OPERATING AGREEMENT
FOR
TODD ENTERTAINMENT, LLC

AGREEMENT entered into and effective as of June 23, 2003, by Todd A. Meagher ("**Meagher**") and Joshua L. Todd ("**Todd**") (each a "**Member**" and together, the "**Members**").

WITNESSETH:

WHEREAS, the Members desire to form a limited liability company pursuant to the California Beverly-Killea Limited Liability Company Act (the "**Act**");

WHEREAS, the Members hereto desire to adopt this Agreement.

NOW, THEREFORE, in consideration of the premises hereof and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows effective as of the date first written above.

ARTICLE I

DEFINITIONS

The following terms will have the following meanings:

"**Affiliate**" will mean (i) any person, corporation or other entity which directly or indirectly controls, is controlled by, or is under common Control with a party, and (ii) a spouse, child, parent, sibling or lineal descendant of a Member (a "**Family Member**" or "**Family Members**"), as well as any trust for the benefit of, and the estate of, the Member or any Family Member.

"**Agreement**" means this Operating Agreement as originally executed and as amended, modified, supplemented or restated from time to time, as the context requires.

"**Articles**" means the Articles of Organization of the Company, as filed with the Department of State of the State of California in accordance with the Act on February 4, 2003, and as in effect from time to time.

"**Capital Account**" will mean the capital accounts that the Company will determine and maintain for each Member in accordance with <u>Section 4.6</u>.

EXHIBIT C 11/8/04 J. Todd PENGAD 800-631-6989

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"Capital Commitment" means the minimum amount necessary to allow the Company to lawfully make the distributions provided for in Section 6.3(a) during the Period.

"Capital Contribution", with respect to each Member, will mean any contribution made by the Member to the capital of the Company that the Member is obligated or permitted to make pursuant to the provisions hereof.

"Cause" will mean (i) fraud, gross negligence or material misconduct by a Member in connection with activities of the Company, (ii) conviction of a crime involving fraud, misappropriation or moral turpitude, or (iii) material breach of the provisions of this Agreement that has not been cured as provided in Section 11.15 below.

"Code" means the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder.

"Company" means Todd Entertainment, LLC.

"Control" will mean possession, directly or indirectly, of power to direct or cause the direction of management or policies of any person, corporation or other entity, through ownership of voting securities, by contract or otherwise.

"Depreciation" means, for each fiscal year or other period, an amount equal to the depreciation, amortization or other cost recovery deduction allowable for federal income tax purposes with respect to an asset for the fiscal year or other period; provided, however, that if the Gross Asset Value of an asset differs from its adjusted tax basis for federal income tax purposes at the beginning of the fiscal year or other period, Depreciation will be an amount that bears the same ratio to the beginning Gross Asset Value as the federal income tax depreciation, amortization or other cost recovery deduction with respect to the asset for the fiscal year or other period bears to the beginning adjusted tax basis; and provided further that, if the adjusted tax basis of an asset for federal income tax purposes at the beginning of the fiscal year or other period is zero, Depreciation will be determined with reference to the beginning Gross Asset Value using any reasonable method selected by the Manager.

"Gross Asset Value" means, with respect to any Company Asset, the asset's adjusted basis for federal income tax purposes, except that the initial Gross Asset Value of any asset contributed by a Member to the Company will be the fair market value of the asset, as agreed by the Members, and the Gross Asset Values of all Company Assets will be adjusted to equal their fair market values, as agreed by the Members, in accordance with the rules set forth in section 1.704-1(b)(2)(iv)(*f*) of the Code, except as otherwise provided herein, as of: (i) the date of the acquisition of any additional Membership Interests by any new or existing Member in exchange for more than a de minimis Capital Contribution; (ii) the date of the distribution of more than a de minimis amount of Company property to a Member as consideration for a Membership Interest; or (iii) the date of the termination of the Company under section

708(b)(1)(B) of the Code; provided, however, that adjustments pursuant to clauses (i) and (ii) above will be made only if the adjustments are deemed necessary or appropriate by the Manager to reflect the relative economic interests of the Members. The Gross Asset Value of any Company Asset distributed to any Member will be adjusted immediately prior to the distribution to equal its fair market value (taking section 7701(g) of the Code into account). The Gross Asset Values of Company assets will be increased (or decreased) to reflect any adjustments to the adjusted basis of the assets pursuant to sections 734(b) or 743(b) of the Code, but only to the extent that the adjustments are taken into account in determining Capital Accounts pursuant to section 1.704-1(b)(2)(iv)(*m*) of the Code; provided, however, that Gross Asset Values will not be adjusted pursuant to this sentence to the extent that the Manager determines that an adjustment pursuant to the second preceding sentence is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this sentence. Depreciation will be calculated by reference to Gross Asset Value instead of tax basis once Gross Asset Value differs from tax basis.

"**Interest**" means for any Member, the Member's entire interest in the Company (including, but not limited to, the Member's Percentage Interest).

"**Manager**" or "**Managers**" means, individually or collectively, Todd Meagher and any other or additional Person hereafter designated as a "Manager" of the Company pursuant to the terms hereof.

"**Member**" or "**Members**" means, individually or collectively, Todd Meagher or Joshua Todd and any other Person hereafter admitted as a member of the Company in accordance with the provisions hereof.

"**Net Cash Flow**" means, for any fiscal year or other period of the Company, the gross cash receipts of the Company from all sources, plus amounts utilized or released from reserves that previously reduced Net Cash Flow, less all reasonable and necessary amounts, consistent with past practices and industry norms, actually paid in cash by the Company to Non-Affiliates during the same fiscal year or other period for liabilities and obligations of the Company, and less any amounts reasonably determined by the Manager to be necessary to provide reasonable reserves for working-capital needs or any other contingencies of the Company.

"**Net Profits**" and "**Net Losses**" means, for each fiscal year or other period, an amount equal to the Company's taxable income or loss for the fiscal year or other period, determined in accordance with section 703(a) of the Code (but including in taxable income or loss, for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to section 703(a)(1) of the Code), with the following adjustments:

(a) any income of the Company exempt from federal income tax and not otherwise taken into account in computing Net Profits or Net Losses pursuant to this definition will be added to the taxable income or loss;

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(b) any expenditures of the Company described in section 705(a)(2)(B) of the Code (or treated as expenditures described in section 705(a)(2)(B) of the Code pursuant to section 1.704-1(b)(2)(iv)(*i*)) of the Code and not otherwise taken into account in computing Net Profits or Net Losses pursuant to this definition will be subtracted from the taxable income or loss, including deductions for any losses incurred in connection with the sale or exchange of Company property disallowed pursuant to section 267(a)(1) or 707(b) of the Code which will be treated as expenditures described in section 705(a)(2)(B) of the Code;

(c) in the event the Gross Asset Value of any Company asset is adjusted in accordance with the definition of "Gross Asset Value" above, the amount of the adjustments will be taken into account as gain or loss from the disposition of property for purposes of computing Net Profits or Net Losses;

(d) gain or loss resulting from any disposition of any asset of the Company with respect to which gain or loss is recognized for federal income tax purposes (or is deemed recognized pursuant to subsection (c) above) will be computed by reference to the Gross Asset Value of the asset disposed of, notwithstanding that the adjusted basis of the asset for federal income tax purposes differs from its Gross Asset Value;

(e) in lieu of depreciation, amortization and other cost recovery deductions taken into account in computing the taxable income or loss, there will be taken into account Depreciation for the fiscal year or other period; and

(*f*) items specifically allocated to the Members pursuant to Section 6.1(b) hereof will not be taken into account in computing Net Profits or Net Losses.

"Percentage Interest" is defined in Section 4.2.

"Period" means the time period during which Todd renders his professional services exclusively to Company, as provided in Section 4.9 (the "Initial Term"). Notwithstanding anything to the contrary in this Agreement, provided that Todd's monthly distribution of Net Cash Flow has averaged at least Thirty Thousand Dollars ($30,000.00) during the last twelve (12) months of the Initial Term, Company shall have the option to extend the Period to include the recording and release of one (1) additional full-length studio album. If applicable, said option shall be deemed automatically exercised unless Company has given Todd written notice to the contrary at any time prior to the expiration of the Initial Term.

"Person" means any individual, estate, corporation, trust, joint venture, partnership or limited liability company of every kind and nature, and any other individual or entity in its own or any representative capacity.

"Property" means all real, personal and mixed properties, cash, assets, interests and rights of any type, whether tangible or intangible, owned by the Company. All assets acquired with Company funds or in exchange for Property will be Property.

"Recoupment" means when the initial Members have been distributed an amount equal to the amount set forth in (a) opposite their names on the attached Exhibit A plus whatever additional cash Capital Contribution that any Member may make subsequent to the date hereof.

"Tax Distribution Amount" for a year will mean the total tax liability of a Member (or of any Person whose tax liability is determined by reference to the income of the Member) with respect to the net taxable income allocated to the Member under Article VI for the year. For purposes of the computation of the Tax Distribution Amount, net income for income tax purposes will be deemed to be reduced by any prior net losses for income tax purposes allocated to the Member that was made in a fiscal year after the last fiscal year for which a distribution was made to the Member pursuant to Section 6.3. Capital losses included in any the prior net losses for income tax purposes will be included in the computation only to the extent of capital gains. The Tax Distribution Amount will be determined taking into account the maximum federal, state and local tax rates applicable to individuals resident of State of California on the net income for income tax purposes allocated to that Member under Article VI. The determination will take into account the deductibility of taxes for federal income tax purposes for purposes of determining the net amount of tax due and will otherwise be based on the reasonable assumptions as the Manager determines in good faith to be appropriate.

"Unreturned Capital Contributions" means, at any particular time, the aggregate Capital Contributions made by a Member at or prior to the time, reduced by the aggregate amount of all distributions made to the Members pursuant to Section 6.2(a) hereof.

ARTICLE II

ORGANIZATION AND TERM

Section 2.1 Formation. (a) The Members have hereby caused the Articles to be filed in the Department of State of the State of California as required by Section 86.151 of the Act. The Articles will be amended whenever, and within the time periods, required by the Act, or otherwise when approved by the Managers.

(b) In order to maintain the Company as a limited liability company under the laws of the State of California and to qualify the Company to do business in any state, the Members will from time to time take appropriate action, including the preparation and filing of the amendments to the Articles and the other assumed name certificates, documents, instruments and publications as may be required by law or as the Managers will determine, including, without limitation, action to reflect:

(i) qualification to do business in any state in which the Company owns property or conducts business, as the Managers will determine;

(ii) a change in the Company name;

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(iii) a correction of defectively or erroneously executed Articles;

(iv) a correction of false or erroneous statements in the Articles or the desire of the Manager to make a change in any statement therein in order that it will accurately represent the agreement among the Members; or

(v) a change in the time for dissolution of the Company.

Section 2.2 Further Documentation. Each Member hereby agrees to execute and deliver to the Company within five (5) days after receipt of a written request therefor from the Managers, the other and further documents and instruments, statements of interest and holdings, designations, powers of attorney, letters of inducement, assignments of copyright, and other instruments and to take the other action (or refrain from taking any action) as the Managers or any Member reasonably deems necessary, useful or appropriate to comply with any laws, rules or regulations as may be necessary to enable the Company to fulfill its responsibilities under this Agreement, to preserve the Company as a limited liability company under the Act and to enable the Company to be taxed as a partnership for federal, state and local income tax purposes.

Section 2.3 Term. The term of the Company commenced upon the filing of the Articles and will continue until the happening of an event described in Section 9.1 hereof.

Section 2.4 Agent. The agent for the service of process is the Secretary of State of the State of California, as reflected in the Articles. The Members may also designate a registered agent for the service of process. In the event that the Members designate a registered agent, and the registered agent ceases to act as the for any reason or the address for the registered agent changes, the Members may designate a replacement for the registered agent or file a notice of change of address, as the case may be.

Section 2.5 Company Address. The Company's mailing address will be 690 Fifth Street, San Francisco, California 94107 and/or the other or additional address as the Managers will determine. At any time, the Managers may cause the Company to change its address.

ARTICLE III

PURPOSE AND POWERS OF THE COMPANY

Section 3.1 Purpose. The purpose of the Company will be to conduct activities in connection with the musical group professionally known as "Josh Todd," the creation and exploitation of musical recordings, live performances and touring, merchandising, publishing and other activities in the entertainment industry, to do all acts necessary, appropriate and incidental in connection therewith; and to engage in any other business activity that a limited liability company organized under the Act may lawfully do which is approved by all of the Members.

Section 3.2 Powers of the Company. In furtherance of the purpose of the Company as set forth in Section 3.1, the Company will have the power and authority to take in its name all actions necessary, useful or appropriate to accomplish its purpose and take all actions necessary, useful or appropriate in connection therewith or incidental thereto.

ARTICLE IV

MEMBER'S CAPITAL CONTRIBUTIONS AND INTERESTS

Section 4.1 Capital Contributions. Upon the execution of this Agreement, each Member will have contributed the amount of cash and property set forth opposite the Member's name on Exhibit A attached hereto. Each Member's Capital Account will be adjusted to reflect the Members' actual cash contributions and the agreed Gross Asset Value of property contributed to the Company by the Member (net of liabilities securing the contributed property that the Company is considered to assume or take subject to under section 752 of the Code) prior to the date hereof, including without limitation all rights with regard to the album entitled "You Made Me" and the contents thereof.

Section 4.2 Percentage Interests. Each Member will have a percentage interest (a "**Percentage Interest**") in the Company equal to the percentage set forth opposite the Member's name on Exhibit A attached hereto.

Section 4.3 Additional Contributions. (a) Except as provided in Section 4.1 and Section 4.3(b), no Member will be required to loan or make available any money or other property to the Company or make any contributions to the capital of the Company, including to restore any deficit in the Capital Account of the Member which may exist at any time.

(b) Meagher agrees to make Capital Contributions and Loans to the Company in the aggregate amount equal to at least the Capital Commitment. Notwithstanding the foregoing sentence, Meagher will not be required to make any additional Capital Contributions in excess of the Capital Commitment. The Capital Contributions and Loans will be made by Meagher at the times, in the amounts and in the form as determined by Meagher in his sole discretion.

Section 4.4 Withdrawals and Interest. No Member will have the right to withdraw from the Company or receive any return or interest on any portion of the Member's Capital Contributions or Capital Account, except as otherwise provided herein.

Section 4.5 Return of Capital. No Member will be entitled to the return of all or any part of the Member's Capital Contributions or Capital Account, except in accordance with the provisions of this Agreement.

Section 4.6 Capital Accounts. The Company will determine and maintain "**Capital Accounts**" for each Member throughout the full term of the Company in accordance with section 704(b) of the Code and the Treasury Regulation thereunder including, without limitation, the provisions of section 1.704-1(b)(2)(iv) of the Code , as the regulation may be amended from time to time. To the extent not inconsistent with the rules, the following will apply:

(a) The Capital Account of each Member will be credited with (1) an amount equal to the Member's cash contributions and the agreed Gross Asset Value of property contributed to the Company by the Member (net of liabilities securing the contributed property that the Company is considered to assume or take subject to under section 752 of the Code) and (2) the Member's share of the Company's Net Profits (or items thereof). The Capital Account of each Member will be debited by (1) the amount of cash distributions to the Member and the agreed Gross Asset Value of property distributed to the Member (net of liabilities assumed by the Member and liabilities to which the distributed property is subject) and (2) the Member's share of the Company's Net Losses (or items thereof). The Capital Accounts will also be maintained and adjusted as permitted by the provisions of section 1.704(b)(2)(iv)(*f*) of the Code and as required by the other provisions of sections 1.704-1(b)(2)(iv) and 1.704-1(b)(4) of the Code, including, without limitation, adjustments to reflect the allocations to the Members of depreciation, depletion, amortization, and gain or loss as computed for book purposes rather than the allocation of the corresponding items as computed for tax purposes, as required by section 1.704-(b)(2)(iv)(g) of the Code.

(b) Upon the transfer of an Interest in the Company after the date of this Agreement, (x) if the transfer does not cause a termination of the Company within the meaning of section 708(b)(1)(B) of the Code, the Capital Account of the transferor Member that is attributable to the transferred Interest will be carried over to the transferee Member but, if the Company has an election under section 754 of the Code in effect, the Capital Account will not be adjusted to reflect any adjustment under section 743 of the Code, or (y) if the transfer causes a termination of the Company within the meaning of section 708(b)(1)(B) of the Code, the income tax consequences of the deemed contribution of the Property to a new company (which for all other purposes continues to be the Company) and the deemed immediate distribution of interests in the new company will be governed by the relevant provisions of Subchapter K of Chapter 1 of the Code and the regulations promulgated thereunder, and the initial Capital Accounts of the

Members in the new company will be determined in accordance with sections 1.704-1(b)(2)(iv)(*d*), (*e*), (*f*), (*g*) and (*l*) of the Code, and thereafter in accordance with Section 4.7(a).

(c) Upon (i) the "liquidation of the Company" (as hereinafter defined), (ii) the "liquidation of a Member's interest in the Company" (as hereinafter defined), (iii) the distribution of money or property to a Member as consideration for an Interest in the Company, or (iv) the contribution of money or (if permitted pursuant to (a) above) property to the Company by a new or existing Member as consideration for an Interest in the Company, or upon any transfer causing a termination of the Company for tax purposes within the meaning of section 708(b)(1)(B) of the Code, then adjustments will be made to the Members' Capital Accounts in the following manner: All property of the Company which is not sold in connection with the event will be valued at its then agreed Gross Asset Value. The Gross Asset Value will be used to determine both the amount of gain or loss which would have been recognized by the Company if the property had been sold for the Gross Asset Value (subject to any debt secured by the property) at the time, and the amount of Net Cash Flow, as the case may be, which would have been distributable by the Company pursuant to Section 6.2 if the property had been sold at the time for the Gross Asset Value, less the amount of any debt secured by the property. The Capital Accounts of the Members will be adjusted to reflect the deemed allocation of the hypothetical gain or loss in accordance with Section 6.1. The Capital Accounts of the Members (or of a transferee of a Member) will thereafter be adjusted to reflect "book items" and not tax items in accordance with sections 1.704-1(b)(2)(iv)(*g*) and 1.704-1(b)(4)(*i*) of the Code.

(d) For purposes of this Section 4.6, (i) the term "liquidation of the Company" will mean (A) a termination of the Company effected in accordance with this Agreement, which will be deemed to occur, for purposes of this Article IV, on the date upon which the Company ceases to be a going concern and is continued in existence solely to wind-up its affairs, or (B) a termination of the Company pursuant to section 708(b)(1) of the Code; and (ii) the term "liquidation of a Member's interest in the Company" will mean the termination of the Member's entire interest in the Company effected by a distribution, or a series of distributions, by the Company to the Member.

Section 4.7 Liability of Members. No Member will be bound by, or be personally liable for, any expense, debt, liability or obligation of the Company or of any other Member (whether under a judgment, decree or order of a court or in any other manner), unless and only to the extent the Member expressly agrees in writing to be so bound or personally liable. The Company and all Members hereby absolutely and unconditionally waive and release any and all claims, liabilities or causes of action against each of the Members arising prior to the effective date of this Agreement.

Section 4.8 Member Loans. The Company will not pay interest on any loan from a Member or an Affiliate at a rate above the then-current Applicable Federal Rate as defined in the Code ("**AFR**"), nor agree to any loan with a term less than three (3) years from the effective date of this Agreement, or the end of the Period if sooner, without the written consent of all Members. All loans from the Company to any Member will be non-recourse and bear interest at the AFR.

Section4.9 Professional Services. Provided that Company is actively producing, distributing (either directly or through arrangements with third parties) and promoting his records, is not in material breach of this Agreement, and is actually making the minimum distributions provided for in Section 6.3(a), Todd agrees to render his professional services as a songwriter and music recording artist exclusively to Company, and to devote his time and attention thereto, for a period of three (3) years from the effective date of this Agreement, or the period of time necessary to record and release a minimum of three (3) full-length studio albums (the first of which being "You Made Me"), whichever is longer (the "**Period**"). Todd may engage in film and television acting roles, and other activities not related to music, provided they do not substantially prevent him from providing reasonable services to the Company during the Period, and neither the Company nor the other Members will have any rights or entitlements to the income or profits derived therefrom. Notwithstanding anything to the contrary in this Agreement, if Todd should voluntarily cease to fulfill his obligations to furnish any of his professional services as described in this Section 4.9, and has not timely cured such a breach(s) as provided in Section 11.15 below, then all of Todd's rights and assets in the Company shall be immediately and irrevocably transferred to Meagher.

Section 4.10 Grant Of Rights. In furtherance of Section 4.9 above, the Members hereby grant the following rights to Company:

(a) All sound recordings listed in the attached Exhibit C and all sound recordings recorded by Todd during the Period (including all recordings produced pursuant to the terms of any recording agreement entered into by Todd during the Period), including without limitation all master recordings, from the inception of recording thereof, and all records manufactured therefrom, together with the performances embodied thereon (collectively, the "**Recordings**"), will be the sole property of Company in perpetuity throughout the world, free from any claims whatsoever by any Member or other Person; and Company will have the exclusive right to copyright the Recordings in its name as the owner and author thereof and to secure any and all renewals and extensions of copyright. Solely for the purposes of any applicable copyright law, the product of all Persons rendering services in connection with the recording of Recordings, including the Members, will be deemed "works made for hire" of Company. All income of any form paid and/or earned at any time in connection with the exploitation of the Recordings will be retained by Company for its sole use and benefit.

(b) Without limiting the generality of the foregoing, Company will have the unlimited right, in perpetuity throughout the world, to manufacture records by any method now or hereafter known, derived from the Recordings, and to sell, market, transfer or otherwise deal in the same under any trademarks, trade names and labels.

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(c) During the Period or until Recoupment, whichever is longer, Company will have the sole and exclusive right, and may grant to others the right to reproduce, print, publish or disseminate in any medium Todd's names (legal and/or professional), portraits, pictures, voices, likenesses and biographical material, as news or information, or for the purposes of trade, or for advertising purposes, including without limitation in connection with the sale, licensing or other exploitation of merchandise and merchandising rights. All income derived from the exploitation of these rights will be retained by Company for its sole use and benefit as provided herein.

(d) During the Period, all contracts and other agreements related to live engagements and appearances by Todd will be contracted through the Company or such other wholly-owned subsidiaries as company may organize for such purpose. All net profits and losses resulting from said engagements and appearances will be retained by Company for its sole use and benefit as provided herein.

(f) During the Period, Company will have the exclusive right to commercial use of Todd's likenesses and the name "Josh Todd" and any other professional designation Todd may utilize in connection with his activities as a recording artist and musical performer. Thereafter, Company will retain the limited, non-exclusive right to continue using said likenesses and names in connection with the sale of Recordings.

Section 4.11 Music Publishing.

(a) (i) The Members hereby irrevocably and absolutely assigns, conveys and sets over to Company one hundred (100%) percent of any and all of their rights and interests in and to each musical composition written by either or both of them, in whole or in part, and recorded or initially released by any party during the Period (the "**Compositions**"), free and clear of all liens, claims and encumbrances of any kind whatsoever, including but not limited to the worldwide copyright (and all renewals and extensions thereof) and any other rights in and to each Recording. The Members further agree to convey to the Company (and be treated as "Compositions" hereunder) any music publishing rights which any Member may now own or hereafter acquire from third parties composing compositions recorded by Todd.

(ii) Company will be the exclusive administrator of all rights in and to each Composition, and it will be entitled to exercise any and all rights with respect to the control, exploitation and administration of the Compositions, including without limitation, the sole right to grant licenses, collect all income and to use the name, likeness and biographical material of each composer, lyricist and songwriter in connection with each applicable Composition for the full term of copyright (including all renewals and extension thereof) in and to each Composition.

(b) From all royalties earned and actually received by Company from the exploitation of the Compositions throughout the world ("**Composition Gross Receipts**"), Company will:

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(i) deduct and pay royalties payable to the writers of the Compositions, excluding the Members; and

(ii) all remaining Compositions Gross Receipts (including each Member's share of writer royalties) will be retained by Company for its sole use and benefit.

Section 4.12 Representations, Warranties and Indemnification. Each Member represents and warrants to the Company, throughout the Period and thereafter continuing in perpetuity, that:

(a) Member is under no disability, restriction or prohibition, whether contractual or otherwise, with respect to (i) Member's right to enter this Agreement, and (ii) Member's right to grant the rights granted to Company hereunder, to perform each and every term and provision hereof, and to record each and every Composition hereunder;

(b) Neither the Recordings, Compositions, nor any musical, artistic and literary material, ideas or other intellectual properties, furnished by Member and contained in or used in connection with any Recordings and/or Compositions made hereunder or the packaging, sale, distribution, advertising, publicizing or other exploitation thereof, nor the use thereof by Company, will violate or infringe upon the rights of any person, firm or entity. Company's acceptance of any such materials does not constitute a waiver of any of Member's representations, warranties or agreements in respect thereof.

(c) Each Member will at all times indemnify and hold harmless the Company only from and against any and all claims, damages, liabilities, costs and expenses, including but not limited to legal expenses and reasonable counsel fees, arising in any way out of, or incidental to, such Member's willful and fraudulent misrepresentation under this Section 4.2.

ARTICLE V

MANAGEMENT OF THE COMPANY

Section 5.1 Management.

(a) The Members hereby designate Meagher as the Manager of the Company (the "Manager"). Subject to the other provisions herein, the management of the business and affairs of the Company will be conducted by the Manager. Only the Manager will have the authority to bind the Company. The Manager will not take any action in contravention of this Agreement without the written consent of all Members. Except for Cause, Meagher may not be removed as Manager without the written consent of all of the Members.

(b) Generally, Todd will provide the Company with services in the field of music and music publishing, in the nature of songwriting, production and performance, and will have reasonable discretion over final decisions on artistic matters relating to these activities.

(c) Other than their Interest and any pro rata rights with other Members to distributions arising therefrom, and as set forth in Section 6.3 hereof, no Manager may be paid or receive any salary, compensation or other remuneration for serving as a Manager or for any other services provided to the Company by Manager or his Affiliates. Provided, however, that the Company may pay bona fide, reasonable and necessary expenses incurred by the Manager to non-Affiliate third parties in connection with the performance of his duties hereunder. Notwithstanding any other provision, except as expressly provided in Section 6, no Manager will make any payment or transfer of any kind of cash, Property or other consideration of any kind, to any Member or Affiliate, without the written consent of all Members.

(d) Notwithstanding the provisions of Section 5.1(a), the Manager will reasonably consult with the Members concerning significantly important matters before reaching a decision thereon, and after Recoupment the written consent of all of the Members will be required before the Manager may do any of the following:

(i) admit new Members to the Company, or dilute the existing Members' Interests,

(ii) enter into a recording contract, including without limitation any agreement f/s/o Todd or "Josh Todd," with any record company or label,

(iii) change the professional name of the band "Josh Todd,"

(iv) engage in activities outside the purpose of the Company as set forth in Section 3.1,

(vii) Transfer or encumber all or substantially all of the Company's assets, or

(viii) file bankruptcy or dissolve the Company.

Section 5.2 Indemnity. The Company will indemnify and hold harmless the Manager and each of the other Members and their agents, partners, and employees from and against any loss or damage incurred by any of them (including reasonable attorney's fees and costs) by reason of any acts performed or omitted by any of them for or on behalf of the Company unless they committed the acts in bad faith or the acts were the results of active and deliberate dishonesty and were material to the cause of action so adjudicated or the Member, or respective director, officer, agent, member, partner, shareholder or employee of a Member will have personally gained in fact a financial profit or other advantage to which he, she or it was not legally entitled.

Section 5.3 Other Activities Permitted. The Manager will devote to the Company business such time as is necessary for the full and proper performance of his duties as Manager. The Manager will have the right to engage or partake in any other business, investment or profession, whether or not the same is in competition with the business of the Company, without breaching any fiduciary or other duty to the other Members, and neither the Company nor the other Members will have any rights or entitlements to the income or profits derived therefrom.

ARTICLE VI

ALLOCATIONS AND DISTRIBUTIONS

Section 6.1 Allocations of Net Profit and Net Loss.

(a) Net Profit and Net Loss. Subject to Section 6.1(b), the Company's Net Profits and Net Losses, for each fiscal year of the Company, will be allocated to the Members in accordance with their Percentage Interests.

(b) Special Rules Regarding Allocations. Notwithstanding Section 6.1(a):

(i) In accordance with sections 704(b) and (c) of the Code, income, gain, loss and deduction with respect to any property contributed to the capital of the Company (including all or part of any deemed capital contribution under section 708 of the Code) will, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of the property to the Company and its agreed Gross Asset Value. In the event that Capital Accounts are ever adjusted pursuant to section 1.704-1(b)(2) of the Code to reflect the fair market value of any Company property, subsequent allocations of income, gain, loss and deduction with respect to the asset will, solely for tax purposes, take account of any variation between the adjusted basis of the asset and its value as adjusted in the same manner as required under section 704(c) of the Code.

(ii) Notwithstanding the provisions of this Section 6.1, in no event will any allocation of Net Loss (or any other loss, deduction or section 705(a)(2)(B) expenditure) to any Member cause the Member to have or increase a deficit balance in its Capital Account. For purposes of the preceding sentence, each Member's Capital Account will be increased by the Member's share of "partnership minimum gain" (as defined in sections 1.704-2(b)(2) and (g)(1) of the Code) and "partner nonrecourse debt minimum gain" (as defined in sections 1.704-2(i)(2) and (i)(5) of the Code) and will be reduced by the items described in paragraphs (*4*), (*5*) and (*6*) of section 1.704-1(b)(2)(ii)(*d*)) of the Code. Any loss not allocated to a Member because of the foregoing provision will be allocated to the other Members (to the extent the other Members are not limited in respect of the allocation of losses under this clause (ii)). Any loss reallocated under this clause (ii) will be taken into account in computing subsequent allocations of income and losses pursuant to this Article 6, so that the net amount of any item so allocated and the income and losses allocated to each Member pursuant to this Article 6, to the extent possible, will be equal to the net amount that would have been allocated to each the Member pursuant to this Article 6 if no reallocation of losses had occurred under this clause (ii).

(iii) "Nonrecourse deductions" (as defined in section 1.704-2(b) of the Code) will be allocated among the Members in proportion to their Percentage Interests. "Partner nonrecourse deductions" (as defined in section 1.704-2(l) of the Code) will be allocated among the Members in the proportion in which they share the economic risk of loss with respect to the partner nonrecourse debt to which the deductions are attributable in accordance with section 1.704-2(i) of the Code.

(iv) If there is a net decrease in the Partnership minimum gain (within the meaning of section 1.704-2(g)(2) of the Code) for a Company taxable year, then, before any allocations are made for the year each Member with a share of the partnership minimum gain at the beginning of the year will be allocated items of Company income and gain for the year (and, if necessary for subsequent years) in an amount equal to each Member's share of the net decrease in partnership minimum gain as determined in accordance with section 1.704-2(f) of the Code in a manner so as to satisfy the requirements of said Treasury Regulation.

(v) If, during any taxable year of the Company, there is a net decrease in partner nonrecourse debt minimum gain, then, before any other allocations are made for the year, each Member with a share of the partner nonrecourse debt minimum gain at the beginning of the taxable year will be allocated items of Company income and gain for the year (and, if necessary, for subsequent years) in an amount equal to the Member's share of the net decrease in partner nonrecourse debt minimum gain as determined in accordance with section 1.704-2(i)(4) of the Code, in a manner so as to satisfy the requirements of said Treasury Regulation.

(vi) If, during any taxable year of the Company, a Member unexpectedly receives, or, as of the end of the year, is reasonably expected to receive, an adjustment, allocation or distribution described in paragraph (*4*), (*5*) or (*6*) of section 1.704-1(b)(2)(ii)(*d*) of the Code and if the adjustment, allocation or distribution would cause at the end of the taxable year a deficit balance in the Member's Capital Account in excess of his allocable share of minimum gain as described above, then the Member will be allocated items of income and gain for the taxable year (and, if necessary, subsequent taxable years) in an amount and in a manner sufficient to eliminate the excess balance as quickly as possible before any other allocation is made for the year, other than pursuant to clauses (iv) and (v) above, so as to satisfy the requirements of section 1.704-1(b)(2)(ii)(*d*) of the Code (qualified income offset). In the event any Member has a deficit balance in his Capital Account at the end of a Company taxable year which is in excess of the amount, if any, the Member is treated as obligated to restore to its Capital Account under section 1.704-1(b)(2)(ii)(*c*) of the Code as well as any addition thereto pursuant to the

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penultimate sentences of sections 1.704-2(g)(1) and 1.704-2(i)(5) of the Code after taking into account thereunder any changes during the Company taxable year in partnership minimum gain and partner nonrecourse debt minimum gain, the Member will be specially allocated items of Company income and gain in the amount of the excess as quickly as possible.

(vii) The allocations set forth in the above provisions of this Section 6.1(b) are intended to comply with certain requirements of the Code under section 704(b) of the Code. The Members intend that, to the extent possible, all allocations made pursuant to the Sections will, over the term of the Company, be offset either with other allocations pursuant to Section 6.1(b)(i)-(vi) or with special allocations of other items of Company income, gain, loss, or deduction pursuant to this subsection (vii). Accordingly, the Manager is hereby authorized and directed to make offsetting allocations of Company income, gain, loss or deduction under this subsection (vii) in whatever manner it determines is appropriate so that, after the offsetting special allocations are made (and taking into account the reasonably anticipated future allocations of income and gain pursuant to subsection (iv) and (v)), the Capital Accounts of the Members are, to the extent possible, equal to the Capital Accounts each would have if the foregoing provisions of this Section 6.1(b) were not contained in this Agreement and all income, gain, loss and deduction of the Company were instead allocated pursuant to Section 6.1(a). Except as otherwise provided for in this Section 6.1(b), for federal income tax purposes each item of income, gain, loss and deduction will be allocated among the Members in the same manner as the correlative item of book income, gain, loss or deduction is allocated pursuant to this Section 6.1.

(c) Intent of Allocations. The Members intend that the allocation provisions hereunder (as computed for book purposes) will produce final Capital Account balances of the Members that would permit liquidating distributions, if the distributions were made in accordance with final positive Capital Account balances (instead of being made as provided in Section 6.2) to be made in accordance with Section 6.2. To the extent that the allocation provisions hereunder would fail to produce the final positive Capital Account balances, (i) the provisions will be amended by the Company if and to the extent necessary to produce the result and (ii) taxable income and taxable loss of the Company for the current and future years (or if necessary, items of gross income and deduction of the Company for the years), in each case as computed for book purposes, will be reallocated among the Members as necessary to produce the result, and to the extent that it is not possible to achieve the result with the allocations, allocations of items of income (including gross income) and deduction for prior open years (in each case, as computed for book purposes) will be reallocated among the Members as necessary to produce the result. This Section 6.1(c) will control notwithstanding any reallocation or adjustment of taxable income, taxable loss, or items thereof by the Internal Revenue Service or any other taxing authority.

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(d) Rules of Construction. An allocation to a Member of Net Profits or Net Loss will be treated as an allocation to the Member of each item of income, gain, loss and deduction that has been taken into account in computing the Net Profits or Net Loss.

Section 6.2 Distributions. The Company will make distributions of Net Cash Flow annually or at the times and in the amounts as the Manager shall determine in his sole and absolute discretion. Any amounts of Net Cash Flow distributed by the Manager will be distributed to the Members in the following order and priority:

(a) First, to the Members who have Unreturned Capital Contributions in proportion to the Unreturned Capital Contributions until the Members have received all Unreturned Capital Contributions; and

(b) Second, to the Members in accordance with their Percentage Interests.

Section 6.3 Special Distributions. Notwithstanding any other provision, the Company will make at least the following distributions (or non-recourse loans to the Members in like amounts):

(a) each month, to each Member in an amount equal to at least twenty-five percent (25%) of the Net Cash Flow, until the Company has realized aggregate Net Cash Flow of at least One Million Dollars ($1,000,000.00), and then fifty percent (50%) of Net Cash Flow thereafter, or Four Thousand Dollars ($4,000.00), whichever is higher (provided that Company will have the right to prepay said Four Thousand Dollar ($4000.00) monthly minimums to any Member at Manager's discretion); and

(b) each year, to each Member in an amount equal to each the Member's Tax Distribution Amount for the year ("**Tax Distribution**"). To the extent practicable, distributions pursuant to this Section 6.3 will be made in four installments ("**Quarterly Installments**") throughout the year so as to allow each the Member to make timely quarterly estimated tax payments. Each the installment will be based on a reasonable estimate (as determined by the Manager) of the Company's income for the year. In the event the sum of a Member's Quarterly Installments for a year is less than the Member's Tax Distribution Amount for the year, additional cash will be distributed to the Member promptly following the determination of the Company's Net Profit or Net Loss for the year in an amount which, when taken together with the Member's Quarterly Installments, equals the Member's Tax Distribution Amount. In the event the sum of a Member's Quarterly Installments for a year is greater than the Member's Tax Distribution Amount for the year ("**Excess Tax Amount**"), the Excess Tax Amount will be deducted from the Tax Distributions next due to the Member. The amount of any Tax Distribution made to a Member pursuant to the provisions of this Section 6.3 will be credited against the next distributions otherwise required to be made to the Member pursuant to Section 6.2 hereto.

Section 6.4 Withholding. The Company is hereby authorized to, and will, comply with any and all withholding obligations to which it is subject. In the event the Company is required to deduct and withhold, pursuant to the Code or any other federal, state or local law, rule or regulation which is currently in effect or which may be promulgated hereafter (**"Applicable Law"**), any amount from an actual distribution to a Member, the amount so deducted and withheld from the distribution will, for all purposes of this Agreement, be treated as a distribution to the Member of the same type as the distribution giving rise to the obligation. In the event Applicable Law requires the Company to pay or withhold any amount on behalf of a Member (including any federal, state or local taxes) measured by a Member's distributive share of the Company's Net Profit, gain or any other Company item, other than any amount required to be deducted and withheld from actual distributions to a Member, then the payment or withholding of any the amount will be considered a loan (**"Tax Loan"**) by the Company to the Member (the **"Borrowing Member"**). The Borrowing Member will repay any the Tax Loan within 30 days after the other Member delivers a written demand therefor, together with interest at the Applicable Federal Rate from the date the loan was made until the date of the repayment thereof. In addition to any other rights of the Company to enforce its entitlement to receive payment of the Tax Loan, plus any accrued interest thereon, the Company may deduct from any distribution to be made to a Borrowing Member an amount not greater than the outstanding balance of any Tax Loan, plus any accrued interest thereon, as a payment in total or partial satisfaction thereof.

Section 6.5 Limitation Upon Distributions. No distribution will be made if, after the distribution is made, the aggregate fair market value of the Company's total assets would be less than the aggregate of the Company's total liabilities. In addition, and notwithstanding anything herein to the contrary, the Manager will not declare or pay any distributions or otherwise distribute Net Cash Flow to the Members unless and until the Company has repaid in full all loans made by any Member or with respect to which any Member has issued a guaranty or pledge or otherwise provide collateral as security therefor.

ARTICLE VII

TRANSFERABILITY; MEMBER DEPARTURE

Section 7.1 Restrictions on Transferability.

(a) Except as expressly provided for herein, no Member may sell, transfer, assign, pledge, hypothecate or otherwise encumber (individually, a **"Transfer"** and collectively, **"Transfers"**), directly or indirectly, all or any portion of the Member's Interest without the prior written consent of the other Member(s).

(b) Notwithstanding Section 7.1(a) above, but subject to Section 7.1(c) below, Meagher shall have the right to effect a Transfer of all or part of his Interests without the prior written consent of the other Members.

(c) Right of First Refusal. In the event that a Member (the "**Selling Member**") desires to Transfer all or a portion of his Interests to a third party, and is otherwise permitted to do so in accordance with the terms of this Agreement, he will first offer to the other Members (the "**Non-Selling Members**") all of the Interests proposed to be transferred (the "**Offered Interests**"). The offer will be made by written notice (the "**Offer Notice**"), which will be given to the Non-Selling Members, and will set forth the name and address of the prospective transferee and the price and other terms and conditions upon which the Offered Interests are contemplated to be transferred. The Non-Selling Members will each have, on a pro rata basis based on the relative ownership of Interests among the Non-Selling Members, the exclusive right for a period of thirty (30) days after the notice is given (the "**Option Period**"), by means of written notice to the Selling Member to agree to purchase all or a portion of the Offered Interests at a price per Interest and upon the same terms and conditions as are set forth in the Offer Notice. The notice will specify the number of Offered Interests elected to be purchased by the Non-Selling Members (the "**Accepted Interests**").

(d) Third Party Right. The Selling Member will have the right, but not the obligation, to sell, assign or otherwise transfer any Offered Interests as to which the Non-Selling Members did not elect to purchase pursuant to this Section 7.2, to the third party and on the terms described in the Offer Notice for a period of 120 days from the expiration date of the Option Period. If the Offered Interests will not have been sold in a bona fide transaction pursuant to this Section 7.2(d) during the period, then all of the Offered Interests will again become subject to all of the restrictions and provisions of this Agreement.

(e) Closing. The closing of the purchase of any Offered Interests by the Non-Selling Members will take place not later than 60 days after the expiration of the Option Period set forth in Section 7.2(c) hereof and will be held at the principal office of the Company unless otherwise mutually agreed. At the closing, the Selling Member will cause to be delivered to the purchaser(s), certificates for the Offered Interests to be purchased duly endorsed in blank for transfer or with duly executed stock powers attached, in exchange for the purchase price for the Offered Interests.

(f) Tag Along Rights. In the event that either Member desires to sell all or a portion of his Interests to a third party, the other Members will have the right to participate in the sale and include their Interests in the sale to the third party on the same terms and conditions, pro rata and parri passu with the selling Member.

ARTICLE VIII

ADDITIONAL MEMBERS

Section 8.1 Admission of New Members/Issuance of New Interests. Upon the unanimous written consent of the Members, the Managers may cause the Company to issue any membership or other beneficial interest in the Company and, otherwise, admit any additional Person as a member of the Company for the amount of cash, other property or services and/or subject to the terms and conditions as the Members will determine, provided only that the Person agrees in writing to be bound by all of the provisions of this Agreement.

Section 8.2 Allocations to New Members. If a Member Transfers an Interest (or any portion thereof) in the Company or, pursuant to Section 8.1, any Person is issued any membership or other beneficial interest in the Company and/or is admitted as a "member" of the Company, then the Company's Net Profit or Net Loss will be allocated between the transferor and transferee (or, as applicable, among the Members) by taking into account their varying interests in the Company during the Company's fiscal year in accordance with section 706(d) of the Code using the interim closing of the books method or the other method as the Managers will determine and which is not prohibited under section 706(d) of the Code.

ARTICLE IX

DISSOLUTION AND TERMINATION

Section 9.1 Dissolution. The Company will be dissolved upon the first to occur of the following (the "Dissolution Event"):

(a) the unanimous written consent of the Members authorizing the dissolution of the Company;

(b) the entry of a decree of judicial dissolution under Section 86.495 of the Act; or

(c) upon the sale of all or substantially all of the assets of the Company or any other event that terminates or results in the liquidation of the Company.

Section 9.2 Distribution of Assets Upon Dissolution. (a) In settling accounts after dissolution, the assets of the Company will be applied or distributed by the Managers, and at the time and in the manner as the Managers will reasonably determine and which is consistent with the orderly liquidation of the Company, as follows:

(1) first, to the payment of the debts and liabilities of the Company, other than debts and liabilities to any Member;

(2) then, to the payment of the debts and liabilities of the Company owed to any Member or other beneficial owner of any interest in the Company;

(3) then, to the payment of the expenses of liquidation;

(4) then, to the setting up of any reserves which the Managers deem necessary or desirable for any contingent or unforeseen liabilities or obligations of the Company;

(5) then, to the Members in the order of priorities set forth in Section 6.2, and

(6) then, subject to Section 6.1(c), to those Members with positive Capital Account balances (after giving effect to all contributions, distributions, allocations and other Capital Account adjustments for all fiscal years of the Company, including the fiscal year of the Company's dissolution), in proportion to said positive balances, until said balances have been reduced to zero in accordance with the rules and requirements of section 1.704-1(b)(2)(ii)(*b*) of the Code; and

(7) then, to the Members, in proportion to their Percentage Interests.

(b) Notwithstanding anything herein to the contrary, the Managers may cause the Company to make the distributions of Company assets that it is required to make pursuant to this Section 9.2 in cash or in kind (and, if in kind, based on the then fair market value of the asset(s) to be distributed, net of all liabilities to which the asset or assets are subject, as reasonably determined by the Managers). Appropriate and customary prorations and adjustments will be made incident to any distribution in kind, as the Managers will reasonably determine. Each Member will look solely to the assets of the Company for the return of his Capital Contributions or Capital Account balance, and if the assets of the Company remaining after the payment or discharge of the debts and liabilities of the Company are insufficient to return the Member's Capital Contributions or Capital Account balance, in full, the Member will have no recourse against the Managers or any other Member. The Members acknowledge that this Section 9.2 may establish distribution priorities different from those set forth in the provisions of the Act applicable to distributions upon liquidation, and the Members agree that they intend, to that extent, to vary those provisions by this Agreement.

Section 9.3 Winding Up. The winding up of the affairs of the Company and the distribution of its assets will be conducted solely by the Managers, who are hereby authorized to take all actions necessary to accomplish the distribution and the orderly liquidation of the Company including, without limitation, selling any Property it deems necessary or appropriate to sell.

Section 9.4 Articles of Dissolution. When all debts, liabilities and obligations have been paid and discharged or adequate provisions have been made therefor and all of the remaining property and assets have been distributed to the Members, and the winding up of the affairs of the Company is complete, the Company will file Articles of Dissolution with the Department of State of the State of California.

ARTICLE X

FINANCIAL STATEMENTS, BOOKS, RECORDS AND TAX RETURNS

Section 10.1 Books of Account. The Manager will cause to be maintained, at the offices of the Company, full, complete and proper books of account, in which there will be entered, fully and accurately, all receipts and disbursements and other financial activities and of each and every transaction of the Company, which will be available for review by any of the Members at reasonable times on reasonable notice, and will include the following:

(a) A current list of the full name and last known business address of the Managers and each Member;

(b) A copy of this Agreement, the Articles and all amendments thereto; and

(c) Copies of the Company's federal, state, and local income tax returns and reports, if any, for the three most recent years.

Section 10.2 Financial Statements and Reports. The Company will furnish the Members with full and complete annual financial statements, and all information required by law to be distributed to the Members. When the Company has earned Net Profits of at least $1 million, all financial statements will be prepared in accordance with generally accepted accounting principles

Section 10.3 Returns and Other Elections. The Managers will cause the preparation and timely filing of all tax returns required to be filed by the Company pursuant to the Code and all other tax returns deemed necessary and required in each jurisdiction in which the Company does business. All elections and options available to, or determinations as to items of income or expense of, the Company for federal, state or local income tax purposes will be taken, rejected or made by the Company as determined by the Managers. Copies of the returns, or pertinent information therefrom, will be furnished to the Members within a reasonable time after the end of the Company's fiscal year.

Section 10.4 Election under Section 754 of the Code. In the event of any transaction described in Section 743(b) of the Code or distributions described in section 734 of the Code and permitted by this Agreement, and if the Managers so consent, the Company will, upon the timely written request of the Person succeeding to an interest in the Company in a transaction described in section 743(b) of the Code or any existing Member (in the case of a distribution described in section 734 of the Code), make the election provided for in section 754 of the Code.

Section 10.5 Tax Matters Member. The Manager is hereby designated the "tax matters partner" (the "TMM") of the Company for purposes of Chapter 63 of the Code and only the TMM will be authorized to take any action pursuant to the provisions of Chapter 63 of the Code and each Member hereby agrees that he will fully cooperate with and be bound by (and not take action that is inconsistent with) any the action. Each Member will furnish the TMM with the information as the TMM may reasonably request to permit it to provide the Internal Revenue Service with sufficient information to allow proper notice to the parties in accordance with section 6223 of the Code and to otherwise act under Chapter 63 of the Code.

ARTICLE XI

MISCELLANEOUS

Section 11.1 Notices. Any notice, demand, election or other communication (hereinafter called a "Notice") that, under the terms of this Agreement or under any statute, must be or may be given to any Member will be in writing and will be given by mailing the same by certified or registered mail, return receipt requested, postage-prepaid, addressed or by reputable overnight courier to the Member at the Member's address as is set forth on Exhibit B attached hereto. All copies of notices to be sent to any party hereunder will be sent in the same manner as required for notices. Either party may designate, by notice in writing to the other, a new or other address to which notices will thereafter be given. Any notice given hereunder (other than a notice of a new address or additional address for notice purposes) will be deemed given when received as hereinabove provided. Any notice of a new or additional address for notice purposes will be deemed given on the date upon which the same is received by the addressee thereof.

Section 11.2 Amendment. This Agreement or the Articles may be amended or modified only with the written consent of all of the Members.

Section 11.3 Reservation of Rights. Each of the Members reserves all rights not expressly granted hereunder.

Section 11.4 Severability. This Agreement is intended to be performed in accordance with, and only to the extent permitted by, the applicable laws, ordinances, rules and regulations of the jurisdictions in which the Company engages in business. If any provision of this Agreement, or the application thereof to any person or circumstance, will, for any reason and to any extent, be held to be invalid or unenforceable, the remainder of this Agreement and the application of the provision to other persons or circumstances will not be affected, but rather will be enforced to the full extent permitted by law.

Section 11.5 Ratification. Each Person who becomes a Member in the Company after the execution and delivery of this Agreement will, by becoming a Member, be deemed thereby to ratify and agree to all prior actions taken by the Company, and is deemed to ratify and agree to all of the provisions set forth in the Agreement.

Section 11.6 Binding Upon Successors. Except as required by Section 11.7 below, this Agreement will be binding upon the parties hereto and their heirs, executors, administrators, successors and assigns, and will inure to the benefit of the parties hereto and their heirs, executors, administrators, successors and permitted assigns. This Agreement will become effective upon its execution and delivery by the Members.

Section 11.7 Rights of Third Parties. None of the provisions of this Agreement will be construed as having been made for the benefit of any creditor of either the Company, the Managers or any Member, nor will any of the provisions be enforceable (except as otherwise required by law) by any Person not a party hereto.

Section 11.8 Governing Law. The Members hereby agree that except as otherwise specifically provided for herein, all questions with respect to the construction of this Agreement and the rights and liabilities of the parties hereto will be determined in accordance with the provisions of the laws of the State of California. In any dispute among the Manager, Members or Company arising out of or relating to this Agreement, the prevailing party will be entitled to recover its or his reasonable attorneys' fees and costs (including litigation and collection costs) from the non-prevailing parties.

Section 11.9 Captions. The captions, headings and titles contained in this Agreement are solely for convenience of reference and will not affect the interpretation of this Agreement or of any provision hereof.

Section 11.10 Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which will together constitute one instrument.

Section 11.11 Tense and Gender of Words. All terms and words used in this Agreement, regardless of the tense or gender in which they are used, will be deemed to include each other tense and gender unless the context requires otherwise.

Section 11.12 Remedies Cumulative. No remedy set forth in this Agreement or otherwise conferred upon or reserved to any party will be considered exclusive of any other remedy available to a party but the same will be distinct, separate and cumulative and may be exercised from time to time as often as occasion may arise or as may be deemed expedient.

Section 11.13 Legal Counsel. Each of the parties hereto have been advised and counseled with respect to the negotiation and execution of this Agreement by an independent attorney of their own choice.

Section 11.14 Prior Agreement. The management contract between Meagher and Todd dated January 11, 2003 is hereby rescinded and deemed void and of no force or effect.

Section 11.15 Notice and Cure. In the event of an alleged breach of this Agreement by the Company or any Member or Manager, the party alleging the breach shall give notice reasonably specifying the breach and 30 days opportunity to cure before seeking to terminate this Agreement or bring any action for breach thereof.

Section 11.16 Equitable Relief. Todd acknowledges that his performance and obligations, including but not limited to his exclusivity obligations hereunder, are unique, of extraordinary value, and that a material breach by Todd of any material obligation hereunder will cause the Company and the other Members irreparable damage which cannot be compensated with money only. Therefore, Todd agrees that such other parties, as a matter of right, shall be entitled to an injunction or other equitable relief, in addition to all other rights at law to prevent the material breach of any material terms or conditions hereof, and to enforce any rights of the party seeking equitable relief hereunder.

Section 11.17 Entire Agreement. This Agreement constitutes and expresses the entire understanding between the parties hereto with respect to the subject matter hereof, and supersedes all prior agreements and understandings, inducements, commitments or conditions, express or implied, oral or written, except as herein contained.

IN WITNESS WHEREOF, the parties hereto have executed and acknowledged this Agreement as of the date first above written.

Todd Meagher

Joshua Todd

EXHIBIT A

Capital Contributions and Percentage Interests of Members

Name of Member	Initial Capital Contribution	Percentage Interest
Joshua Todd	(a) $0.00 (b) All rights owned by Todd with regard to the master recordings listed on Exhibit C and the contents thereof (the valuation of which excludes any amounts already accounted for in (a) above)	50%
Todd Meagher	(a) $218,000.00 (b) All rights owned by Meagher with regard to the master recordings listed on Exhibit C and the contents thereof (the valuation of which excludes any amounts already accounted for in (a) above)	50%

EXHIBIT B

Addresses of Members

Name of Member		Address
Todd Meagher		116 Brunswick Road Alameda, California 94502
	with a copy to:	Pryor Cashman Sherman & Flynn 410 Park Avenue New York, New York 10022 Attn: Joseph L. Grier, Esq.
Joshua Todd		1640 North Genesse Avenue Los Angeles, California 90046
	with a copy to:	Greenberg Traurig, LLP 2450 Colorado Avenue, Suite 400E Santa Monica, California 90404 Attention: John C. Kirkland, Esq.

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EXHIBIT C

Schedule of Master Recordings

1. Burn
2. Blast
3. Catastrophe
4. Circles
5. Mind infection
6. Flowers and cages
7. Lovely bones
8. Collide
9. Broken
10. The Walls
11. Slave
12. Afraid
13. Shine
14. Straight Jacket
15. Wasted
16. Morning Glory
17. Lost
18. Books and Stereos
19. Tomorrow
20. DDT
21. Underground
22. Fly