b)(ii), each Member's Adjusted Capital Account balance shall be determined, and the allocation of income or gain required hereunder shall be effected, prior to the application of any other allocations pursuant to this Section 4.2 with respect to such taxable year (other than an allocation pursuant to Section 4.2(b)(vi) or (b)(vii)).

(iii) Chargeback of Minimum Gain Attributable to Member Nonrecourse Debt. Notwithstanding the other provisions of this Section 4.2, except as provided in Regulation section 1.704-2(i)(4)), if there is a net decrease in Minimum Gain Attributable to Member Nonrecourse Debt during any Company taxable period, any Member with a share of Minimum Gain Attributable to Member Nonrecourse Debt at the beginning of such taxable period shall be allocated items of Company income and gain for such period (and, if necessary, subsequent periods) in the manner and amounts provided in Regulation sections 1.704-2(i)(4) and 1.704-2(j)(2)(ii), or any successor provisions. For purposes of this Section 4.2, each Founding Member's and Equity Member's Adjusted Capital Account balance shall be determined and the allocation of income or gain required hereunder shall be effected, prior to the application of any other allocations pursuant to this Section 4.2, other than Sections 4.2(b)(ii), (b)(vi) and (b)(vii), with respect to such taxable period.

(iv) Qualified Income Offset. In the event any Founding Member or Equity Member unexpectedly receives adjustments, allocations or distributions described in Regulation section 1.704-1(b)(2)(ii)(d)(4) through (6) (or any successor provisions), items of Company income and gain shall be specifically allocated to such Member in an amount and manner sufficient to eliminate, to the extent required by the Regulations promulgated under section 704(b) of the Code, the deficit balance, if any, in its Adjusted Capital Account created by such adjustments, allocations or distributions as quickly as possible; provided, that an allocation pursuant to this Section 4.2(b)(iv) shall be made only if and to the extent that such Member would have a deficit balance in its Adjusted Capital Account after all other allocations provided for in this Section 4.2 have been tentatively made as if this Section 4.2(b)(iv) were not in the Operating Agreement.

(v) Gross Income Allocations. In the event any Founding Member or Equity Member has a deficit balance in its Adjusted Capital Account at the end of any Company taxable period which is in excess of the sum of (A) the amount such Member is obligated to restore pursuant to any provisions of this Operating Agreement and (B) the amount such Member is deemed obligated to restore pursuant to the penultimate sentences of Regulations sections 1.704-2(g)(1) and 1.704-2(i)(5), such Member shall be specifically allocated items of Company gross income and gain in the amount of such excess as quickly

as possible; provided that an allocation pursuant to this Section 4.2(b)(v) shall be made only if and to the extent that such Member would have a deficit balance in its Adjusted Capital Account after all other allocations provided in this Section 4.2 have been tentatively made as if Section 4.2(b)(iv) and this Section 4.2(b)(v) were not in the Operating Agreement.

(vi) Nonrecourse Deductions. Nonrecourse Deductions for any taxable year shall be allocated to the Founding Members and Equity Members ratably in proportion with their respective ownership of Units. If the Company determines in its good faith discretion that the Company's Nonrecourse Deductions must be allocated in a different ratio to satisfy the safe harbor requirements of the Regulations promulgated under section 704(b) of the Code, the Company is authorized, upon notice to the Founding Members and Equity Members, to revise the prescribed ratio to the numerically closest ratio which does satisfy such requirements.

(vii) Member Nonrecourse Deductions. Member Nonrecourse Deductions for any taxable year shall be allocated 100% to the Member that bears the Economic Risk of Loss for such Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Regulation section 1.704-2(i) (or any successor provision). If more than one Member bears the Economic Risk of Loss with respect to a Member Nonrecourse Debt, such Member Nonrecourse Deductions attributable thereto shall be allocated between or among such Members ratably in proportion to their respective shares of such Economic Risk of Loss.

(viii) Code Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Company Property pursuant to section 734(b) or 743(b) of the Code is required, pursuant to Regulation section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such item of gain or loss shall be specially allocated to the Founding Members and Equity Members in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such section of the Regulations.

(ix) Curative Allocations. The allocations set forth in Sections 4.2(b)(i) through (viii) hereof (the "**Regulatory Allocations**") are intended to comply with certain requirements of Regulation section 1.704-1(b). It is the intent of the Founding Members and Equity Members that, to the extent possible, all Regulatory Allocations shall be offset either with other Regulatory Allocations or with special allocations of other items of Company income, gain, loss or deduction pursuant to this Section. Accordingly, the Board is hereby authorized and directed to make such offsetting allocations of Company income, gain, loss or deduction in any manner that the Board deems appropriate so that, after such offsetting allocations are made, each Founding Member's and Equity Member's Capital Account balance will be, to the extent possible, equal to the Capital Account balance such Member would have had if the Regulatory Allocations were not a part of this Operating Agreement and all Company items had been allocated to the Members solely pursuant to Section 4.2(a) hereof.

Section 4.3 Allocations for Tax Purposes. The Founding Members and Equity Members agree as follows:

(a) *Allocations of Gain, Loss, etc*. Except as otherwise provided herein, for federal income tax purposes, each item of income, gain, loss and deduction which is recognized by the Company for federal income tax purposes shall be allocated among the Founding Members and Equity Members in the same manner as its correlative item of "book" income, gain, loss or deduction is allocated pursuant to Section 4.2 hereof.

(b) *Book-Tax Disparities*. In an attempt to eliminate Book-Tax Disparities attributable to a Contributed Property or Adjusted Property, items of income, gain, loss, depreciation, amortization and cost recovery deductions shall be allocated for federal income tax purposes among the Founding Members and Equity Members as follows:

(i) In the case of a Contributed Property, (A) such items of income, gain, loss, depreciation, amortization and cost recovery deductions attributable thereto shall be allocated among the Founding Members and Equity Members in the manner provided under section 704(c) of the Code and section 1.704-3(d) of the Regulations (i.e. the "remedial method") that takes into account the variation between the Agreed Value of such property and its adjusted basis at the time of contribution; and (B) any item of Residual Gain or Residual Loss attributable thereto shall be allocated among the Founding Members and Equity Members in the same manner as its correlative item of "book" gain or loss is allocated pursuant to Section 4.2.

(ii) In the case of an Adjusted Property, (A) such items shall be allocated among the Founding Members and Equity Members in a manner consistent with the principles of section 704(c) of the Code and Regulation section 1.704-3(d) (i.e. the "remedial method") to take into account the Unrealized Gain or Unrealized Loss attributable to such property and the allocations thereof pursuant to Section 3.4(d) or (e), unless such property was originally a Contributed Property, in which case such items shall be allocated among the Founding Members and Equity Members in a manner consistent with Section 4.3(b)(i); and (B) any item of Residual Gain or Residual Loss attributable to an Adjusted Property shall be allocated among the Members in the same manner as its correlative item of "book" gain or loss is allocated pursuant to Section 4.2.

(c) *Convention/Allocations*. For the proper administration of the Company, the Company shall (i) adopt such conventions as it deems appropriate in determining the amount of depreciation, amortization and cost recovery deductions; and (ii) amend the provisions of this Operating Agreement as appropriate to reflect the proposal or promulgation of Regulations under section 704(b) or section 704(c) of the Code. The Company may adopt such conventions, make such allocations and make such amendments to this Operating Agreement as provided in this Section 4.3(c) only if such conventions, allocations or amendments are consistent with the principles of section 704 of the Code.

(d) *Section 743(b)*. The Company may determine to depreciate the portion of an adjustment under section 743(b) of the Code attributable to unrealized appreciation in any Adjusted Property (to the extent of the unamortized Book-Tax Disparity) using a predetermined rate derived

from the depreciation method and useful life applied to the Company's common basis of such property, despite the inconsistency of such method with Regulation section 1.167(c)-1(a)(6), or any successor provisions. If the Company determines that such reporting position cannot reasonably be taken, the Company may adopt any reasonable depreciation convention that would not have a material adverse effect on the Founding Members and Equity Members.

(e) *Recapture Income*. Any gain allocated to the Founding Members and Equity Members upon the sale or other taxable disposition of any Company Property shall, to the extent possible, after taking into account other required allocations of gain pursuant to this Section 4.3 be characterized as "Recapture Income" in the same proportions and the same extent as such Members (or their predecessors in interest) have been allocated any deductions directly or indirectly giving rise to the treatment of such gains as Recapture Income.

(f) *Section 754*. All items of income, gain, loss, deduction and credit recognized by the Company for federal income tax purposes and allocated to the Founding Members and Equity Members in accordance with the provisions hereof shall be determined without regard to any election under section 754 of the Code which may be made by the Company; provided, however, that such allocations, once made, shall be adjusted as necessary or appropriate to take into account those adjustments permitted or required by sections 734 and 743 of the Code.

Section 4.4 Tax Distributions. To the extent of Available Cash, the Board shall cause the Company to distribute to the Founding Members and Equity Members for each Distribution Period an amount of cash (a "**Tax Distribution**") which in the good faith judgment of the Board equals (a) the amount of net taxable income (adjusted to take account of any net taxable losses of the Company allocable to the Founding Members and Equity Members in prior periods) of the Company allocable to the Founding Members and Equity Members in respect of such Distribution Period, multiplied by (b) an assumed tax rate of 40%, which rate shall be subject to adjustment annually by the Board, with such Tax Distribution to be made to the Founding Members and Equity Members in the same proportions that taxable income was allocated to the Founding Members and Equity Members during such Distribution Period. If the Tax Distributions to be paid to the Founding Members and Equity Members pursuant to the foregoing provisions are not in proportion to the Founding Members' and Equity Members' proportionate share of the Units (determined by Class), then the Board shall cause the Company to distribute additional cash to any one or more of the Founding Members and Equity Members in such amounts that will cause each of the Founding Members and Equity Members to have received distributions equal to such Member's proportionate share (determined by Class) of the total distributions made pursuant to this Section 4.4. The Founding Members and Equity Members acknowledge that the aggregate amount of Tax Distributions made to the Members may exceed an amount equal to the net taxable income of the Company multiplied by the assumed 40% tax rate (or such other adjusted rate as determined by the Board).

Section 4.5 Distributions and Expenditure of Revenue.

(a) *Expenditure of Revenue*. Expenditure of revenue acquired from Vendor Set Asides will be spent in the following priority sequence unless otherwise determined by the Board.

(i) Tax filings and other Company governance requirements;

(ii) Company expenses facilitating common business functions such as Board of Directors meetings and new product sample expenses;

(iii) Reimbursements to Members completing assigned tasks required to further the purpose of the Company; and

(iv) General expenses of Members to attend meetings of the Board of Directors, product review meetings and other Company business meetings and functions.

(b) *Distributions.* Available Cash, if any, after taking into consideration any Tax Distributions, may be distributed, at the discretion of the Board, to the Founding Members and Equity Members, ratably to all Founding Members and Equity Members based on holdings of Class A Units and Class B Units. No distributions whatsoever shall be made by the Company to Class C Units.

(c) *Generally.* Notwithstanding any provision to the contrary contained in this Operating Agreement, the Company shall not make a distribution to any Founding Member or Equity Member if such distribution would violate The Act or any other applicable law. Each distribution in respect of a Class A Unit or Class B Unit shall be paid by the Company, directly or through a transfer agent or any other Person or agent, only to the Founding Members and Equity Members as of the record date. Such payment shall constitute full payment and satisfaction of the Company's liability in respect of such payment, regardless of any claim of any Person who may have an interest in such payment by reason of an assignment or otherwise.

ARTICLE V
FISCAL AND TAX MATTERS; BOOKS AND RECORDS

Section 5.1 Bank Accounts; Investments. All Company funds shall be deposited in its name in an account or accounts maintained in a national or state bank or banks or brokerage account or accounts designated from time to time by the Board, or at the determination of the Board or shall be invested at the direction of the Board in furtherance of the purpose of the Company. The funds of the Company shall not be commingled with the funds of any other Person. Funds deposited in the Company's accounts may be withdrawn only for the purposes of the Company and checks drawn on the Company accounts shall be signed by such signatory or signatories as may be designated from time to time by the Board.

Section 5.2 Records Retention; Right of Inspection.

(a) *Records Retention.* During the term of the Company and for a period of four years after its termination, the Board shall maintain business, financial, tax and legal records, including a current list of the names, addresses and Units held by each of the Members (including the dates on which each of the Members became a Member and the dates on which each Member ceased to be a Member), copies of federal, state and local information or income tax returns for each of the Company's six most recent tax years, copies of this Operating Agreement, including all amendments or restatements, and correct and complete books and records of account of the Company.

(b) *Inspection Rights*. On written request, stating the purpose for such request, a Member may examine and copy in person or by the Member's representative at any reasonable time and during regular business hours, for any proper purpose and at such Member's expense, records required to be maintained pursuant to this Section 5.2 and made available to Members. Upon written request by any Member, the Company shall provide to the Member without charge true copies of (i) this Operating Agreement and all amendments or restatements, and (ii) any of the tax returns of the Company described above. Under no circumstances shall a Member's request be permitted to interfere with the operation of the Company's regular business.

Section 5.3 Tax Returns and Information. The Members intend for the Company to be treated as a partnership for tax purposes. The Board shall prepare or cause to be prepared all federal, state and local income and other tax returns that the Company is required to file. Within the shorter of (a) such period as may be required by applicable law or regulation, or (b) March 15 of each calendar year, the Board shall send or deliver (or cause to be sent or delivered) to each Person who was a Member at any time during such year such tax information as shall be reasonably necessary for the preparation by such Person of his federal income tax return and state income and other tax returns. In addition, by March 15 of each calendar year, the Board shall send or deliver (or cause to be sent or delivered) to each Person who was a Member at any time during the previous year, an estimate of such tax information as shall be reasonably necessary for the preparation by such Person of his federal income tax return and state income and other tax returns.

Section 5.4 Partnership Representative.

(a) *Appointment; Removal; Successor.* The Members hereby appoint Kevin Raley as the "partnership representative" (the "**Partnership Representative**") as provided in Code Section 6223(a), as amended by the Bipartisan Budget Act of 2015 ("**BBA**"). The Members may remove any Partnership Representative at any time by the act of a Supermajority-In-Interest of all the Founding Members; and a successor Partnership Representative may be appointed by the act of a Supermajority-In-Interest of the Founding Members. In the event the Partnership Representative resigns as Partnership Representative, or is no longer a Member in the Company, the Members shall appoint a successor Partnership Representative by the act of a Supermajority-In-Interest of all the Members.

(b) *Tax Examinations and Audits.* The Partnership Representative is authorized and required to represent the Company (at the Company's expense) in connection with all examinations of the Company's affairs by federal, state, local and foreign taxing authorities, including resulting administrative and judicial proceedings, and to expend Company funds for professional services and costs associated therewith. Each Member agrees that such Member will not independently act with respect to tax audits or tax litigation of the Company, unless previously authorized to do so in writing by the Partnership Representative, which authorization may be withheld by the Partnership Representative in its sole and absolute discretion. The Partnership Representative shall have sole discretion to determine whether the Company (either on its own behalf or on behalf of the Members) will contest or continue to contest any tax deficiencies assessed or proposed to be assessed by any federal, state, local or foreign taxing authority.

(c) *BBA Elections.* To the extent permitted by applicable law and regulations, the Company will annually elect out of the partnership audit procedures enacted under Section 1101 of

the BBA (the "**BBA Procedures**") for tax years beginning on or after January 1, 2021 pursuant to Code Section 6221(b) (as amended by the BBA). For any year in which applicable law and regulations do not permit the Company to elect out of the BBA Procedures, then within 45 days of any notice of final partnership adjustment, the Company will elect the alternative procedure under Code Section 6226, as amended by Section 1101 of the BBA, and furnish to the Internal Revenue Service and each Member during the year or years to which the notice of final partnership adjustment relates a statement of the Member's share of any adjustment set forth in the notice of final partnership adjustment. Each Member agrees to be liable for its share of any adjustment set forth in any notice of final partnership adjustment, in addition to related interest, penalties, additions to tax and other amounts related thereto due to such adjustments.

(d) *Tax Returns and Deficiencies.* Each Member agrees that such Member shall 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. If the Company pays any imputed adjustment amount under Code Section 6225 (as amended by the BBA), the Board shall seek payment from the Members (including any former Member) to whom such liability relates, and each such Member hereby agrees to pay, such amount to the Company, and such amount shall not be treated as a Capital Contribution. Any amount not so paid under the preceding sentence by a Member at the time requested by the Board shall accrue interest at an interest rate of 8% until paid, and such Member shall also be liable to the Company for any damages resulting from a delay in making such payment beyond the date such payment is requested by the Board. Without reduction in a Member's obligation under the preceding sentences, any imputed adjustment amount paid by the Company that is attributable to a Member and that is not paid by such Member shall be treated as a distribution to such Member and shall be applied to reduce subsequent distributions to such Member.

(e) *Duties of Members to Partnership Representative*. The Members agree that, upon the Partnership Representative's request, they shall provide it with any information regarding their individual tax returns and liabilities that may be relevant under Code Section 6225(c) and any and all corresponding provisions of any state and local law and file amended tax returns as provided in Code Section 6225(c)(2) or the applicable state or local laws, with timely payment of any tax, additions to tax, interest and penalty due. Such obligations will continue until the Members shall be released in writing by the Company from such obligation, even if a Member withdraws from or disposes of their interest in the Company. If any Member withdraws or disposes of their Company interests, they shall keep the Company advised of their contact information until released in writing by the Company from such obligation.

(f) *Binding*. The Company and all the Members shall be bound by (i) any and all actions taken by the Partnership Representative; and (ii) any final decision in a proceeding brought under Subchapter C of Chapter 63 of the Code (IRC §6221 et seq.).

(g) *Survival*. The provisions in this Section 5.4 shall survive the termination of the company and the withdrawal by any Member.

Section 5.5 Protection of Company Property. The Company shall take all commercially reasonable steps (including all filings, registrations, invention assignments and all

necessary legal action, except lawsuits) to preserve, maintain and protect all of the Company Property consistent with prior practice.

Section 5.6 Fiscal Year. The Company's fiscal year shall end on December 31 of each calendar year.

Section 5.7 Tax Elections. The Board shall have the right to make any applicable elections under the Code which the Board determines are in the best interest of the Company, other than an election to treat the Company as other than a partnership for federal or state income tax purposes.

ARTICLE VI
MANAGEMENT OF THE COMPANY

Section 6.1 Board. Except as otherwise expressly provided in this Operating Agreement, the business and affairs of the Company shall be vested in and controlled by the Board of Directors of the Company (the "**Board**"). The Board shall be responsible for establishing the policies and operating procedures with respect to the business and affairs of the Company. All decisions made with respect to the management and control of the Company by the Board (except for decisions which require the approval of the Members) shall be binding on the Company and all Members. The Board, in its sole discretion and subject to the provisions of this Article VI, may delegate the functions and duties to the officers of the Company. The Company shall reimburse the Board for any reasonable out-of-pocket expenses incurred by the Board in the official conduct of the business of the Company. The Board shall consist of seven directors, of which, (a) a Majority-in-Interest of the Founding Members shall elect four directors and one alternate, and (b) a Majority-in-Interest of the Founding Members and Equity Members, collectively, shall elect three directors and one alternate.

Section 6.2 Board Action.

(a) *Regular Meetings*. Regular meetings of the Board shall be held at such times and places as shall be designated from time to time by resolution of the Board, provided, that unless otherwise decided by an affirmative vote of the Board, the Board shall meet no less frequently than quarterly; provided, however, such regular meetings of the Board shall be as often as necessary or desirable to carry out its management functions.

(b) *Special Meetings*. Special meetings of the Board may be called by any member of the Board. The Board may select any reasonable place as the place for holding such meeting. Notice of any meeting of the Board shall be given no fewer than three Business Days and no more than 20 Business Days prior to the date of the meeting. The attendance of a member of the Board at a meeting of the Board shall constitute a waiver of notice of such meeting, except where a member of the Board attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not properly called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting.

(c) *Quorum; Board Approval*. A majority of the members of the Board, including at least three Board members appointed by the Founding Members shall constitute a quorum of the

Board at any meeting of the Board, whether present in person or by proxy. Except as set forth in Section 6.2(d), any action before the Board for approval shall be approved by the Board if approved by a majority of the quorum of the Board at a properly called meeting.

(d) *Consent in Lieu of Meeting*. Any action required to be taken at a meeting of the Board or any other action which may be taken at a meeting of the Board may be taken without a meeting if notice of the proposed action is given to the Board and a consent in writing, setting forth the actions so taken, shall be executed all members of the Board. Any such consent signed by all members of the Board shall have the same effect as an action of the Board taken at a properly called and constituted meeting of the Board at which a quorum was present and acting.

(e) *Electronic Communication; Proxies*. The members of the Board may participate in and act at all meetings of the Board through the use of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other. A member of the Board may grant a proxy to any person, whom is a member of the Board, to act on such Board member's behalf as to any matter before the Board and for any period. Participation by proxy shall constitute attendance at a meeting.

Section 6.3 Powers of the Board. Except and to the extent as limited by this Operating Agreement, the Board shall have full, complete and exclusive power to manage and control the Company, and shall have the authority to take any action the Board deems to be necessary, convenient or advisable in connection with the management of the Company, including, but not limited to, the power and authority on behalf of the Company:

(a) to expend the Company's funds and to execute and deliver all checks, drafts, endorsements and other orders for the payment of such funds;

(b) to employ agents, employees, accountants, lawyers, clerical help, and such other assistance and services as may seem proper, and to pay therefor such remuneration, including, with respect to Company employees, the payment of incentive compensation in the form of bonuses or pursuant to previously approved incentive plans, and the administration of such incentive plans, as the Board may deem reasonable and appropriate;

(c) to purchase, lease, rent, or otherwise acquire or obtain the use of office equipment, materials, supplies, and all other kinds and types of real or personal property, and to incur expenses for travel, telephone, and for such other things, services and facilities, as may be deemed necessary, convenient or advisable for carrying on the business of the Company;

(d) to carry, at the expense of the Company, insurance of the kinds and in the amounts that the Board deems advisable or make other arrangements for payment of losses or liabilities to protect the Company or the Members, Board, officers, agents and employees of the Company against loss or liability;

(e) to sell, transfer, assign, dispose of, trade, exchange, quitclaim, surrender, release or abandon Company Property, or any interests therein, to any Person, including the Members or their Affiliates, and in connection therewith to receive such consideration as it deems fair and in the best interests of the Company;

(f) to do all acts, take part in any proceedings, and exercise all rights and privileges as could an absolute owner of Company Property, subject to the limitations expressly stated in this Operating Agreement;

(g) in the exercise of any of the foregoing powers, to negotiate, execute and perform, on any terms deemed desirable in the Board's sole discretion, such agreements, contracts, leases, instruments and other documents as the Board shall from time to time approve in accordance with, and subject to, the terms of this Operating Agreement;

(h) to issue options, warrants or other rights to buy Units pursuant to a previously approved plan, and to reserve Units for issuance on exercise of such rights;

(i) to take such other action and perform such other acts as the Board deems necessary, convenient or advisable in carrying out the business of the Company; and

(j) to exercise on behalf of the Company any power that a board of directors of a Delaware corporation could exercise with respect to such corporation.

Notwithstanding anything to the contrary herein, the Board shall not have the authority or power to take any actions set forth in Section 8.1(c), without first obtaining the required approval of the Founding Members under Section 8.1(c).

Section 6.4 Related Party Transaction. The Company is hereby authorized to enter into any agreement, or otherwise deal with any member of the Board, Member or an Affiliate of either of the foregoing (each such agreement or dealing, a "**Related Party Transaction**") if: (a) the Related Party Transaction is specifically authorized in this Agreement; (b) the Related Party Transaction is to be made on terms and conditions that are at least as favorable to the Company as are available from independent persons for the same or similar goods or services in the place or places where such goods are to be delivered or such services are to be performed and adequate disclosure of the terms and conditions of the Related Party Transaction is made to the Members; or (c) any such Related Party Transaction that does not satisfy either of the foregoing clauses (a) or (b) is approved by a Majority-in-Interest of the Founding Members.

Section 6.5 Officers. The Board may, but is not required to, designate one or more individuals as officers of the Company, who shall have such titles and exercise and perform such powers and duties as shall be delegated to them from time to time by the Board. Officers need not be Members. Any officer may be removed by the Board at any time, with or without cause except as may otherwise be provided in any separate agreement or contract of employment between the Company and such officer. Each officer shall hold office until his or her successor shall be duly designated and shall qualify or until the earlier of the officer's death, resignation or removal. Any number of offices may be held by the same Person. Except as may otherwise be agreed to in writing with the Company, the salaries or other compensation, if any, of the officers and agents of the Company shall be fixed by the Board. The Board may delegate any or all of its powers contained in Section 6.3 of this Operating Agreement to the officers who, in exercising such powers, are subject to the restrictions and limitations contained in this Operating Agreement on action by the Board and such other restrictions and limitations as the Board may from time to time

establish. The Company shall reimburse officers for any reasonable out-of-pocket expenses incurred by them in the official conduct of the business of the Company.

Section 6.6 Work Groups. Work Groups are a group of Members appointed by the Board and designated to advise the Board on a specific business function area. Each Work Group reports to the Board and the leader of each Work Group serves at the discretion of the Board. Work Groups will operate as set forth in **Schedule G**. All Members are required to participate in a Work Group.

(a) The Board shall determine all Work Groups and designate each Member to one or more Work Groups. Work Groups will be created to address the following Company functions, and the Board will determine the scope of each Work Group's activities:

(i) Design and Product Development
(ii) Marketing and Membership
(iii) Finance and Legal
(iv) Administration

(b) Advise; Operating Structure

(i) Each Work Group will advise and recommend to the Board any actions that the Work Group believes will have a significant impact on the Company, including, without limitation, the following:

(A) Spending or financial

(B) Product

(C) Marketing or Brand

(D) Relationships (Vendor)

Section 6.7 Power of Attorney. By execution of this Operating Agreement, the Members constitute and appoint the Board (and any liquidator acting pursuant to Article IX) as that Member's attorneys-in-fact and agents with full power and authority to act in their name, place and stead in the execution, acknowledgment, delivering, filing and recording all assumed or fictitious name certificates and other documents that the Board or such liquidator deems necessary or reasonably appropriate for the following specific purposes: (a) to qualify or continue the Company as a limited liability company in Delaware and to qualify the Company to do business in the states in which the Company is required to qualify; and (b) to amend this Operating Agreement and the Unit Ledger to the extent the Board is authorized to do so by Article III and to reflect a change in the identity of any Member or to reflect an amendment of this Operating Agreement or any change to the documents filed by the Company with the Delaware Secretary of State pursuant to The Act required by any such change or amendment. The foregoing power of attorney shall be deemed to be coupled with an interest and shall to the extent permitted by law survive the dissolution and liquidation of a Member, and shall be binding on any Transferee of any Unit. The Board may delegate to the officers of the Company the power to act on its behalf pursuant to this power of attorney.

ARTICLE VII
TRANSFERS & WITHDRAWALS

Section 7.1 Transfers. Any Founding Member may Transfer Class A Units if such Transfer is (a) to a Permitted Transferee and (b) approved by the unanimous vote of the Board or by the unanimous consent of all Founding Members. Class B Units may be Transferred by any Equity Member (a) if such Transfer is to a Permitted Transferee, or (b) by unanimous approval of the Board or by the unanimous consent of all Founding Members. Class C Units are not transferrable. In the event of the sale of the Company, the Founding Members and Equity Members shall receive repayment of their Capital Contributions and shall share in the proceeds on a pro rata basis determined by the number of Class A and Class B units held by each Member, and Associate Members' Class C Units shall be cancelled automatically with no consideration paid therefor.

Section 7.2 Status of Units. Class A Units may only remain Class A Units if such Transfer is (a) to a Permitted Transferee and (b) to an existing Founding Member. Permitted Transfers of Class A Units to a Permitted Transferee who is a non-Founding Member will cause the Units to convert to Class B Units upon completion of the Permitted Transfer. Class B Units will remain Class B Units at the completion of a Permitted Transfer regardless of the Permitted Transferee. Class C units cannot be transferred.

Section 7.3 Transfers to Permitted Transferees. In accordance with the other terms and provisions of this Article VII, any Founding Member or Equity Member may Transfer Units to its Permitted Transferees; provided, however, each such Permitted Transferee shall then be subject to the restrictions of this Article VII in respect of such Transferred Units.

Section 7.4 Drag-Along & Tag-Along.

(a) *Drag Along.* If any Transferring Member(s) holding more than 75% of the outstanding Class A Units shall receive a bona fide offer from a third party that is not an Affiliate

of any such Transferring Member(s) to purchase all the Class A Units owned by such Transferring Member(s) and such Transferring Member(s) desire(s) to accept such offer, then such Transferring Member(s) shall have the right to require each and every other Founding Member and Equity Member to sell all of its Units on the same terms to such bona fide offeror and to cooperate in good faith with such Transferring Member(s), the Company and each other Founding Member and Equity Member in consummating such sale.

(b) *Tag Along.* If any Transferring Member(s) shall receive a bona fide offer from a third party that is not an Affiliate of such Transferring Member(s) to purchase 75% or more of the outstanding Class A Units and such Transferring Member(s) desire(s) to accept such offer, then, before completing the sale of such Units, (i) the Transferring Member(s) shall give each other Founding Member (the "**Non-Transferring Founding Member**") notice of the offer and a description of its principal terms and conditions (a "**Tag Along Notice**"), and (ii) each Founding Member receiving the Tag Along Notice shall have the right, exercisable on notice delivered to the Transferring Member(s) within 15 days after receipt of the Tag Along Notice, to include a number of such Member's Units (which, subject to the next sentence, shall not be more than the percentage of the Transferring Member(s) Units that the Transferring Member(s) indicate(s), in the Tag Along Notice, an intention to sell) in such sale on the same terms and conditions as the Transferring Member(s) shall sell its Units in such transaction (with appropriate modification, made by the Transferring Member(s) in good faith, to reflect any terms of the transaction that are unique to a given Member). If the number of Class A Units desired to be sold by Transferring Member(s) and the Members electing to sell in such transaction pursuant to this Section 7.3 shall be more than the number of Units that the buyer is willing to purchase on the terms set forth in the Tag Along Notice, then the excess number of Units offered for sale shall be reduced in proportion to the relative number of Units held by each selling Member (including the Transferring Member(s)). If the Transferring Member(s) comply with this Section 7.3(b), it shall be free to sell any or all of its Units.

(c) *Associate Members*. Associate Members shall have no rights to Transfer their Class C Units, respectively, and as such have no rights under Sections 7.1 through 7.5 and 7.7 hereof.

Section 7.5 Right of First Refusal on Class A Units

(a) *The Offered Class A Units*. Subject to Sections 7.1, and 7.2, each Founding Member shall have a right of first refusal if any Founding Member or any Permitted Transferee (the "**Offering Founding Member**") receives a bona fide offer from a third party that the Offering Founding Member desires to accept to Transfer all or any portion of the Offering Founding Member's Class A Units (the "**Offered Class A Units**").

(b) *The Offering*. Each time the Offering Founding Member receives a bona fide offer for a Transfer of any of its Class A Units, (other than Transfers (i) permitted under Sections 7.2, or (ii) proposed to be made pursuant to Section 7.3(a)) the Offering Founding Member shall first make an offering of the Units to the Non-Transferring Founding Member(s) in accordance with the following provisions of this Section 7.4, prior to Transferring such Offered Class A Units to the proposed purchaser.

(c) *The Offer Notice.*

(i) Notice. The Offering Founding Member shall, within 7 days of receipt of the Transfer offer, give written notice (the "**Offering Founding Member Notice**") to the Company and the Non-Transferring Founding Member(s) stating that it has received a bona fide offer for a Transfer of its Class A Units and specifying: (A) the number of Offered Class A Units to be Transferred by the Offering Founding Member; (B) the proposed date, time and location of the closing of the Transfer, which shall not be less than 60 days from the date of the Offering Founding Member Notice; (C) the purchase price per Offered Class A Unit (which shall be payable solely in cash) and the other material terms and conditions of the Transfer; and (D) the name of the Person who has offered to purchase such Offered Class A Units.

(ii) Offer to Transfer. The Offering Founding Member Notice shall constitute the Offering Founding Member's offer to Transfer the Offered Class A Units to the Non-Transferring Founding Member(s), which offer shall be irrevocable until three days prior to the proposed date of closing of the Transfer (the "**Founding Member ROFR Option Period**"). By delivering the Offering Founding Member Notice, the Offering Founding Member represents and warrants to the Non-Transferring Founding Member(s) that: (A) the Offering Founding Member has full right, title and interest in and to the Offered Class A Units; (B) the Offering Founding Member has all the necessary power and authority and has taken all necessary action to Transfer such Offered Class A Units as contemplated by this Section 7.4; and (C) the Offered Class A Units are free and clear of any and all liens other than those arising as a result of or under the terms of this Operating Agreement.

(d) *Exercise of Right of First Refusal*. During and throughout the Founding Member ROFR Option Period, the Non-Transferring Founding Member(s) shall have the right to purchase all or any portion of the Offered Class A Units and such purchase right shall be exercisable with the delivery of a written notice (the "**Founding Member ROFR Exercise Notice**") by the Non-Transferring Founding Member(s) to the Offering Founding Member within the Founding Member ROFR Option Period, such notice stating the number (including where such number is zero) of Class A Units the Non-Transferring Founding Member(s) elects irrevocably to purchase for a price equal to the price set forth in the Offering Founding Member Notice. The Founding Member ROFR Exercise Notice shall be binding upon delivery to the Offering Founding Member and irrevocable by the Non-Transferring Founding Member(s). If the Non-Transferring Founding Member(s) elect to purchase more Class A Units than are being sold pursuant to the Offering Founding Member Notice, such Non-Transferring Founding Member(s) shall be entitled to purchase their pro-rata share (based on the number of Class A Units owned by such Non-Transferring Founding Member(s) to the total number of Class A Units owned by all Non-Transferring Founding Member(s) exercising their right of first refusal under this Section 7.4) of the Offered Class A Units.

(e) *Founding Member ROFR Exercise Notice*. The failure by the Non-Transferring Founding Member(s) to deliver a Founding Member ROFR Exercise Notice by the end of the Founding Member ROFR Option Period shall constitute a waiver of its right of first refusal under this Section 7.4 with respect to the Transfer of Offered Class A Units, but shall not affect its rights with respect to any future Transfers.

(f) *Consummation of Sale*. In the event that the Non-Transferring Founding Member(s) shall have exercised their right to purchase any or all of the Offered Class A Units from the Offering Founding Member, then the Offering Founding Member shall sell such Offered Class A Units to the Non-Transferring Founding Member(s), and Non-Transferring Founding Member(s) shall purchase such Offered Class A Units, within 60 days following the expiration of the Founding Member ROFR Option Period (which period may be extended for a reasonable time not to exceed 90 days). The Company, the Non-Transferring Founding Member(s) and the Offering Founding Member shall take all actions as may be reasonably necessary to consummate the sale contemplated by this Section 7.4(f), including without limitation, entering into agreements and delivering certificates and instruments and consents as may be deemed necessary or appropriate. At the closing of any sale and purchase pursuant to this Section 7.4(f), the Offering Founding Member shall deliver to the Non-Transferring Founding Member(s) certificates (if any) representing the Offered Class A Units to be sold, free and clear of any liens or encumbrances (other than those contained in this Operating Agreement), accompanied by evidence of transfer and all necessary transfer taxes paid and stamps affixed, if necessary, against receipt of the purchase price therefor from the Non-Transferring Founding Member(s) by certified or official bank check or by wire transfer of immediately available funds.

(g) *Sale to Proposed Purchaser*. In the event that the Non-Transferring Founding Member(s) shall not have elected to purchase all of the Offered Class A Units, then, provided the Offering Founding Member has also complied with the applicable provisions of this Article VII, the Offering Founding Member may Transfer all of such Offered Class A Units, at a price per Offered Class A Unit not less than specified in the Offering Founding Member Notice and on other terms and conditions which are not materially more favorable in the aggregate to the proposed purchaser than those specified in the Offering Founding Member Notice, but only to the extent that such Transfer occurs within 90 days after expiration of the Founding Member ROFR Option Period. Any Offered Class A Units not Transferred within such 90-day period will be subject to the provisions of this Section 7.4 upon any subsequent Transfer.

Section 7.6 Right of First Refusal on Class B Units

(a) *The Offered Class B Units*. Subject to Sections 7.1, and 7.2, each of the Company and each Equity Member shall have a right of first refusal if any Equity Member or any Permitted Transferee (the "**Offering Equity Member**") receives a bona fide offer from a third party that the Offering Equity Member desires to accept to Transfer all or any portion of the Offering Equity Member's Units (the "**Offered Class B Units**").

(b) *The Offering*. Each time the Offering Equity Member receives a bona fide offer for a Transfer of any of its Class B Units, (other than Transfers (i) permitted under Sections 7.2, or (ii) proposed to be made pursuant to Section 7.3(a)) the Offering Equity Member shall first make an offering of the Class B Units first to the Company, and second to the Equity Members not transferring their Class B Units (the "**Non-Transferring Equity Member(s)**") in accordance with the following provisions of this Section 7.5, prior to Transferring such Offered Class B Units to the proposed purchaser.

(c) *The Offer Notice.*

(i) Notice. The Offering Equity Member shall, within 7 days of receipt of the Transfer offer, give written notice (the "**Offering Equity Member Notice**") to the Company and the Non-Transferring Equity Member(s) stating that it has received a bona fide offer for a Transfer of its Class B Units and specifying: (A) the number of Offered Class B Units to be Transferred by the Offering Equity Member; (B) the proposed date, time and location of the closing of the Transfer, which shall not be less than 60 days from the date of the Offering Equity Member Notice; (C) the purchase price per Offered Class B Unit (which shall be payable solely in cash) and the other material terms and conditions of the Transfer; and (D) the name of the Person who has offered to purchase such Offered Class B Units.

(ii) Offer to Transfer. The Offering Equity Member Notice shall constitute the Offering Equity Member's offer to Transfer the Offered Class B Units first to the Company and second to the Non-Transferring Equity Member(s), which offer shall be irrevocable until three days prior to the proposed date of closing of the Transfer (the "**Equity Member ROFR Option Period**"). By delivering the Offering Equity Member Notice, the Offering Equity Member represents and warrants to the Non-Transferring Equity Member(s) that: (A) the Offering Equity Member has full right, title and interest in and to the Offered Class B Units; (B) the Offering Equity Member has all the necessary power and authority and has taken all necessary action to Transfer such Offered Class B Units as contemplated by this Section 7.5; and (C) the Offered Class B Units are free and clear of any and all liens other than those arising as a result of or under the terms of this Operating Agreement.

(d) *Exercise of Right of First Refusal*. During and throughout the Equity Member ROFR Option Period, first the Company and second the Non-Transferring Equity Member(s) shall have the right to purchase all or any portion of the Offered Class B Units and such purchase right shall be exercisable with the delivery of a written notice (the "**Equity Member ROFR Exercise Notice**") by the Non-Transferring Equity Member(s) to the Offering Equity Member within the Equity Member ROFR Option Period, such notice stating the number (including where such number is zero) of Class B Units the Non-Transferring Equity Member(s) elects irrevocably to purchase for a price equal to the price set forth in the Offering Equity Member Notice. The Equity Member ROFR Exercise Notice shall be binding upon delivery to the Offering Equity Member and irrevocable by the Non-Transferring Equity Member(s). If the Company declines its right to purchase the Offered Class B Units and the Non-Transferring Equity Member(s) elect to purchase more Class B Units than are being sold pursuant to the Offering Equity Member Notice, such Non-Transferring Equity Member(s) shall be entitled to purchase their pro-rata share (based on the number of Class B Units owned by such Non-Transferring Equity Member(s) to the total number of Class B Units owned by all Non-Transferring Equity Member(s) exercising their right of first refusal under this Section 7.5) of the Offered Class B Units.

(e) *Equity ROFR Exercise Notice*. The failure by the Non-Transferring Equity Member(s) to deliver an Equity Member ROFR Exercise Notice by the end of the Equity Member ROFR Option Period shall constitute a waiver of its right of first refusal under this Section 7.5 with respect to the Transfer of Offered Class B Units, but shall not affect its rights with respect to any future Transfers.

(f) *Consummation of Sale*. In the event that the Company and/or Non-Transferring Equity Member(s) shall have exercised their right to purchase any or all of the Offered Class B Units from the Offering Equity Member, then the Offering Equity Member shall sell such Offered Class B Units to the Company and/or Non-Transferring Equity Member(s), and the Company and/or Non-Transferring Equity Member(s) shall purchase such Offered Class B Units, within 60 days following the expiration of the Equity Member ROFR Option Period (which period may be extended for a reasonable time not to exceed 90 days). The Company, the Non-Transferring Equity Member(s) and the Offering Equity Member shall take all actions as may be reasonably necessary to consummate the sale contemplated by this Section 7.5(f), including without limitation, entering into agreements and delivering certificates and instruments and consents as may be deemed necessary or appropriate. At the closing of any sale and purchase pursuant to this Section 7.5(f), the Offering Equity Member shall deliver to the Company and/or Non-Transferring Equity Member(s) certificates (if any) representing the Offered Class B Units to be sold, free and clear of any liens or encumbrances (other than those contained in this Operating Agreement), accompanied by evidence of transfer and all necessary transfer taxes paid and stamps affixed, if necessary, against receipt of the purchase price therefor from the Non-Transferring Equity Member(s) by certified or official bank check or by wire transfer of immediately available funds.

(g) *Sale to Proposed Purchaser*. In the event that the Company and Non-Transferring Equity Member(s) shall not have elected to purchase all of the Offered Class B Units, then, provided the Offering Equity Member has also complied with the applicable provisions of this Article VII, the Offering Equity Member may Transfer all of such Offered Class B Units, at a price per Offered Class B Unit not less than specified in the Offering Equity Member Notice and on other terms and conditions which are not materially more favorable in the aggregate to the proposed purchaser than those specified in the Offering Equity Member Notice, but only to the extent that such Transfer occurs within 90 days after expiration of the Equity Member ROFR Option Period. Any Offered Class B Units not Transferred within such 90-day period will be subject to the provisions of this Section 7.5 upon any subsequent Transfer.

Section 7.7 Option on Death, Divorce, Bankruptcy or Change of Control.

(a) *Member Option*. If a Founding Member or Equity Member shall die, Divorce, become Bankrupt or disabled or undergo a Change of Control, the Company or such Founding Member or its successor shall give immediate notice to the other Founding Members of such event (the "**NonSubject Founding Member**"), as the case may be. Upon a Founding Member's or Equity Member's dying, Divorcing, becoming Bankrupt or disabled or undergoing a Change of Control, the Units of such Member (and its representative(s), former spouse, executor, administrator, and/or the trustee in Bankruptcy, collectively referred to as the "**Subject Member**"), shall be available for acquisition first by the Company and second by the NonSubject Founding Members, unless the Founding Members (other than any Founding Member that is a Subject Member) unanimously elect that this Section 7.6 not apply to such transaction with respect to the Subject Member. If this Section 7.6 applies to a Subject Member, the Company first and the NonSubject Founding Members second shall have the exclusive option to acquire, upon the terms set out in this Section 7.6, all or some of the Units held by the Subject Member. The Company first and the NonSubject Founding Members second shall have an exclusive option for a period of 120 days after its receipt of such notice of the Subject Member's death, Divorce, Bankruptcy, disability, or Change of Control, whatever the case may be, to elect to purchase any or all of said Units in an

amount equal to the Agreed Price. If the Company or NonSubject Founding Members, as the case may be, elects to exercise its option to purchase the Subject Member's Units, a closing shall occur at the offices of the Company or NonSubject Founding Members, as the case may be, on or before 30 days after the date of exercise of such option, or at such other time and place as the Company or NonSubject Founding Members, as the case may be, may reasonably choose. At such closing, the Subject Member shall deliver to the Board such instruments of transfer as the Company or NonSubject Founding Members, as the case may be, may reasonably require to Transfer the Subject Member's Units to the Company or the NonSubject Founding Members, as the case may be, in exchange for the Company's or NonSubject Founding Members', as the case may be, agreement to pay, within 60 days of closing, the Agreed Price. Such instruments evidencing such Transfer shall be delivered by the Board to the Company and the Company shall record such transfer in its books and records, which shall be effective for all purposes. To the extent of the Units purchased under this Section 7.6(a) by the Company or the NonSubject Founding Members, as the case may be, the payment to be made to the Subject Member pursuant to this Section 7.6(a) shall be in complete liquidation and satisfaction of all the rights and interest of the Subject Member with respect to the Units (and of all Persons claiming by, through, or under the Subject Member) in and in respect of the Company and the NonSubject Founding Members, as the case may be, including, without limitation, such Units, any rights in specific Company Property, and any rights against the Company and (insofar as the affairs of the Company are concerned) against the Company or the NonSubject Founding Members, as the case may be, but shall not prejudice, affect or limit any rights that the Company or the NonSubject Founding Members, as the case may be, or any other Person may have against or with respect to the Subject Member.

(b) *Purchase Price*. For purposes of Sections 7.6(a) "**Agreed Price**" (i) for the Class A Units shall be the fair market value of the affected Class A Units, as the case may be, as determined by the Board in good faith, and (ii) for the Class B Units shall be the fair market value of the affected Class B Units, as the case may be, as determined by the Board in good faith.

Section 7.8 Transfer Requirements. If a Founding Member proposes to Transfer Units ("**Transferring Member**") to another Person as permitted under this Article VII ("**Transferee**"), the Transfer shall not be completed or effective until all of the requirements stated below have been satisfied:

(a) *Assignment of Units*. The Transferee has prepared, signed and delivered to the Company an assignment and assumption of Units in a form reasonably acceptable to the Board in which (i) the Transferring Member assigns its Units in the Company to the Transferee, (ii) the Transferring Member agrees that it shall remain responsible for all obligations owed by it to the Company as of and through the date of such transfer, (iii) the Transferee assumes all obligations of the Transferring Member under the Operating Agreement from and after the effective date of the Transfer and (iv) the Transferring Member and the Transferee agree to pay all costs and expenses (including reasonable attorney's fees) incidental to the Transfer, which were incurred by the Company or any Non-Transferring Founding Member(s) or Non-Transferring Equity Member(s).

(b) *Execution of Operating Agreement*. The Transferee executes a counterpart of, or an agreement adopting, this Operating Agreement.

(c) *No Change in Federal Tax Classification*. The Transferring Member and the Transferee shall be deemed to have represented to the Company and each remaining Member that (i) the Transfer will not cause the Company to be treated as an association taxable as a corporation for Federal income tax purposes, and (ii) the Transfer will not cause the Company to be treated as a "publicly traded partnership" within the meaning of Section 7704 of the Code.

(d) *Payee of Company Distributions*. Distributions payable on and after the date of the Transfer shall be payable solely to the Transferee and the Transferring Member shall have no claim to such distributions (unless otherwise provided in any contract or agreement between the Transferring Member and Transferee) even if all or a portion of such amount relates to a period prior to the Transfer; *provided, however*, that until notice from the Transferring Member and the Transferee to the Company that all distributions and other amounts payable under the Operating Agreement should be paid to the Transferee and until the Transferring Member has satisfied all of the requirements set forth in the Operating Agreement, the Company shall be entitled to (i) pay all distributions or other amounts payable under this Operating Agreement to the Transferring Member and any such payment shall fully discharge any obligation owed to the Transferee with respect thereto, and (ii) deal solely with the Transferring Member with respect to all actions required to be taken pursuant to this Operating Agreement, and any and all decisions, actions or inactions made or taken by the Company shall be binding on the Transferring Member and the Transferee.

(e) *Legal Opinion*. The Transferee shall deliver to the Company an opinion of counsel in form and substance reasonably satisfactory to the Company covering the due authorization, execution and delivery by the Transferee of the documents and consents evidencing and authorizing the Transfer of the Units in the Company.

Section 7.9 General Rules.

(a) *Non-Permitted Transfers*. Any purported Transfer of a Unit (or ownership or beneficial interest in a Member, whether direct or indirect) that is not permitted or authorized pursuant to this Operating Agreement or otherwise consented to in writing by the Board shall be null and void *ab initio* and of no effect whatsoever and shall not relieve the purported transferor of any of its rights or obligations under this Operating Agreement and the Members making such purported Transfer shall indemnify and hold the Company and the other Members harmless from and against any federal, state or local income taxes, or transfer taxes, including without limitation, transfer gains taxes, arising as a result of, or caused directly or indirectly by, such purported Transfer; *provided, however*, that, if the Company is required to recognize a Transfer that is not so authorized, the rights transferred shall be strictly limited to the Transferor's rights to allocations and distributions with respect to the Unit purported to have been Transferred, which allocations and distributions may be applied (without limiting any other legal or equitable rights of the Company) to satisfy any debts, obligations, or liabilities for damages that the transferor or transferee of such rights may have to the Company. Such Transferee shall have no right to any information or accounting of the affairs of the Company, and shall not be entitled to inspect or audit the books or records of the Company, and shall not have any of the rights of a Member under The Act or this Operating Agreement.

(b) *Non-Admitted Transferee*. Any Person who is an assignee of Units but who is not admitted as a substitute Member in accordance with this Operating Agreement (i) shall have only

those rights specifically provided for such an assignee in The Act, and (ii) shall be subject to all the provisions of this Operating Agreement to the same extent and in the same manner as any Member desiring to make a Transfer of a Unit, if such Person desires to make a further a Transfer of such Unit.

(c) *Ratification of Operating Agreement*. Any Person who becomes a Member after the Effective Date shall be deemed to have accepted, ratified and agreed to be bound by all actions duly taken pursuant to the terms and provisions of this Operating Agreement by the Company prior to the date it became a Member and, without limiting the generality of the foregoing, specifically ratifies and approves all agreements and other instruments as may have been executed and delivered on behalf of the Company prior to said date and which are in force and effect on said date.

(d) *Compliance with Securities Laws; No Violation of Agreements*. No Transfer shall be made: (i) unless (A) registration is not required under the Securities Act of 1933, as amended, in respect of such transaction, and (B) such assignment or transfer does not violate any applicable federal or state securities or comparable laws (with the Board being entitled prior to any Transfer to require an opinion of counsel with respect to any of the foregoing matters); or (ii) if such Transfer would result in a default or event of default under any material agreement to which the Company or any of its material assets are bound.

Section 7.10 Withdrawal. Except as provided in this Article VII, without the approval of the Board, a Member shall not voluntarily withdraw from the Company at any time prior to the valid Transfer of all his Units.

ARTICLE VIII
MEETINGS AND VOTING RIGHTS OF MEMBERS

Section 8.1 Member Meetings.

(a) *General*. Meetings of Members may be called by the Board or by Members holding 10% or more of the Class A Units or 10% or more of the Class B Units, for the purpose of addressing any matter upon which the Members may vote under this Operating Agreement. Founding Members or Equity Members may call a meeting by delivering to the Board one or more written requests signed by the requisite number of Founding Members or Equity Members, as applicable, stating that the signing Members wish to call a meeting and indicating the specific purpose for which the meeting is to be held. Action at the meeting shall be limited to those matters specified in the call of the meeting.

(b) *Notice of Meeting*. Notice of Member meetings, stating the place, day, and hour of the meeting and in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than 10 nor more than 60 days before the meeting to each Member. Attendance of a Member at a meeting shall constitute a waiver of notice of the meeting. Notice of a meeting may also be waived in writing. Attendance at a meeting is not a waiver of any right to object to the consideration of matters required to be included in the notice of the meeting but not so included, if the objection is expressly made at the meeting.

(c) *Quorum; Approvals*.

(i) A Majority-in-Interest of the Founding Members and Equity Members, collectively, shall constitute a quorum at any meeting of the Members, whether present in person or by proxy.

(ii) Founding Members and Equity Members, collectively, shall be entitled to vote on those matters that, under The Act or this Operating Agreement, require the approval of the Members (including the election of the Board). Unless otherwise provided in this Operating Agreement, action by the Members shall require approval by the holders of a Majority-In-Interest of the Founding Members and Equity Members, collectively.

(iii) The Company and Board shall not take any of the following actions on behalf of the Company without the prior written consent of a Super Majority-In-Interest of all the Founding and Equity Members:

(A) the liquidation, dissolution or winding up of the Company;

(B) the sale, exchange or other transfer of all or substantially all the assets of the Company other than in the ordinary course of business;

(C) any merger, consolidation, reorganization or conversion of the Company with or into any other entity;

(D) a change in the nature of the business of the Company;

(E) the appointment of any successor Partnership Representative as provided in Section 5.4(a); or

(F) to change the name of the Company.

(iv) No provision of this Operating Agreement requiring that any action be taken only upon approval of a Majority-in-Interest or Supermajority-in-Interest of any Class (or Classes) of Members may be modified, amended or repealed unless such modification, amendment or repeal is approved by a Majority-in-Interest or Supermajority-in-Interest, respectively, of such Class (or Classes) of Members. For the avoidance of doubt, Associate Members shall have no voting rights whatsoever with respect to actions by the Company or the Members.

(d) *Proxies*. Members, to the extent they have voting rights under this Operating Agreement, may vote either in person or by proxy at any meeting. The chairman of the meeting shall be elected by the Members and shall have the power to adjourn the meeting from time to time, without notice, other than announcement of the time and place of the adjourned meeting. Upon the resumption of such adjourned meeting, any business may be transacted that might have been transacted at the meeting as originally called. A Member may vote either in person or by proxy executed in writing by the Member. A proxy shall be revocable unless the proxy form conspicuously states that the proxy is irrevocable and the proxy is coupled with an interest.

(e) *Regulation of Meetings*. The Board shall have full power to regulate concerning the conduct of any meeting of the Members, including, without limitation, the determination of Persons entitled to vote, the existence of a quorum, the satisfaction of the requirements of this

Article VIII, the conduct of voting, the validity and effectiveness of any proxies, and the determination of any controversies, votes or challenges arising in connection with or during the meeting or voting.

Section 8.2 Action by Written Consent. Any action that may be taken at a meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action to be taken, shall be signed by Founding Members and Equity Members holding the percentage of Units required to approve such action under The Act or this Operating Agreement. Such consent shall have the same force and effect as a vote of the signing Members at a meeting duly called and held pursuant to this Article VIII. No prior notice from the signing Members to the Board or other Members shall be required in connection with the use of a written consent pursuant to this Section 8.2. Notice of any action taken by means of a written consent of Members shall, however, be sent within a reasonable time after the date of the consent by the Board to all Members who did not sign the written consent.

ARTICLE IX
DISSOLUTION & WINDING UP

Section 9.1 Causes.

(a) *Events of Termination*. Each Member expressly waives any right which it might otherwise have to terminate the Company except as set forth in this Section 9.1. The Company shall be terminated only upon the occurrence of any of the following events:

(i) the determination of the Founding Members pursuant to Section 8.1(c)(iii) to terminate the Company;

(ii) the Company's ceasing to maintain any interest in any properties or assets; or

(iii) the occurrence of any other circumstance which, by law, would require the Company to be terminated.

(b) *Events Not Causing Termination*. Except as expressly provided above, the Bankruptcy, Divorce, death, dissolution or liquidation of a Member shall not result in the termination of the Company, but the rights of such Member to share in revenues and costs and to receive distributions from the Company shall, upon the happening of such an event, devolve upon such Member's legal representative or successors-in-interest, as the case may be, subject to this Operating Agreement, and the Company shall continue as a limited liability company. Without prejudice to the obligation of the affected Member hereunder, the Member's legal representative or successors-in-interest shall be liable for all of the obligations of the Member.

Section 9.2 Liquidator.

(a) *General*. If the Company is terminated or has liquidated or become bankrupt, the Board or a liquidator selected and approved by the Board shall commence to wind up the affairs of the Company and to liquidate and sell its assets. The party actually conducting such liquidation in accordance with the foregoing sentence, whether the Board, a Member or a different Person, is

herein referred to as the "**Liquidator**." The Liquidator shall have full right and unlimited discretion to determine the time, manner and terms of any sale or sales of Company Property pursuant to such liquidation, having due regard for the activity and condition of the relevant market and general financial and economic conditions.

(b) *Resignation and Appointment of Successor.* The Liquidator may resign at any time by giving 15 days prior written notice and, if the Liquidator is not the Board, may be removed at any time, with or without cause, by the Board. Upon the death, dissolution, removal or resignation of the Liquidator, a successor and substitute Liquidator (who shall have and succeed to all the rights, powers and duties of the original Liquidator) will, within 30 days thereafter, be appointed by the Board. The right to appoint a successor substitute Liquidator in the manner provided herein shall be recurring and continuing for so long as the functions and services of the Liquidator are authorized to continue under the provisions thereof, and every reference herein to the Liquidator will be deemed to refer also to any such successor or substitute Liquidator appointed in the manner herein provided.

(c) *Powers of Liquidator.* The Liquidator shall have and may exercise, without further authorization or consent of any of the parties hereto or their legal representatives or successors-in-interest, all of the powers conferred upon the Board under the terms of this Operating Agreement to the extent necessary or desirable in the good faith judgment of the Liquidator to perform its duties and functions. The Liquidator shall, while acting in such capacity on behalf of the Company, be entitled to the indemnification rights set forth in this Operating Agreement for directors, officers or agents of the Company. Without limiting the generality of the foregoing, the Liquidator will have the right to:

(i) to prosecute and defend civil, criminal or administrative suits;

(ii) to collect Company Property, including obligations owed to the Company;

(iii) to settle and close the Company's business;

(iv) to dispose of and convey all Company Property for cash, and in connection therewith to determine the time, manner and terms of any sale or sales of Company Property, having due regard for the activity and condition of the relevant market and general financial and economic conditions;

(v) to pay all reasonable selling costs and other expenses incurred in connection with the winding up out of the proceeds of the disposition of Company Property;

(vi) to discharge the Company's known liabilities and, if necessary, to set up, for a period not to exceed five years after the date of dissolution, such cash reserves as the Liquidator may deem reasonably necessary for any contingent or unforeseen liabilities or obligations of the Company;

(vii) to distribute any remaining proceeds from the sale of Company Property to the Members; and

(viii) to prepare, execute, acknowledge and file any certificates, tax returns or instruments necessary or advisable under any applicable law to effect the winding up and termination of the Company.

Section 9.3 Court Appointment of Liquidator. If within 90 days following the date of termination a Liquidator or successor Liquidator has not been appointed in the manner provided herein, any interested party shall have the right to make application to the then senior United States Federal District Judge (in his individual and not judicial capacity) for that Federal District of Oklahoma in which the Company's principal office in the State of Oklahoma is situated for appointment of the Liquidator or successor Liquidator, and the Judge, acting as an individual and not in his judicial capacity, shall be fully authorized and empowered to appoint and designate the Liquidator or successor Liquidator who shall have all the powers, duties, rights and authority of the Liquidator herein provided.

Section 9.4 Liquidation.

(a) *Manner and Priority.* In the course of the Winding Up and terminating the business and affairs of the Company, its assets (other than cash) shall be sold, its liabilities and obligations to creditors (including any loan made by Members) and all expenses incurred in its liquidation shall be paid, and all resulting revenues and costs shall be credited or charged to the Capital Accounts of the Members in accordance with the terms of this Operating Agreement, subject to the rights of any class or series. All Company Property shall be sold upon liquidation of the Company and no Company Property shall be distributed in kind to the Members except by agreement of all of the Members.

(b) *Final Distribution.* The net proceeds from such sales (after deducting all selling costs and expenses in connection therewith), together with (at the expiration of the period referred to in Section 9.5) the balance in the reserve account referred to in Section 9.5, shall be distributed among the Members in accordance with Section 4.5(b).

(c) *No Obligation to Restore Deficit Capital Account Balance.* No Member shall be required to restore any deficit balance existing on its Capital Account upon the liquidation and termination of the Company.

(d) *Timeframe for Liquidation; No Recourse.* The Liquidator shall be instructed to use all reasonable efforts to effect complete liquidation of the Company within one year after the date the Company is terminated. Each holder of a Unit shall look solely to the assets of the Company for all distributions and shall have no recourse therefor (upon termination or otherwise) against the Company, the Board or the Liquidator, except for any gross negligence or willful misconduct of the Company. Upon the completion of the liquidation of the Company and the distribution of all Company funds, the Company shall terminate and the Board (or a Member or the Liquidator, as the case may be) shall have the authority to execute and record all documents required to effectuate the termination of the Company.

Section 9.5 Creation of Reserves. After making payment or provision for payment of all debts and liabilities of the Company and all expenses of liquidation, the Liquidator may set up, for a period not to exceed one year after the date of termination, such cash reserves as the

Liquidator may deem reasonably necessary for any contingent or unforeseen liabilities or obligations of the Company; provided, however, that any unused portion of the reserves shall be distributed to the Members within four years of the date on which such reserves were created.

Section 9.6 Final Audit. Within a reasonable time following the completion of the liquidation, the Liquidator shall supply to each of the Members a statement, certified by the Company's independent accountants, which shall set forth the assets and the liabilities of the Company as of the date of complete liquidation, each Member's portion of distributions (subject to the rights of any class or series), pursuant to Section 9.4, and the amount retained as reserves by the Liquidator pursuant to Section 9.5.

ARTICLE X
INDEMNIFICATION AND INSURANCE

Section 10.1 Indemnification and Advance of Expenses. The Company shall indemnify and/or advance expenses to a person who was, is, or is threatened to be made a named defendant or respondent in a proceeding because the person (a) is or was a member of the Board, Member, officer, employee or agent of the Company, or (b) is or was serving at the request of the Company as a manager, Member, director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic limited liability company, corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise, to the fullest extent provided by The Act, including without limitation Section 2016 thereof, and any other applicable laws.

Section 10.2 Limit on Liability of Members. The indemnification set forth in this Article X shall in no event cause the Members to incur any personal liability beyond their total Capital Contributions, nor shall it result in any liability of the Members to any third party.

ARTICLE XI
GENERAL PROVISIONS

Section 11.1 Notices. All notices, requests, demands, waivers, consents and other communications hereunder shall be in writing, shall be delivered either in person, by facsimile, e-mail, overnight air courier or by mail, and shall be deemed to have been duly given and to have become effective: (a) upon receipt if delivered in person or by facsimile or e-mail and sent before 5:00 p.m. local time at the address of the addressee, or on the next succeeding Business Day if delivered on a non-Business Day or after 5:00 p.m. local time; (b) one Business Day after having been delivered to an air courier for overnight delivery; or (c) three Business Days after having been deposited in the mail as certified or registered mail, return receipt requested, all fees prepaid, directed to the parties or their assignees at (i) with respect to any Member, the address for such Member in the books and records of the Company (which a Member may change on notice to the Company), or (ii) with respect to the Company, to:

IRG, LLC
Attn: Kevin Raley
1645 S. Yale Ave.
Tulsa, OK 74129

or such other address as the Company may designate in writing to all Members from time to time.

Section 11.2 Entire Agreement. This Operating Agreement contains the entire agreement among the Members relating to the subject matter hereof and all prior agreements relative hereto which are not contained herein are terminated. Except as expressly provided otherwise herein, this Company is solely for the benefit of the Members, and not for the benefit of any other Person.

Section 11.3 Governing Law. This Operating Agreement shall be governed by and construed in accordance with the local, internal laws of the State of Delaware (without regard to or application of conflict of law principles).

Section 11.4 Successors and Assigns. This Operating Agreement shall be binding upon and shall inure to the benefit of the Members and their respective heirs, legal representatives, successors and assigns.

Section 11.5 Severability. This Operating Agreement is intended to be performed in accordance with, and only to the extent permitted by, all applicable laws, ordinances, rules and regulations. If any provision of this Operating Agreement or the application thereof to any Person or circumstance shall, for any reason and to any extent, be invalid or unenforceable, but the extent of such invalidity or unenforceability does not destroy the basis of the bargain among the Members as expressed herein, the remainder of this Operating Agreement and the application of such provision to other Persons or circumstances shall not be affected thereby, but rather shall be enforced to the greatest extent permitted by law.

Section 11.6 Amendment. Except as provided in Section 8.1(c)(iv), this Operating Agreement may only by amended by approval of the Board and the holders of a Majority-in-Interest of the Founding Members. Any such amendment shall be binding on all Members.

Section 11.7 Headings. The Article and Section headings appearing in this Operating Agreement are for convenience of reference only and are not intended, to any extent or for any purpose, to limit or define the text of any Article or Section.

Section 11.8 Construction. Whenever required by the context, as used in this Operating Agreement, the singular number shall include the plural, and vice versa, and the gender of all words used shall include the masculine, feminine and the neuter. Unless expressly stated herein, all references to Articles and Sections refer to articles and sections of this Operating Agreement, and all references to Schedules are to schedules attached hereto, each of which is made a part hereof for all purposes. The Members have participated jointly in the negotiation and drafting of this Operating Agreement. In the event an ambiguity or question of intent or interpretation arises, this Operating Agreement shall be construed as if drafted jointly by the Members and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Operating Agreement. Any reference to any federal, state or local law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word “including” shall mean including without limitation.

Section 11.9 Offset. Whenever the Company is to pay any sum to any Member, any amounts that Member owes the Company may be deducted from that sum before payment.

Section 11.10 Effect of Waiver or Consent. A waiver or consent, express or implied, to or of any breach or default by any Person in the performance by that Person of its obligations with respect to the Company is not a consent or waiver to or of any other breach or default in the performance by that Person of the same or any other obligations of that Person with respect to the Company. Failure on the part of a Person to complain of any act of any Person or to declare any Person in default with respect to the Company, irrespective of how long that failure continues, does not constitute a waiver by that Person of its rights with respect to that default until the applicable statute of limitations period has run.

Section 11.11 Further Assurances. Each Member shall execute and deliver any additional documents and instruments and perform any additional acts that may be necessary or appropriate to effectuate and perform the provisions of this Operating Agreement and those transactions.

Section 11.12 Waiver of Certain Rights. Each Member irrevocably waives any right it may have to maintain any action for dissolution of the Company or for partition of the property of the Company.

Section 11.13 FORUM FOR DISPUTES. THE MEMBERS AGREE THAT ALL DISPUTES ARISING OUT OF OR RELATING TO THE OPERATION OF THIS OPERATING AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS OPERATING AGREEMENT SHALL BE BROUGHT SOLELY IN THE UNITED STATES FEDERAL DISTRICT COURT FOR THE NORTHERN DISTRICT OF OKLAHOMA, WITH RESPECT TO ANY MATTER OVER WHICH SUCH COURT MAY EXERCISE SUBJECT MATTER JURISDICTION, AND TO THE EXTENT THAT A UNITED STATES FEDERAL DISTRICT COURT JUDGE OR MAGISTRATE FOR THE NORTHERN DISTRICT OF OKLAHOMA SHALL DECIDE THAT IT LACKS SUBJECT MATTER JURISDICTION OVER ANY SUCH DISPUTE BROUGHT IN SUCH FORUM (OR OTHERWISE DECIDES THAT SUCH DISPUTE MAY NOT BE RESOLVED IN SUCH FORUM FOR ANY OTHER REASON), THE FEDERAL OR STATE COURTS LOCATED IN TULSA, OKLAHOMA. THE MEMBERS HEREBY IRREVOCABLY WAIVE ANY OBJECTION AND ANY RIGHT OF IMMUNITY WITH RESPECT TO THE JURISDICTION OF THE FORUMS SPECIFIED IN THIS SECTION 11.13, OR ON ANY GROUNDS, INCLUDING WITHOUT LIMITATION, VENUE OR THE CONVENIENCE OF SUCH FORUMS, OR FROM THE EXECUTION OF JUDGMENTS RESULTING THEREFROM. EACH MEMBER HEREBY IRREVOCABLY ACCEPTS AND SUBMITS TO THE JURISDICTION OF THE COURTS SPECIFIED IN THIS SECTION 11.13 WITH RESPECT TO ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THE OPERATION OF THIS OPERATING AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS OPERATING AGREEMENT.

Section 11.14 WAIVER OF JURY TRIAL. THE MEMBERS (A) COVENANT AND AGREE NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY

A JURY, AND (B) WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING, ARISING OUT OF OR RELATING TO THE OPERATION OF THIS OPERATING AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS OPERATING AGREEMENT. IT IS UNDERSTOOD AND AGREED THAT THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY OF ALL CLAIMS AGAINST ALL PARTIES TO ANY SUCH ACTIONS OR PROCEEDINGS, INCLUDING CLAIMS AGAINST PARTIES WHO ARE NOT PARTIES TO THIS OPERATING AGREEMENT. THIS WAIVER OF JURY TRIAL IS SEPARATELY GIVEN, KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY EACH MEMBER TO THIS OPERATING AGREEMENT AND EACH MEMBER HEREBY AGREES THAT NO REPRESENTATIONS OF FACT OR OPINION HAS BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR TO IN ANY WAY MODIFY OR NULLIFY ITS EFFECT. EACH MEMBER FURTHER REPRESENTS AND WARRANTS THAT IT HAS BEEN REPRESENTED IN THE SIGNING OF THIS OPERATING AGREEMENT AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, SELECTED OF ITS OWN FREE WILL, AND THAT IT HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH ITS COUNSEL.

Section 11.15 Specific Enforcement. The Members recognize that the Members' respective rights under this Operating Agreement are unique, and, accordingly, the Members to this Operating Agreement shall, in addition to such other remedies as may be available to them hereunder have the right to enforce their rights hereunder by actions for specific performance and injunctive and other equitable relief to the extent permitted by law.

Section 11.16 Attorneys' Fees. In any action brought by a Member hereto to enforce the obligations of any other Member hereto, and regardless of which Member prevails in such action, each Member shall be responsible for such Member's litigation costs and attorneys' fees and expenses (including court costs, reasonable fees of accountants and experts, and other expenses incidental to the litigation).

Section 11.17 Counterparts. This Operating Agreement may be executed in one or more counterparts, each of which shall be an original, but all of which taken together shall constitute a single document. This Operating Agreement shall be binding upon each Member upon execution, regardless of whether any other Member has executed the same or a different counterpart. A photocopy or telecopy of an executed counterpart of this Operating Agreement shall be sufficient to bind the Member(s) whose signature(s) appear thereon.

Section 11.18 Representation. Each of the Members represents, acknowledges and agrees that it has been represented by its own separate counsel with respect to financial, accounting, tax, legal and such other matters as it has deemed appropriate in connection with its investment in the Company. No Member has relied on any representations or advice from the Company, any other Member, any Affiliate of any other Member, or any employee, officer, director, agent or representative of any of the foregoing with respect to financial, account, tax, legal or other similar matters in connection with its investment in the Company.

Section 11.19 No Fiduciary Obligation. With respect to this Operating Agreement and

the Company, no Member shall have any fiduciary obligation to any other Member, nor shall any member of the Board have any fiduciary obligation to any Member or any other member of the Board.

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IN WITNESS WHEREOF, the Member has accepted this Operating Agreement to be effective as of the date first above written.

[Signature page to Operating Agreement for IRG, LLC]

Member (Company) Name

_____

Member Representative Printed Name

_____

Member Representative Signature

_____

Member Representative Title

_____

Address

_____

City, State, Zip

_____

SCHEDULE A

ILLUSTRATION OF UNIT LEDGER

Member Name	*Member Address*	*Initial Capital Contribution*	*Number of Units*	*Class of Units*	*Percentage of Class of Units*	*Percentage of Outstanding Units*
				Class A		
				Class B		
		------		Class C	0.00%	0.00%
Total:						100%

SCHEDULE B

As used in this Operating Agreement, the following terms shall have the following definitions (unless otherwise expressly provided herein).

Adjusted Capital Account. This term means the Capital Account maintained for each Member as of the end of each taxable year of the Company, (a) increased by any amounts that such Member is obligated to restore under the standards set by Regulation section 1.704-1(b)(2)(ii)(c) (or is deemed obligated to restore pursuant to the penultimate sentences of Regulation sections 1.704-2(g)(1) and 1.704-2(i)(5)), and (b) decreased by (i) the amount of all losses and deductions that, as of the end of such taxable year, are reasonably expected to be allocated to such Member in subsequent years under sections 704(e)(2) and 706(d) of the Code and Regulation section 1.751-l(b)(2)(ii), and (ii) the amount of all distributions that, as of the end of such taxable year, are reasonably expected to be made to such Member in subsequent years in accordance with the terms of this Agreement or otherwise to the extent they exceed offsetting increases to such Member's Capital Account that are reasonably expected to occur during (or prior to) the year in which such distributions are reasonably expected to be made (other than increases as a result of a minimum chargeback pursuant to Section 4.2(b)(ii) or 4.2(b)(iii)). The foregoing definition of Adjusted Capital Account is intended to comply with the provisions of Regulation section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

Adjusted Property. This term means any property of the Company, the Carrying Value of which has been adjusted pursuant to Section 3.4(d).

Affiliate. This term has the meaning given it in Regulation C adopted by the United States Securities & Exchange Commission pursuant to the Securities Act of 1933, as amended.

Agreed Price. This term has the meaning given it in Section 7.6(b).

Agreed Value. This term means, with respect to any Contributed Property or Adjusted Property, the fair market value of such property or other consideration at the time of contribution as determined by the Company (but only in the absence of a negotiated determination of fair market value among Members, in which case such negotiated value shall be accepted as the Agreed Value) using such reasonable method of valuation as it may adopt. In the absence of a negotiated allocation among the Members (if such negotiated allocation exists, the negotiated allocation will be conclusive), the Company shall, in its sole discretion, use such method as it deems reasonable and appropriate to allocate the aggregate Agreed Value of Contributed Properties or Adjusted Properties in a single or integrated transaction among such properties on a basis proportional to their fair market value.

Anniversary. This term means the date that is a full calendar year as measured from the Effective Date, as applicable. For purposes of clarity and by way of example, the second Anniversary means the date that is two calendar years from the Effective Date.

Annual Rebate. Year-end cash incentive provided by the Company to Members who in the previous calendar year, meet or exceed the Company pre-determined purchasing levels.

APLP. The annual Average Per Location Purchase for all Founding and Equity Members.

Associate Member. This term has the meaning given to it in Section 3.1(b)

Available Cash. This means, with respect to any Distribution Period ending prior to the dissolution or liquidation of the Company, and without duplication:

(a) the sum of (i) all cash and cash equivalents of the Company and its subsidiaries on hand at the end of such Distribution Period, including any Net Proceeds of Refinancing, Sale or Other Capital Transactions, and (ii) in the sole discretion of the Board, all additional changes in the amounts specified in item (i) above through the date of determination of Available Cash with respect to such Distribution Period, less

(b) the amount of any reserves that are necessary or appropriate in the reasonable discretion of the Board to (i) provide for the proper conduct of the business of the Company (including reserves for future capital expenditures and for anticipated future credit needs of the Company) subsequent to such Distribution Period or (ii) comply with applicable Law or any loan agreement, security agreement, mortgage, debt instrument or other agreement or obligation to which the Company is a party or by which it is bound or its assets are subject; provided, however, that distributions made by the Company or cash reserves established, increased or reduced after the end of such Distribution Period but on or before the date of determination of Available Cash with respect to such Distribution Period shall be deemed to have been made, established, increased or reduced, for purposes of determining Available Cash, within such Distribution Period if the Board so determines.

Notwithstanding the foregoing, "Available Cash" with respect to the Distribution Period in which a liquidation or dissolution of the Company occurs and any subsequent Distribution Period shall equal zero.

Bankrupt or **Bankruptcy.** This term means, with respect of a Member, the occurrence of any of the following with respect to such Member: (a) commencement by such Member of any proceeding seeking relief under any bankruptcy or insolvency law, including but not limited to a reorganization, arrangement, readjustment of debt, receivership, trusteeship or liquidation (hereinafter referred to as "Bankruptcy Proceedings"); (b) acquiescence by such Member to any Bankruptcy Proceeding commenced or brought against such Member by any other party or parties, it being deemed that such Member has acquiesced to any such Bankruptcy Proceeding that is not dismissed within 60 days after the commencement thereof or if such Member, by action, inaction or answer, approves of, consents to, admits the material allegations of any petition filed in connection therewith or defaults in answering any such petition; (c) final adjudication of such Member to be bankrupt or insolvent; (d) expiration of 60 days without termination, dismissal or discharge of the appointment of a trustee, receiver or liquidator, with or without such Member's consent, for all or any substantial part of the property of such Member, whether or not including such Member's Units; or (e) execution by such Member of an assignment for the benefit of creditors.

BBA. This term has the meaning given to it in Section 5.4(a).

BBA Procedures. This term has the meaning given to it in Section 5.4(c).

Board. This term has the meaning given it in Section 6.1.

Book-Tax Disparity. This term means with respect to any item of Contributed Property or Adjusted Property, as of the date of any determination, the difference between the Carrying Value of such Contributed Property or Adjusted Property and the adjusted basis thereof for federal income tax purposes as of such date. A Member's share of the Company's Book-Tax Disparities in all Contributed Property and Adjusted Property will be reflected by the difference between such Member's Capital Account balance as maintained pursuant to Section 3.4 and the hypothetical balance of such Member's Capital Account computed as if it had been maintained strictly in accordance with federal income tax accounting principles. The determination of Book-Tax Disparity and a Member's share thereof shall be determined consistently with Regulation section 1.704-3(d).

Business Day. This term means any day other than a Saturday, Sunday and those legal public holidays specified in 5 U.S.C. § 6103(a), as may be amended from time to time.

Capital Account. This term means the capital account maintained for each Member pursuant to Section 3.4 of this Operating Agreement.

Capital Contribution. This term means any cash, property or other asset or thing of value contributed by a Member to the capital of the Company.

Carrying Value. This term means (a) with respect to Contributed Property, the Agreed Value of such property reduced (but not below zero) by all depreciation, amortization and cost recovery deductions relating to such property charged to the Members' Capital Accounts, and (b) with respect to any other Company Property, the adjusted basis of such property for federal income tax purposes, all as of the time of determination. The Carrying Value of any property shall be adjusted from time to time in accordance with Section 3.4(d) and to reflect changes, additions or other adjustments to the Carrying Value for dispositions and acquisitions of Company properties, as deemed appropriate by the Company.

Change of Control. This term means, with respect to any Member, the occurrence of any of the following: (i) the acquisition by an individual, entity, group or any other person, of beneficial ownership of more than fifty percent (50%), whether in one or more transactions, of either (x) the then-outstanding equity interests of such Member or (y) the combined voting power of the election of management of such Member; (ii) the sale of substantially all of the Member's assets or a merger or sale of stock wherein the holders of the Member's equity interest immediately prior to such sale do not hold at least a majority of the outstanding equity interests of such Member or its successor immediately following such sale; and/or (iii) the Member approves any plan or proposal for the liquidation or dissolution of such Member.

Class A Units. This term has the meaning given it in Section 3.1(a).

Class B Units. This term has the meaning given it in Section 3.1(a).

Class C Units. This term has the meaning given it in Section 3.1(a).

Classes. This term has the meaning given it in Section 3.1(a).

Code. This term means the Internal Revenue Code of 1986, as it has been and may be amended, and the corresponding provisions of any successor statute.

Company. This term has the meaning given it in the preamble

Company Minimum Gain. This term means the amount determined pursuant to Regulation section 1.704-2(d).

Company Property or Properties. This term means all interests, properties and rights of any type owned by the Company, whether owned by the Company at the date of its formation or thereafter acquired.

Contributed Property. This term means each property or other asset, in such form as may be permitted by the Act, but excluding cash or cash equivalents, contributed to the Company. Once the Carrying Value of a Contributed Property is adjusted pursuant to Section 3.4(d), such property shall no longer constitute a Contributed Property for purposes of Section 4.3, but shall be deemed an Adjusted Property for such purposes.

Descendants. This term means, with respect to a particular individual, such individual's children, grandchildren, great-grandchildren, and more remote progeny, and such individual's "descendants" include only those that have been born to a lawful marriage or legally adopted before attaining the age of 14 years.

Distribution Period. This term means each of the four three-month periods within each Distribution Year ending on the final day of March, June, September and December.

Distribution Year. This term means each 12-month period commencing on January 1 and ending on December 31.

Divorce. This term means an award of Units to the spouse of a Member in a proceeding for equitable distribution of marital property pursuant to a divorce or legal separation proceeding, or any similar court-ordered distribution of Units incident to the divorce or legal separation of a Member.

Economic Risk of Loss This term has the meaning set forth in Regulation section 1.752-2(a).

Effective Date. This term has the meaning given it in the preamble.

Equity Member. This term has the meaning given it in Section 3.1(b).

Equity Member ROFR Exercise Notice. This term has the meaning given it in Section 7.5(d).

Equity Member ROFR Option Period. This term has the meaning assigned to it in Section 7.5(c)(ii).

Family. This term means, with respect to a particular individual, such individual's spouse, siblings, parents and Descendants**.**

For Cause. This term shall mean any determination by the Founding Members that an Equity Member or Associate Member shall be removed for cause, which shall be deemed to include, but not be limited to, the following: any willful breach or habitual neglect by such Member of such Member's duties required to be performed under the terms of this Operating Agreement or any other agreement related to IRG Branded Products; the commission of any material act of dishonesty, fraud, misrepresentation, or other act of moral turpitude; gross carelessness or misconduct; failure to obey the direction of the Company in such a way that has a direct, substantial, and adverse effect on the Company's or IRG Branded Products' reputation; such Member is charged with a felony crime; such Member violates Member's duties of confidentiality to the Company; and such Member commits any act or acts that harm the Company's or IRG Branded Products' reputation, standing, or credibility with customers or suppliers.

Founding Member. This term has the meaning given it in Section 3.1(b).

Founding Member ROFR Exercise Notice. This term has the meaning given it in Section 7.4(d).

Founding Member ROFR Option Period. This term has the meaning assigned to it in Section 7.4(c)(ii).

GAAP. This term means generally accepted accounting principles in the United States of America, as amended.

Immediate Family. This term means a person's parents, siblings, spouse and children.

Interest. This term means the entire ownership interest of a Founding Member or Equity Member in the Company or other Person at any particular time, including without limitation, the Member's right to share in the Net Income, Net Loss, or similar items of, and to receive distributions from the Company, any and all rights to vote and otherwise participate in the Company's or such Person's affairs, and the right to any and all benefits to which a member of a limited liability company may be entitled as provided in this Agreement or in The Act, together with all related obligations to comply with the terms and provisions of any applicable agreement.

IRG Branded Product. This term means textiles or other products with the Company brand.

Liquidator. This term has the meaning given it in Section 9.2(a).

Majority-in-Interest. This term means, with respect to any specified group of Members, the vote, written consent or other approval of Members within such group holding at least 50% of the outstanding Units of the Class (or Classes) of Units held by such Members.

MAP. This term means the minimum advertised price to the end customer

Members. This term means those Persons executing this Agreement or counterpart hereof and any person admitted as an additional or substitute Member. Eligibility to be a "Member" and to continue in good standing as a "Member" is set out in Article III herein.

Minimum Gain Attributable to Member Nonrecourse Debt. This term means that amount determined in accordance with the principles of Regulation section 1.704-2(i)(3).

Net Agreed Value. This term means (a) in the case of any Contributed Property, the fair market value of such property reduced by any liabilities either assumed by the Company upon such contribution or to which such property is subject when contributed, and (b) in the case of any property distributed to a Member by the Company, the Company's Carrying Value of such property at the time such property is distributed, reduced by any indebtedness either assumed by such Member upon such distribution or to which such property is subject at the time of distribution as determined under section 752 of the Code.

Net Income. This term means, for any taxable period, the excess, if any, of the Company's items of income and gain for such taxable period over the Company's items of loss and deduction for such taxable period. The items included in the calculation of Net Income shall be determined in accordance with Section 3.4(b) and shall not include any items specifically allocated under Section 4.2(b). For purposes of Sections 4.2(a) and (b), in determining whether Net Income has been allocated to any Member for any previous taxable period, any Unrealized Gain or Unrealized Loss allocated pursuant to Section 3.4(d) or 3.4(e) shall be treated as an item of gain or loss to be allocated pursuant to Section 4.2.

Net Loss. This term means, for any taxable period, the excess, if any, of the Company's items of loss and deduction for such taxable period over the Company's items of income and gain for such taxable period. The items included in the calculation of Net Loss shall be determined in accordance with Section 3.4(b) and shall not include any items specifically allocated under Section 4.2(b). For purposes of Sections 4.2(a) and (b), in determining whether Net Loss has been allocated to any Member for any previous taxable period, any Unrealized Gain or Unrealized Loss allocated pursuant to Section 3.4(d) or 3.4(e) shall be treated as an item of gain or loss to be allocated pursuant to Section 4.2.

Net Proceeds of Refinancing, Sale or Other Capital Transactions. This term means the balance of any cash proceeds from a financing or refinancing of Company Property or a sale of or other disposition of Company Property or any part thereof and the proceeds of any other similar transaction of the Company which, in accordance with GAAP, is attributable to capital, after

application of such proceeds for (a) if such transaction is a financing or refinancing of Company Property, the purposes of such financing or refinancing, (b) payment of any obligations of the Company other than to Members, the payment of which is required by the occurrence of such refinancing, sale or other capital transaction, and (c) payment in full of all obligations of the Company and establishment of reasonable reserves.

Nonrecourse Built-in Gain. This term means with respect to any Contributed Properties or Adjusted Properties that are subject to a mortgage or negative pledge securing a Nonrecourse Liability, the amount of any taxable gain that would be allocated to the Members pursuant to Section 4.3(b)(i)(A) or 4.3(b)(ii)(A) if such properties were disposed of in a taxable transaction in full satisfaction of such liabilities and for no other consideration.

Nonrecourse Debt. This term has the meaning set forth in Regulation section 1.704-2(b)(4).

Nonrecourse Deductions. This term means any and all items of loss, deduction, or expenditure (described in section 705(a)(2)(B) of the Code) that, in accordance with the principles of Regulation section 1.704-2(b)(i) are attributable to a Nonrecourse Liability.

Nonrecourse Liability. This term has the meaning assigned to such term in Regulation section 1.704-2(b)(3).

NonSubject Founding Member. This term has the meaning given it in Section 7.6(a).

Non-Transferring Equity Member(s). This term has the meaning given it in Section 7.5(b).

Non-Transferring Founding Member. This term has the meaning give to it in Section 7.3(b).

Offering Equity Member. This term has the meaning given it in Section 7.5(a).

Offering Equity Member Notice. This term has the meaning given it in Section 7.5(c)(i).

Offering Founding Member. This term has the meaning given it in Section 7.4(a).

Offering Founding Member Notice. This term has the meaning given it in Section 7.4(c)(i).

Offered Class A Units. This term has the meaning given it in Section 7.4(a).

Offered Class B Units. This term has the meaning given it in Section 7.5(a).

Operating Agreement. This term has the meaning given it in the preamble.

Participation Election. This term has the meaning given it in Section 3.2(a).

Participation Notice. This term has the meaning given it in Section 3.2(a).

Partnership Representative. This term has the meaning given to it in Section 5.4(a).

Permitted Transferee. This term means: (a) with respect to any Member that is a natural person, such Member's Family and any Person that is controlled by the Member and his Family and in which the Member and his Family hold at least 80% (of record and beneficially) of the equity, voting or beneficiary interests; and (b) with respect to any Person that is not a natural person, (i) any natural person that owns, directly or indirectly, at least 51% (of record and beneficially) of the equity interests in such Person, and (ii) any Person that would be a Permitted Transferee of a Person meeting the criteria of subsection (b)(i) of this definition.

Person. This term means any natural person, limited liability company, general partnership, limited partnership, corporation, joint venture, trust, business trust, cooperative or association.

Prior Operating Agreement. This term has the meaning given to it in the recitals.

Regulations. This means the U.S. Treasury Regulations promulgated under the Code, as in effect from time to time.

Related Party Transaction. This term has the meaning given it in Section 6.4.

Residual Gain or **Residual Loss.** This term means any item of gain or loss, as the case may be, of the Company recognized for federal income tax purposes resulting from a sale, exchange or other disposition of a Contributed Property or Adjusted Property, to the extent such item of gain or loss is not allocated pursuant to Section 4.3(b)(i)(A) or 4.3(b)(ii)(A), to eliminate Book Tax Disparities.

Substitute Member. Means a transferee of a Unit or Units who is admitted as a Member of the Company pursuant to Article VII in place of and with all the rights of a Member.

Subject Member. This term has the meaning given it in Section 7.6(a).

Supermajority-in-Interest. This term means, with respect to any specified group of Members, the vote, written consent or other approval of Members within such group holding at least 80% of the outstanding Units of the Class (or Classes) of Units held by such Members.

Tag Along Notice. This term has the meaning given it in Section 7.3(b).

Tax or **Taxes.** This means any federal, state, local or foreign income, gross receipts, franchise, estimated, alternative minimum, add-on minimum, sales, use, transfer, registration, value added, excise, natural resources, severance, stamp, occupation, premium, windfall profit, environmental, utility, customs, duties, real property, personal property, capital stock, social

security, unemployment, disability, payroll, license, employee or other withholding, or other tax, of any kind whatsoever, including any interest, penalties or additions to tax or additional amounts in respect of the foregoing, in all cases whether or not disputed.

Tax Distribution. This term has the meaning given it in Section 4.4.

The Act. This term means the Delaware Revised Limited Liability Company Act, as it may be amended from time to time.

Transfer. This term means any sale, assignment, transfer, exchange, mortgage, pledge, grant of a security interest, gift, bequest, or other change in the record or beneficial ownership of a Unit, whether made voluntarily or involuntarily by operation of law, including, but not limited to, the following: (a) a sale or gift to any Person; (b) a transfer to the personal representative of the estate of a Member upon such Member's death, and any subsequent transfer from such personal representative to the heirs or devisees of the deceased Member under his will or by the laws of descent and distribution; (c) a transfer to a judicially appointed personal representative as a result of the adjudication by a court of competent jurisdiction that the transferor Member is mentally incompetent to manage his person or property; (d) a transfer to the transferor Member's spouse or former spouse, in connection with a division of their community or other property upon divorce of such Member; (e) a general assignment for the benefit of creditors, or any assignment to a creditor resulting from the creditor's foreclosure upon or execution against such Unit; (f) the filing by the transferor Member of a voluntary Bankruptcy petition; or (g) the entry of a judicial order granting the relief requested by the petitioner in an involuntary Bankruptcy proceeding filed against the transferor Member.

Transferee. This term shall have the meaning given it in Section 7.7.

Transferring Member. This term has the meaning given it in Section 7.7.

Unit. This term means the unit of measurement within a Class into which all Interests in the Company are divided.

Members. This term means, at any time, the Persons who then own Units in the Company and have complied with the provisions of this Operating Agreement (including, without limitation, Article VII). The Members shall be the "Members" of the Company for purposes of The Act.

Unit Ledger. This term has the meaning given it in Section 3.1(d).

Unrealized Gain. This term means, with respect to any item of Company Property, as of any date of determination, the excess, if any, of (a) the fair market value of such property as of such date over (b) the Carrying Value of such property as of such date (prior to any adjustment to be made pursuant to Section 3.4(d) or 3.4(e) as of such date). In determining such Unrealized Gain, the aggregate cash amount and fair market value of a Company Property (including cash or cash equivalents) shall be determined by the Company and agreed to by the Members using such reasonable method of valuation as it may adopt.

Unrealized Loss. This term means, with respect to any item of Company Property, as of any date of determination, the excess, if any, of (a) the Carrying Value of such property as of such date (prior to any adjustment to be made pursuant to Section 3.4(d) or 3.4(e) as of such date) over (b) the fair market value of such property as of such date. In determining such Unrealized Loss, the aggregate cash amount and fair market value of a Company Property (including cash or cash equivalents) shall be determined by the Company and agreed to by the Members using such reasonable method of valuation as it may adopt.

Vendor Set Aside. This means a percentage of Member purchases set aside and paid to the Company by the Vendor used to fund the Company's operating expenses and for distribution to the Members at the discretion of the Board of Directors

Winding Up. This term means the period following a termination of the Company.

Work Group. This term has the meaning given it in Section 6.6.

SCHEDULE C

Right to Veto New Members

Each Equity Member is granted a limited right to veto the approval by the Company of a new Associate Member with a physical business location within (a) such existing Equity Member's Metropolitan Statistical Area(s) ("**MSA**") as defined by US Census Bureau where the addition of the applicant Associate Member's store(s) reduces the MSA average population per store approved to sell IRG Branded Products to less than 500,000 (the "**MSA Limit**") or (b) within a 20-mile radius of such existing Equity Member's physical business location. For Members with stores in Multiple MSA's, each MSA is considered individually. Founding Members are granted the exclusive, limited right to veto the approval of a new Associate Member within a 50-mile radius of such existing Founding Member's physical business location.

Where MSA's do not exist or MSA's are smaller than the MSA Limit, the Equity Member will be notified of all applicants within 20 miles (or 50 miles for Founding Members) of the applicant Associate Member's location for veto consideration prior to the Board granting applicant approval.

Should a Member desire to request a veto of the Associate Member applicant the Member must notify the Board in writing within 5-days of receipt of notification of the application by the Associate Member Applicant, and such notification shall include an explanation of why the applicant should not be approved. The Board can override an Equity Member's veto only with approval of at least 75% of the members of the Board; and the Board will provide the vetoing Equity Member of notice of any such decision. Events, trade shows, pop-up stores, or mobile stores will not be considered as part of the MSA territory consideration.

The Company will make commercially reasonable efforts not to have Members within the same MSA; provided (a) that the active Associate Member location(s) meets or exceeds the MSA Limit and (b) the Associate Member becomes an Equity Member within 12 months of becoming an Associate Member, or meets the minimum IRG purchase requirements for Equity Member eligibility within 12 months of becoming an IRG Associate Member. Otherwise, the Company may approve additional Associate Member's or Equity Member's within such initial Associate Member's MSA

If an Associate Member should achieve Equity Member status while other Associate Member's exist within such new Equity Member's MSA, the new Equity Member may petition the Board to rescind the other Associate Members' status as Associate Member(s). The Associate Member(s) can then be removed with (a) the approval of at least 75% of the members of the Board or (b) if the Associate Member(s) does not meet minimum IRG purchase requirements to become an Equity Member(s) within 12 months of the petition.

Additional Equity Member Privileges

1) Additional privileges as defined by the Board

2) Eligible to lead any Working Group

3) Vote for leadership (Board)

4) Eligible to participate in all Equity Member specific defined programs that are deemed for Equity Members only. Including, but not limited to:
   - reduced pricing
   - year-end rebates and profit distributions
   - discounts
   - other vendor benefits

Member Obligations

1) Maintain Current Business Information & Disclose All Locations. Each Member must maintain accurate and up-to-date company information and disclose all physical brick and mortar locations, commerce enabled websites and DBA's that carry IRG Branded Products throughout the term of your status as a Member of the Company. Additional physical locations of a Member that infringe on another Member's MSA described above must be approved by the 75% of the members of the Board.

2) Sell to End User Customers and Businesses Only. Each Member is authorized to sell only through the authorized business locations as defined above. A Member may not sell to other Members, retailers, wholesalers, or other outlets, unless explicitly approved by the Board. Members may only take orders via publicly accessible ecommerce enabled web pages hosted on approved websites owned and operated by such Member. Internet sales are limited to Member websites where the purchase is consummated out of the Member's store or directly from the manufacturer. Selling on 3rd party sites (eBay, Amazon, Alibaba, etc.), drop-ship accounts (Buy.com, Newegg.com, Overstock.com, etc.), classified sites (Craigslist.com, Facebook Marketplace, etc.) or direct messages on forums is strictly prohibited. Members are strictly prohibited from selling IRG Branded Product on, and shall not sell IRG Branded Product on, 3rd party sites, drop-shop accounts, classified sites, direct messages and to or thru ASI Distributors.

3) Purchase from Company approved Manufacturers and Distributors. Members must purchase IRG Branded Products from Company approved manufacturers, must not purchase IRG Branded Products from other Members, or from other sources not explicitly approved by Company. All Members will have the same purchase price (cost) for IRG Branded Products from the vendor. Should any vendor offer opportunities for discounts, rebates, spiffs, or similar discounts or incentives to any Member, those opportunities must be made available to all Members. Should any vendor see the need to implement volume-based pricing (cost), that same pricing must be made available to all Members.

4) Confidentiality. Each Member must sign a confidentiality agreement and thereby agree that any information about IRG Branded Products, Company Members, Company structure or other Company information are confidential trade secrets and may not be shared with other vendors, Members, or unrelated parties.

5) MAP and Member Pricing. (Schedule F) Member must honor defined MAP pricing. Only MAP Pricing (or higher) will be allowed for ecommerce sites unless otherwise identified in this document. Members may sell the product below MAP price as they see fit to meet the needs of their contracts, groups or other volume customers but may not advertise or promote that price in any way.

New Product Development

1) New Products may be proposed to the Board of Directors by any Member and must be accepted or rejected by a majority vote of the Board.

SCHEDULE D

Minimum Purchase Requirements

To meet annual purchasing minimum goals of IRG Branded Product, as part of the Qualifications in Section 3.1(b), to become or maintain specific Member status, Members must qualify by meeting one of the following requirements.

- Method 1 – Meet or exceed 50% of the APLP, based on the number of brick-and-mortar locations operated by the Member. This total will be determined by calculating the total IRG units purchased at any time during a calendar year by the Member and dividing it by the number of physical locations currently operated by the Member, with a maximum number of stores per Member capped at 5 locations. The APLP will only include current IRG uniform collections (Elite, Elevate, Edge and Epic), the APLP excludes other IRG branded items including tee shirts and accessories.

- Method 2 – Purchase 3 times 50% of the APLP during a calendar year. This number is determined by calculating the total number of IRG units purchased by the Member during a calendar year and is not dependent on the number of physical locations operated by the Member.

The APLP (Average Per Location Purchase) will be determined by calculating all units purchased in a calendar year, by qualified Founding and Equity Members from that same calendar year and dividing the total by the number of brick-and-mortar locations operated by the same Members at the end of the same year. The Board can round the APLP +/- 20% for convenience and for the benefit of the Company.

Each year, by March 1st, the Board will make available the previous year's APLP. This total will be used to determine eligibility for the following calendar year.

2022 APLP = 6,640 IRG Pieces / 50% of 2022 APLP rounded = **4,000 IRG Pieces**

SCHEDULE E

Annual Rebates

Members may qualify for the Annual Rebate by meeting the following requirements:

- Requirement 1 – Meeting or exceeding the Board approved, pre-determined purchasing requirements from the previous year. The rebate will only include current IRG uniform collections (Elite, Elevate, Edge and Epic), the rebate excludes other IRG branded items including tee shirts and accessories.

- Requirement 2 – Member must be a Class A or Class B Member at the time rebates are issued and must be in good standing with IRG, LLC and Maevn Uniforms.

Rebate levels for 2023

PLATINUM:
25,000 pieces of IRG branded apparel
Rebate: $.40 per piece

GOLD:
20,000 pieces of IRG branded apparel
Rebate: $.30 per piece

SILVER:
15,000 pieces of IRG branded apparel
Rebate: $.20 per piece

SILVER (Single Store Members)
Meet or exceed the previous year APLP
2022 APLP = 6,640 IRG pieces
Rebate: $.20 per piece

Founding Members who qualify for the Annual Rebate are entitled to an additional $.10 per piece rebate, based on their rebate level.

All Members who meet or exceed the APLP are entitled to a promotion to the next rebate level.

Each year, by March 1st, the Board will make available the qualifying rebate levels for the current calendar year.

The Annual Rebate will be issued to qualifying Members each year by April 1st.

SCHEDULE F

MAP Policy:
The MAP policy covers all IRG collections including Edge, Elevate, Elite, Epic and any future product created or branded by IRG.

Advertising and Pricing: Member may not advertise below MAP in any type of media advertising (including, but not limited to, newspapers, radio, magazines, television, direct mail, catalogs, flyers, websites, social media, applications, digital marketing platforms, search engines, internet banners, pop up ads, digital coupons, site wide promotion codes, etc.) Member may not advertise a variance below the approved MAP. For example, if the MAP is $21.99, the Member may not advertise at $21.95. Email and text campaigns are acceptable if the Member is sending a campaign out to their private, existing customer list. Advertising does not include in-store negotiations, in-store pricing on garments, in-store point of sale systems or any other in-store communications. IRG does not intend this MAP policy to affect, set or otherwise restrict the actual resale price of any IRG product. For purpose of this policy, the MAP of all IRG products will end in $.99

In-Store Promotions: Member may advertise any in-store promotion that includes IRG products below MAP to a private, existing customer list, and on the Member's publicly accessible, approved website or on the Member's social media page(s) if the promotion is clearly defined as "In-Store Only". This category of advertisement or promotion may not include any type of code, link or statement that implies the promotional price is available other than if purchased in-store.

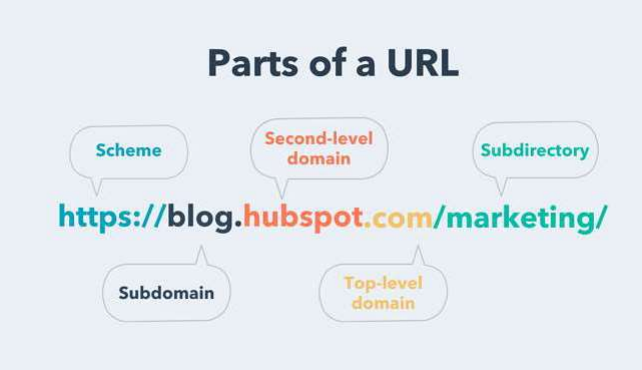
MAP Holidays: There will be no MAP sales or promotions of any kind regarding IRG brands.

Internet Sales: Under this policy, the term "advertised price" will refer to any price visible on the website of the Member; however, this policy does not restrict the price visible once the product has been placed in a digital shopping cart for checkout. The Member may not advertise or imply that a price below MAP will appear in the shopping cart once the product is added. Examples of advertising messages not allowed: "Buy one get one free" and "See shopping cart for special pricing."

Bundling: It is not allowed under this MAP policy for IRG products to be advertised together at a single price and with a discount incentive that is lower than the sum of the individual MAP. However, it shall not be a violation of this policy to offer free or reduced shipping with the purchase of a product at MAP.

Direct Sales and Domain Names: The IRG brand or IRG in combination with any IRG collection name, used in the domain name, (subdomain, second-level domain, or top-level domain) is not allowed. Members may use the IRG brand and the IRG collection name only as a subdirectory.

Domain Name Explanation:



Third-Party Platforms: IRG products cannot be advertised or sold on third-party selling platforms (including, but not limited to, Amazon, Wal-Mart, eBay, etc.) However, it shall not be a violation of this policy to market or display IRG products on social media shops, search engine shops, Google Shopping, etc. if the product links directly back to the Member's website to process the sale.

Violations: If any Member violates this MAP policy, IRG may take the following actions after documenting and notifying the Member of the violation verbally and/or by email.

- 1st Violation = If the violation is not corrected in 72 hours, all shipments will be placed on hold until the violation has been addressed.
- 2nd Violation = All shipments will immediately be placed on hold until the violation has been corrected. If the 2nd violation is not corrected within 48 hours, the account will be placed on hold for 2 weeks.
- 3rd Violation = All shipments will immediately be placed on hold until the violation has been corrected. If the 3rd violation is not corrected within 24 hours, the account will be placed on hold for 3 weeks.
- 4th Violation = All shipments will immediately be placed on hold. At the discretion of the board, the Member's account may be placed on indefinite hold.

Price Monitoring: IRG will monitor the Member's advertised prices either directly or through third-party software. The IRG MAP Administrator is responsible for determining whether a violation of the policy has occurred, documenting the violation, and communicating with the reseller regarding the violation and MAP policy.

MAP Policy Changes: The terms of this MAP policy may be changed at any time by the Board. Changes will only be approved with a Majority-in-Interest of Founding and Equity Members. The Board will inform all Members 30 days prior to implementing approved changes.

SCHEDULE G

The purpose of Schedule G is to expand upon the defined scope of Work Groups (WG's) as put forth in Section 6.6. The objective being to identify a structure, processes, and best practices with which WG's can effectively complete their assigned tasks.

Purpose and Responsibilities Work Groups:
Work Groups exist to "advise the Board on specific business function areas". For their area of responsibility Work Groups:

1. Represent all members to the Board for IRG product, operational and business decisions,
2. Monitor, manage, and execute IRG business functions as authorized by the Board,
3. Engage as equity members to fulfill their responsibility to be actively involved in IRG, and
4. While the WG can communicate with outside organizations the WG cannot commit, represent or bind IRG or any of its members.

Work Groups provide IRG an operational foundation for making and executing the best possible decisions on a timely basis. WG's provide the secondary benefit of involving all owners via their participation either directly as a WG member or indirectly through WG communication.

Guidelines for Work Group Creation
Primary WG created by the Operating Agreement have responsibility for specific business functional areas. Additional (Secondary) WG's are created when the completion of a project, task, or process requires –

- A time commitment beyond which the Primary WG's can effectively provide,
- Specific focus or expertise is required that is not available on the Primary WG,
- Primary WG cannot agree upon an answer,
- Conflicts of interest exist within the Primary WG.

Work groups can be proposed by any member and created upon approval by the Board.
Too many WG's can spread Owners too thin while duplicating the overhead of running a WG. Communication and continuity get more difficult and more vital as additional WG's are created. Each new WG should be evaluated as to whether the benefit outweighs the overall cost of the WG.

Work Group Participation

1. Two types of Work Groups – Standing and Ad Hoc
    a. Standing – WG's with responsibility for specific, on-going business processes.
    b. Ad Hoc – WG's created to achieve a specific objective
    (Primary WG's are standing WG's, See Schedule 3 for complete list)

2. WG Membership (Participant) consist of –
    a. 3 to 7 IRG Members (number of WG Participants set by BOD or Primary WG at WG Creation)
    b. Standing Work Groups – up to 50% of WG Participants can rotate off each year
    c. Recommended 2-year minimum participation on WG, Maximum 4-years
    d. 50% or more WG Participants must be Owners
    e. Members with multiple IRG representatives (i.e. Husband / Wife both participate in IRG) must designate a specific WG Participant.
    f. Members should serve on a maximum of 1 standing work group and 2 ad hoc in a year.
3. Primary WG Chair(s) appointed by Board, WG Chair must be an owner
4. Secondary WG Members are selected by WG Chair of the Primary WG or Board – typically from a group of volunteers.
5. Reimbursement of expenses for on-site meetings can be granted to WG Participants only and must be approved by Board
6. WG meetings are always open for any IRG Members to "observe" (Observers) WG meetings. Observers are encouraged to participate but cannot be disruptive to the process.
7. Though discouraged, should there be a need for a WG to meet without observers' prior approval by Board is required.
8. Voting / Decision Making
    a. Only WG Participants are voting members of WG
    b. Unless otherwise directed by Board or requested by a majority of WG Participants all votes will be simple majority votes of WG Participants.
    c. Deliverables to be voted upon will be defined in the WG Charter.
9. WG's are **encouraged to poll all Owners** on important or difficult decisions and to poll all IRG Members when the WG believes it will be useful.
10. WG decisions can be brought to Board or Owner votes by request of 30% or more of WG Participants.
11. Per the Operating Agreement *"All Members are required to participate in a Work Group."* This has been defined by the Board to mean:
    a. Each member shall serve on a minimum of one workgroup per calendar year.
    b. Attendance is defined as participation in 50% or more of a WG's scheduled events.

Work Group Authority

1. Understand the Board or Primary WG expectations for the WG.
2. Upon creation a determination will be made as whether the WG reports to Board or a Primary WG.

3. Each WG must create a WG Charter (see schedule 2 below) documenting -
    a. Mission/purpose of WG – clear statement as to why Work Group exists and what they intend to deliver,
    b. Who the WG reports to (Primary WG or Board),
    c. Expected deliverables to achieve expected results,
    d. Responsibilities of each WG Member,
    e. Document the specific scope, authority, and processes for meeting expectations.
    f. Set planning calendar with timeline for deliverables, meetings, and other key dates.
        i. Reporting to Board
        ii. Reporting to Owners / Members
4. Identify / Quantify key decisions that may require –
    a. Board participation
    b. Polling of owners and/or members
    c. Owner votes
    d. WG Member votes
5. Preliminary WG charter is created by Board or Primary WG proposing the WG prior to WG creation.
6. The WG Charter is completed and presented to the creating body (BOD or Primary WG) for approval after the completion of a minimum of two WG meetings.

Work Group Procedures

1. Clearly identify individual WG participant responsibilities,
2. Plan a meeting schedule
3. Create a plan for communicating how materials are submitted, shared and reviewed, including -
    a. Minutes of WG meetings,
    b. Votes / decisions of WG,
    c. Board presentations and updates, and
    d. Meetings beyond WG (Equity Members (Owners) and Non-Equity Members).
4. Complete a Work Group Charter (See Schedule 2 below for guidelines).
5. Post all documents to IRG Member web site (when available) or drop box on a timely basis.

Each Work Group will be structured as follows:

(A) A Work Group Chair. Each Work Group shall have a Work Group Chair as appointed by the Board. The Work Group Chair may, at the discretion of the Board, be compensated for time and effort in conducting and overseeing the Work Group.

(B) Work Group meeting dates and times are published for all Members to see.

(C) Founding Members and Equity Members can sit in on any Work Group meeting at any time

(D) All Work Group meeting minutes are available for Members to review at any time.

CONTENTS OF A WORK GROUP CHARTER

Work Group charters should be as detailed and clear as possible. This will help everyone understand the role of each WG participant, as well as the communication process among IRG Members. Here's a sample template of a board Work Group charter:

Purpose of Work Group

The Work Group will assist the Board and Primary WG's in making decisions that will help the organization achieve its annual goals and initiatives. This Work Group is designed to allow Board and Primary WG participants who do not have the time to attend all the board meetings to be involved in major decisions.

Membership

The Work Group will consist of three to seven participants. Roles for individual participants should be defined and expectations set for each participant as it relates to the purpose of the WG.

Authority

This Work Group only makes recommendations, and it will report to the board at the end of each month. The Work Group meets at least three times a year to reach recommendations that the entire board can put to a vote.

Responsibilities

The chairperson will be responsible for implementing all decisions this Work Group makes and will also keep participants up-to-date on any decision-making required by the IRG.

Tips for Creating a Work Group Charter

The Work Group charter enables the effective organization of roles and responsibilities of the WG Participants, as well as the meeting times, locations, and attendance requirements.

Additional tips for creating WG charter:

- **Be creative.** Meetings may need to be revised or relocated in order to be more efficient. Creativity is key to achieving this goal and will help with considering new ideas.
- **Be flexible.** It's important to be open to changes in your own organization that may require you to change your WG structure. For example, if a new participant joins, it will be easier for him or her to get up-to-speed if established standing WG already exist.
- **Be consistent**. Work Groups are responsible for reviewing policies and recommending changes to policy. WG's should follows the same guidelines the board follows when making these changes.
- **Be transparent.** When distributing information about new WG's or reporting on the progress of current WG's, be sure to use a transparent procedure so everyone can clearly see what's required of them and when.
- **Be specific.** While it's important to provide a general outline of your expectations, it's also essential to outline the specific tasks that each member needs to fulfill.

Work Group Charter Template

This template provides the framework for creating a Work Group Charter. A preliminary charter is required when a Work Group is proposed to be created. Final WG Charter must be presented and approved by Board or Primary WG within two weeks of Work Group approval.

Statement of Purpose:

- Clearly define the WG's purpose, it's primary reason for existing and its objectives.

Type: Standing / Ad Hoc **Report to:** Board / Primary Work Group

Membership / Roles:

- Identify WG participants
    - If additional participants are required specify how they will be selected.
- Define all WG roles, including -
    - WG Chair – leads WG, assigns other duties and responsibilities.
    - WG Recorder – takes minutes of meetings, publishes all WG information
    - Other leadership roles as required (i.e. - communications, vice-chair, …)

Deliverables:

- Get specific defining expectations.
- Clearly express products to be created and the process to complete them including:
    - Owner / Member queries
    - Outside assistance required

WG Schedule:

- Create a meeting schedule – how often, when.
- Minimum - Standing 1 per month, Ad Hoc 1 per week until task complete
- Timing of reports to Board or Primary Work Group
- Expected dissolution date (if Ad Hoc)

Other Information:

Revision Number: Revision Date:

2023 Work Groups

1) Design and Product Development
   a) *Design & Product Development – Standing / Board
      - Product planning, development and product life-cycle completion of all IRG Collections, Brands and products
      - In-line changes to products for defects, improvements and changes
      - Monitors and Updates pricing
   b) EPIC Design Work Group – ***Ad Hoc*** / Board
      - Design and development of EPIC Collection
      - Pricing, marketing, for the new product line
   c) Product Marketing Materials – Standing / Design & Product Development
      - Create and maintain all product images, descriptions, photos, product flyers, etc.

2) IRG Brand Management
   a) * Brand Management Work Group – Standing / Board
      - Responsible for Marketing to End Consumer
      - Create Monitor and maintain IRG Web Site
      - Responsible for social media
      - Creating materials for members (Facebook, Instagram, …)

3) Membership
   a) * Membership – Standing / Board
      - Marketing of "IRG" the organization
      - Member acquisition and approval
      - Member relationship (Equity and Non-Equity)
      - Responsible for portions IRG Web site relevant to IRG Members
      - Annual Meeting
      - Monthly Owner / Quarterly Member Meetings
   b) URA Planning and Execution – Standing / Board
      - URA Booth and Fashion show planning
   c) Vendor Relationships – Standing / Board
      - Creates and monitors Vendor relationships

4) Finance
   a) *Finance – Standing / Board
      - Monitors financial condition of IRG, creates/monitors budget

5) Administration
   a) *Administration – Standing / Board
      - Organizational requirements of IRG
      - Operating Agreement, contracts and vendor financial relationships
      - Responsible for all changes to Operating Agreement
   b) Member Eligibility Review – Standing / Administration WG
      - Monitor eligibility for all owners and members
   c) Values – Ad Hoc / Board
      - Develop Values for IRG