

AGREEMENT OF LIMITED PARTNERSHIP
OF
VERDONE LIMITED PARTNERSHIP

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AGREEMENT OF LIMITED PARTNERSHIP
OF
VERDONE LIMITED PARTNERSHIP

THIS AGREEMENT OF LIMITED PARTNERSHIP is made as of December 16, 1997, by and among **EMILY MCCOY VERDONE**, being a North Carolina resident, as General Partner and **EMILY MCCOY VERDONE** and such persons listed on Schedule A attached hereto as the Limited Partners.

1. FORMATION AND CONTINUATION.

The Partnership shall be formed upon filing in the Office of the Secretary of State of Delaware, a Certificate of Limited Partnership in accordance with the provisions of the Act.

2. NAME.

2.1 Initial Name. The name of the Partnership is **"Verdone Limited Partnership."**

2.2 Other Names. The Partnership business shall be conducted under such names as the General Partners may from time to time deem necessary or advisable, provided that appropriate amendments to this Agreement and all necessary filings under applicable assumed or fictitious name statutes or the Act are first obtained.

3. OFFICES.

3.1 Principal Office. The principal office of the Partnership shall be at 3800 Windwood Lane, Charlotte, NC 28211, or at such other place as the General Partners may, from time to time, designate by notice to the Limited Partners.

3.2 Other Offices. The Partnership may have such additional offices as the General Partners may, from time to time, deem necessary or advisable.

4. PURPOSES AND RESTRICTIONS.

The purpose and business of the Partnership shall be to engage in the following business activities for the benefit of the Partners:

- (a) To buy, sell, own, exchange, invest and otherwise deal in every way with stocks, bonds or other securities, partnership interests, interests in limited liability companies and other property and investments of any nature or type;
- (b) To buy, own, develop, operate, improve, maintain, sell, exchange, lease, mortgage, encumber or otherwise contract with respect to real property;

- (c) To improve the management of existing assets and thereby increase family wealth;
- (d) To establish a method by which annual gifts can be made without fractionalizing family assets;
- (e) To provide resolution of any disputes which may arise among the family in order to preserve family harmony and avoid the expense and problems of litigation;
- (f) To maintain control of family assets;
- (g) To continue the ownership of family assets and restrict the right of non-family to acquire interests in family assets;
- (h) To provide protection to family assets from claims of future creditors against family members;
- (i) To provide flexibility in business planning not available through trusts, corporations, or other business entities;
- (j) To facilitate the administration and reduce the cost associated with the disability or probate of the estate of family members;
- (k) To promote knowledge of and communication about family assets; and
- (l) To do any acts and things which may be necessary, appropriate or incidental to the carrying out of the business and purpose of the Partnership.

5. TERM.

The Partnership shall continue until terminated pursuant to Article 22.

6. CERTAIN DEFINED TERMS.

Certain terms used in this Agreement shall have the following meanings:

Act: The Revised Uniform Limited Partnership Act of the State of Delaware, as then in effect.

Affiliate: Any individual, partnership, corporation, association or other legal entity ("person") directly or indirectly controlling, controlled by or under common control with another person; any person owning or controlling 10% or more of the outstanding voting securities of such other person; any officer, director or partner of such person; and if such other person is an officer, director or partner, any entity for which such person acts in such capacity.

Agreement: This Agreement of Limited Partnership, as the same may be amended from time to time.

Book Value: Book Value shall mean with respect to each item of Partnership property, such property's adjusted basis for federal income tax purposes, except as follows:

(i) The Book Value of any property contributed by a Partner to the Partnership shall be its fair market value as of the date of contribution;

(ii) In the event of a contribution of money or other property to the capital of the Partnership in exchange for an Interest in the Partnership, or a distribution of money or other property by the Partnership to a Partner in complete or partial liquidation of his or its Interest, the Book Value of each item of Partnership property shall be adjusted to reflect its fair market value with the application of the principles of Code Section 7701(g) as of the date of the occurrence of one of such events; and

(iii) The Book Value of an item of Partnership property shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such property for federal income tax purposes pursuant to Code Sections 734(b) or 743(b), but only to the extent that such adjustments are reflected in the Partners' capital accounts pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m).

If the Book Value of an item of depreciable Partnership property is determined or adjusted pursuant to the provisions of (i), (ii) or (iii) above, then the Book Value of such property shall thereafter be adjusted by the depreciation, amortization or other cost recovery deduction taken into account for purposes of computing Profits and Losses.

Capital Account: The Partnership capital account of a Partner as computed pursuant to Article 9 of this Agreement.

Capital Contributions : All capital contributions made by a Partner or his predecessor in interest.

Capital Transaction: Any transaction which, were it to generate proceeds, would produce Partnership Sales Proceeds or Partnership Refinancing Proceeds.

Code: The Internal Revenue Code of 1986, as amended, or corresponding provisions of subsequent, superseding revenue laws.

Distributions : Cash or other property, from any source, distributed to the Partners.

General Partners : The general partner of the Partnership is EMILY MCCOY

+ii1S7

Interest: The percentage interest of each Partner in the Partnership as set forth on Schedule A attached hereto and incorporated herein by reference and as adjusted as provided for herein.

Limited Partners: Those individuals whose names are listed under the caption "Limited Partners" on Schedule A attached hereto and incorporated herein by reference and any person admitted as a substitute Limited Partner in accordance with the provisions of this Agreement.

Losses: The net loss (including Net Losses from Capital Transactions) of the Partnership for each Year as determined by the Partnership for federal income tax purposes, except that, if the Book Value of an item of Partnership property differs from its adjusted basis for federal income tax purposes, then the depreciation, amortization or other cost recovery deduction taken into account with respect to such property for purposes of computing Losses shall be an amount that bears the same ratio to such property's Book Value as the federal income tax depreciation, amortization or other cost recovery deduction bears to its adjusted tax basis.

Majority in Interest of the Limited Partners. The Limited Partners who own, at the time of the determination thereof, more than 50 % of the Limited Partner Interests.

Managing General Partner. **EMILY MCCOY VERDONE** and any successor Managing General Partner elected in accordance with the provisions of this Agreement.

Net Gains from Capital Transactions: The gains realized by the Partnership as a result of or upon any sale, exchange, condemnation or other disposition of the capital assets of the Partnership (which assets shall include Code Section 1231 assets), or as a result of or upon the damage or destruction of such capital assets. Net Gains from Capital Transactions shall be computed by reference to the Book Value of the asset disposed of, notwithstanding that the adjusted basis of such property for federal income tax purposes may differ from its Book Value.

Net Losses from Capital Transactions: The losses realized by the Partnership as a result of or upon any sale, exchange, condemnation or other disposition of the capital assets of the Partnership (which assets shall include Code Section 1231 assets) or as a result of or upon the damage or destruction of such capital assets. Net Losses from Capital Transactions shall be computed by reference to the Book Value of the asset disposed of, notwithstanding that the adjusted basis of such property for federal income tax purposes may differ from its Book Value.

Nonrecourse Deductions: A deduction as set forth in Treasury Regulations Section 1.704-2(b)(1). The amount of Nonrecourse Deductions for a given Year equals the excess, if any, of the net increase, if any, in the amount of Partnership Minimum Gain during such Year over the aggregate amount of any Distributions during such Year of proceeds of a Nonrecourse Liability that are allocable to an increase in Partnership Minimum Gain, determined according to the provisions of Treasury Regulations Section 1.704-2(h).

Nonrecourse Liability: Any Partnership liability (or portion thereof) for which no Partner bears the "economic risk of loss," within the meaning of Treasury Regulations Section 1.704-2(i).

Partner Minimum Gain: An amount, with respect to each Partner Nonrecourse Debt, equal to the Partnership Minimum Gain that would result if such Partner Nonrecourse Debt were

treated as a Nonrecourse Liability, determined in accordance with Treasury Regulations Section 1.704-2(i)

Partner Nonrecourse Debt: Any nonrecourse debt (for the purposes of Treasury Regulations Section 1.1001-2) of the Partnership for which any Partner bears the "economic risk of loss," within the meaning of Treasury Regulations Section 1.752-2.

Partner Nonrecourse Deductions: Deductions as described in Treasury Regulations Section 1.704-2(i)(2). The amount of Partner Nonrecourse Deductions with respect to a Partner Nonrecourse Debt for any Year equals the excess, if any, of the net increase, if any, in the amount of Partner Minimum Gain attributable to such Partner Nonrecourse Debt during such Year over the aggregate amount of any Distributions during that Year to the Partner that bears the economic risk of loss for such Partner Nonrecourse Debt to the extent such Distributions are from the proceeds of such Partner Nonrecourse Debt and are allocable to an increase in Partner Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Treasury Regulations Section 1.704-2(i).

Partners: The General Partner and the Limited Partners, collectively, where no distinction is required by the context in which the term is used herein.

Partnership: Verdone Limited Partnership, a Delaware limited partnership.

Partnership Minimum Gain: Gain as defined in Treasury Regulations Section 1.704-2(d).

Partnership Refinancing Proceeds: The cash realized from the refinancing of Partnership assets after retirement of any secured loans and less (i) payment of all expenses relating to the transaction and (ii) establishment of such reasonable reserves as the General Partner shall deem necessary or prudent to set aside for future repairs, improvements, or equipment replacement or additions, or to meet working capital requirements or foreseen or unforeseen future liabilities or contingencies of the Partnership.

Partnership Sales Proceeds: The cash realized from the sale, exchange, casualty or other disposition of all or a portion of Partnership assets after the retirement of all secured loans and less (i) the payment of all expenses related to the transaction and (ii) establishment of such reasonable reserves as the General Partner shall deem necessary or prudent to set aside for future repairs, improvements, or equipment replacement or additions, or to meet working capital requirements or foreseen or unforeseen future liabilities or contingencies of the Partnership.

Pro Rata Basis: In connection with an allocation or Distribution, an allocation or Distribution in proportion to the respective Interests of the class of Partners to which reference is made.

Profit: The net income (including Net Gains from Capital Transactions) of the Partnership for each Year as determined by the Partnership for federal income tax purposes, except that, if the Book Value of an item of Partnership property differs from its adjusted basis for federal income tax purposes, then the depreciation, amortization or other cost recovery deduction taken into account with respect to such property for purposes of computing Profits shall be an amount that bears

the same ratio to such property's Book Value as the federal income tax depreciation, amortization or other cost recovery deduction bears to its adjusted tax basis.

Qualified Income Offset Item : An adjustment, allocation or distribution described in Treasury Regulations Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5) or 1.704-1(b)(2)(ii)(d)(6) unexpectedly received by a Partner.

Winding Up : The period following the dissolution of the Partnership.

Year : An annual accounting period ending on December 31 of each year during the term of the Partnership.

7. CAPITAL CONTRIBUTIONS .

7.1 General . On or before the date of this Agreement, the Partners shall make Capital Contributions as specified on Schedule A. The Partners are under no obligation to make any additional Capital Contributions.

7.2 Additional Interests . The General Partners may, from time to time, offer and sell additional Interests to current General or Limited Partners. The Partners shall first be offered, on identical terms and conditions, the opportunity to purchase such additional Interests pro rata in accordance with their relative Interests. The offering price per 1 % Interest shall not be less than the highest price for which the Partnership had previously issued or sold a 1 % Interest in the Partnership. The Interests of those Partners who elect not to exercise their right to purchase additional Interests, will be proportionately diluted in the event of a sale of additional Interests to Partners who do exercise their right to purchase additional Interests.

7.3 Interest . Except as otherwise provided herein, no interest shall be paid or accrue on any Capital Contribution to the Partnership.

8. REPRESENTATIONS WARRANTIES AND COVENANTS OF THE GENERAL PARTNER .

8.1 Representations and Warranties . The General Partners hereby represent and warrant to the Limited Partners that the Partnership is a limited partnership duly organized and validly existing under the Act and the other applicable laws of the State of Delaware.

8.2 Covenants . The General Partners hereby covenant to the Limited Partners that:

(a) They will at all times act in a fiduciary manner with respect to the Partnership and the Limited Partners;

(b) Except as provided in Section 16.1, they will serve as the General Partners of the Partnership until the Partnership is terminated without reconstitution; and

(c) They will cause the Partnership to carry adequate public liability, property damage and other insurance as is customary in the business to be engaged in by the Partnership.

9. CAPITAL ACCOUNTS.

A Capital Account has been established for each Partner and shall at all times be determined and maintained as provided by the Final Treasury Regulations under Section 704(b) of the Code, as the same may be amended. A Partner shall not be entitled to withdraw any part of his Capital Account or to receive any Distribution from the Partnership, except as provided in Articles 11 and 23.

(a) Each Partners' Capital Account shall be increased by:

(i) The amount of his Capital Contributions; and

(ii) The amount of Profits allocated to him pursuant to Article 10; and

(iii) The Partner's pro rata share (determined in the same manner as such Partner's share of Profits allocated pursuant to Article 10 hereof) of any income or gain exempt from tax; and

(iv) The amount of any Partnership liabilities assumed by the Partner or which are secured by any Partnership property distributed to such Partner; and

(v) The Partner's pro rata share (determined in the same manner as such Partner's share of Net Gains from Capital Transactions allocated pursuant to Article 10 hereof) of any increase in the Book Value of an item of Partnership property pursuant to item (ii) or (iii) under the definition of "Book Value" in Article 6.

(b) Each Partner's capital account shall be decreased by:

(i) The amount of Losses allocated to him pursuant to Article 10; and

(ii) The amount of Distributions made to him pursuant to Article 11; and

(iii) The Partner's pro rata share of any other expenditures of the Partnership which are not deductible in computing Partnership Profits or Losses and which are not added to the tax basis of any Partnership property, including, without limitation, expenditures described in Section 705(a)(2)(B) of the Code; and

(iv) The amount of any liabilities of the Partner assumed by the Partnership or which are secured by any property contributed by such Partner to the Partnership; and

(v) The Partner's share (determined in the same manner as such Partner's share of Net Losses from Capital Transactions allocated pursuant to Article 10 hereof) of any decrease in the Book Value of an item of Partnership property pursuant to item (ii) or (iii) under the definition of "Book Value" in Article 6.

In addition, each Partner's Capital Account shall be subject to such other adjustments as may be required in order to comply with the capital account maintenance regulations under Section 704(b) of the Code. The Capital Account of a Partner shall not be affected by any adjustments to basis made pursuant to Section 743 of the Code, but shall be adjusted with respect to adjustments to basis made pursuant to Section 734 of the Code.

10. ALLOCATIONS

10.1 Nonrecourse Deductions. Nonrecourse Deductions shall be allocated 1 % to the General Partners and 99% to the Limited Partners on a Pro Rata Basis.

10.2 Partner Nonrecourse Deductions. Any Partner Nonrecourse Deductions shall be specially allocated to the Partner who bears the economic risk of loss with respect to the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions are attributable in accordance with Treasury Regulations Section 1.704-2(i).

10.3 Profits and Losses.

(a) The Profits and Losses of the Partnership shall be allocated 1 % to the General Partners and 99% to the Limited Partners on a Pro Rata Basis. In allocating Profits and Losses, Net Gains and Losses from Capital Transactions (a part of Profits and Losses), if any, shall be allocated first.

(b) In no event shall Losses be allocated under this Section 10.3 to a Limited Partner if and to the extent that such allocation would cause, as of the end of the Year, the negative balance in such Limited Partner's Capital Account to exceed such Limited Partner's share of Partnership Minimum Gain plus such Limited Partner's share, if any, of Partner Minimum Gain. Any Losses which are not allocated to the Limited Partner by virtue of the application of the preceding sentence shall be allocated to the General Partners. For purposes of this Section 10.3, a Partner's Capital Account shall be treated as reduced by Qualified Income Offset Items as provided in Section 10.4(c). All items of income, gain, loss, deduction or credit shall be allocated between the Partners proportionately. Further, notwithstanding the foregoing, after giving effect to the special allocations in Section 10.4, the General Partners shall be allocated that percentage of all items of income, gain, loss, deduction or credit which equals their General Partner Interests in the Partnership.

10.4 Special Allocations . The following special allocations shall be made:

(a) Minimum Gain Chargeback . If there is a net decrease in Partnership Minimum Gain during any Year, each Partner shall be specially allocated items of Partnership income and gain for such Year (and, if necessary, subsequent Years) in an amount equal to such Partner's share of the net decrease in Partnership Minimum Gain, determined in accordance with Treasury Regulations Section 1.704-2(g)(2). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Partner. The items to be so allocated shall be determined in accordance with Treasury Regulations Section 1.704-2(f). This Section 10.4(a) is intended to comply with the minimum gain chargeback requirement in such Section of the Regulations and shall be interpreted consistently therewith.

(b) Partner Minimum Gain Chargeback . Notwithstanding any other provision of this Article 10 except Section 10.4(a), if there is a net decrease in Partner Minimum Gain attributable to a Partner Nonrecourse Debt during any Year, each Partner who has a share of the Partner Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Treasury Regulations Section 1.704-2(f), shall be specially allocated items of Partnership income and gain for such Year (and, if necessary, subsequent Years) in an amount equal to such Partner's share of the net decrease in Partner Minimum Gain attributable to such Partner Nonrecourse Debt, to the extent required by and determined in accordance with Treasury Regulations Section 1.704-2(i)(4). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Partner pursuant thereto. The items to be so allocated shall be determined in accordance with Treasury Regulations Section 1.704-2(i)(4). This Section 10.4(b) is intended to comply with the minimum gain chargeback requirement in such Section of the Regulations and shall be interpreted consistently therewith.

(c) Qualified Income Offset . If any Partner unexpectedly recovers any adjustment, allocation or distribution described in Treasury Regulations Section 1.704-1(b)(2) (ii)(d)(4) through (6) which causes or increases a deficit balance in such Partner's Capital Account (adjusted for this purpose in the manner provided in Treasury Regulations Section 1.704-1(b)(2)(ii)(d)), items of Partnership income and gain shall be specially allocated to each such Partner in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the deficit Capital Account of such Partner as quickly as possible, provided that an allocation pursuant to this Section 10.4(c) shall be made if and only to the extent that such Partner would have a deficit Capital Account after all other allocations provided for in this Section 10.4 have been tentatively made as if this Section 10.4(c) were not in this Agreement. This provision is intended to be a "qualified income offset," as defined in Treasury Regulations Section 1.704-1(b)(2)(ii)(d), such Regulations being specifically incorporated herein by reference.

10.5 Ordering Provision. In applying the provisions of Article 10 and 11 with respect to distributions and allocations, the following ordering of priorities shall apply:

- (a) Capital Accounts shall be deemed to be reduced by Qualified Income Offset Items.
- (b) Capital Accounts shall be reduced by Distributions under Section 11.1.
- (c) Capital Accounts shall be increased by any Minimum Gain Chargeback under Section 10.4(a) and (b).
- (d) Capital Accounts shall be increased by any Qualified Income Offset under Section 10.4(c).
- (e) Capital Accounts shall be reduced by allocations of Nonrecourse Deductions under Section 10.1.
- (f) Capital Accounts shall be reduced by allocations of Partner Nonrecourse Deductions under Section 10.2.
- (g) Capital Accounts shall be increased by allocations of Profits under Section 10.4.
- (h) Capital Accounts shall be reduced by allocations of Losses under Section 10.3.

To the maximum extent permitted under the Code, allocations of Profits and Losses shall be modified so that the Partners' Capital Accounts reflect the amount they would have reflected if adjustments required by Sections 10.4(a), (b) and (c) had not occurred.

10.6 Allocations Between Transferor and Transferee. In the event of the transfer of all or any part of a Partner's interest (in accordance with the provisions of this Agreement) in the Partnership at any time other than at the end of a Year, or the admission of a new Partner (in accordance with the terms of this Agreement), the transferring Partner or new Partner's share of the Partnership's income, gain, loss, deductions and credits, as computed both for accounting purposes and for federal income tax purposes, shall be allocated between the transferor Partner and the transferee Partner (or Partners), or the new Partner and the other Partners, as the case may be, in the same ratio as the number of days in such Year before and after the date of the transfer or admission; provided, however, that if there has been a sale or other disposition of the assets of the Partnership (or any part thereof) during such Year, then upon the mutual agreement of all, the Partners (excluding the new Partner and the transferring Partner), the Partnership shall treat the periods before and after the date of the transfer or admission as separate Years and allocate the Partnership's net income, gain, net loss, deductions and credits for each of such deemed separate Years. Notwithstanding the foregoing, the Partnership's "allocable cash basis items," as that term is used in Section 706(d)(2)(B) of the Code, shall be allocated as required by Section 706(d)(2) of the Code and the regulations thereunder.

10.7 Compliance with Code Section 704(c). Notwithstanding anything in this Article 10 to the contrary, in accordance with Code Section 704(c) and applicable Treasury

Regulations, income, gain, loss and deduction with respect to any item of property contributed to the Partnership shall, solely for tax purposes, be allocated among the Partners so as to take account of any variation between the adjusted basis of such property to the Partnership for federal income tax purposes and such property's Book Value. In addition, in the event the Book Value of any item of Partnership property is adjusted as provided in items (ii) and (iii) under the definition of "Book Value" in Article 6, subsequent allocations of income, gain, loss and deduction for tax purposes with respect to such property shall take account of any variation between the adjusted basis of any such property for federal income tax purposes and its adjusted Book Value, in the same manner as under Code Section 704(c) and the applicable Treasury Regulations. Allocations pursuant to this Section 10.7 are solely for purposes of federal and state income taxes, and shall not affect, or in any way be taken into account in computing, any Partner's capital account or share of Profits, Losses, Net Gains or Losses from Capital Transactions, other items or Distributions pursuant to any provision of this Agreement.

10.8 Tax Withholding. The Partnership shall be authorized to pay, on behalf of any Partner, any amounts to any federal, state or local taxing authority, as may be necessary for the Partnership to comply with tax withholding provisions of the Code or the Delaware General Statutes or other income tax or revenue laws of any taxing authority. To the extent the Partnership pays any such amounts that it may be required to pay on behalf of a Partner, such amounts shall be treated as a cash Distribution to such Partner and shall reduce the amount otherwise distributable to such Partner.

11. DISTRIBUTIONS.

11.1 Regular Distributions. Distributions of Partnership cash in an annual amount not to exceed Profit for the applicable period, plus amounts released by the General Partners from previously established reserves, may be made at such times and in such amounts, if any, as determined in the sole discretion of the Managing General Partner, provided however, that any distribution must be made in proportion to the respective Interests of the Partners at the time of distribution. All distributions shall be made in the sole discretion of the Managing General Partner and the Managing General Partner shall have no obligation to make any distributions at any time during the term of the Partnership.

11.2 Distribution in Liquidation. Upon liquidation of the Partnership, all of the Partnership's property shall be sold and Profits and Losses allocated accordingly. Proceeds from the liquidation of the Partnership shall be distributed in accordance with Article 23.

12. RIGHTS AND OBLIGATIONS OF LIMITED PARTNERS.

12.1 Management. The Limited Partners acting in their capacities as such shall not take part in the management of the business, nor transact any business for the Partnership, nor shall they have power to sign for or to bind the Partnership.

12.2 Other Authority. The Limited Partners shall have no right or power to cause the dissolution and winding up of the Partnership by court decree or otherwise, except as provided in this Agreement and in the Act. No Limited Partner has the right to require the partition of any Partnership property or compel any sale of Partnership assets.

13. LIMITED LIABILITY.

No Limited Partner shall be required to make any additional contribution to the capital of the Partnership, nor shall any Limited Partner in his capacity as such, be bound by; or personally liable for, any expense, liability or obligation of the Partnership except to the extent of his (i) Interest in the Partnership; and (ii) obligation to return Distributions made to him under certain circumstances as required by the Act.

14. BANKRUPTCY OR INCAPACITY OF A LIMITED PARTNER.

A Limited Partner shall automatically lose his status as a Limited Partner upon his death, dissolution or legal incapacity or upon the occurrence of an event described in Section 22.1(b) with respect to the Limited Partner, and his personal or legal representatives shall succeed to (i) his rights as a holder of an Interest in the Partnership, (ii) his pro rata allocation of Profits and Losses and (iii) his share of regular Distributions and Distributions upon dissolution. The estate or successor in interest of such Limited Partner shall be liable for all of such Limited Partner's obligations under this Agreement. In no event, however, shall a personal representative or successor become a substitute Limited Partner unless the requirements of Section 15.4 of this Agreement are satisfied.

15. TRANSFER OF LIMITED PARTNER INTERESTS AND ADMISSION OF LIMITED PARTNERS .

15.1 Transferability .

(a) The term "transfer" when used in this Agreement with respect to an Interest includes a sale, assignment, gift, pledge, exchange or any other disposition of an Interest or any right, title or interest therein.

(b) Limited Partner Interests shall not be transferred, in whole or in part, except in accordance with the conditions and limitations set forth in Section 15.2.

15.2 Restrictions on Transfers by Limited Partners .

(a) Except as provided in Section 17.1, all or part of a Limited Partner Interest may be transferred by a Limited Partner only with the prior written approval of the General Partners and a majority in interest of the Limited Partners. Notwithstanding the foregoing, a Limited Partner may transfer his interest in the income, gain, Profits, Losses, deductions and credits of the Partnership and his right to receive Distributions without the consent of the General Partners or the other Limited Partners, provided that the transferee of a Limited Partner Interest by assignment, operation of law or otherwise, shall have only the rights, powers and privileges enumerated in Section 15.3 or otherwise provided by law and may not be admitted to the Partnership as a Limited Partner except as provided in Section 15.4 or as a General Partner except as provided in Section 16.4. In no event, however, may a Limited Partner Interest be transferred if such transfer would result in a termination of the Partnership under Code Section 708, nor may a Limited Partner Interest be transferred to a non-United States citizen or a non-United States corporation, entity or association.

(b) The General Partners shall not approve any transfer of a Limited Partner Interest unless the proposed transferee shall have furnished the General Partners with a sworn statement that:

(i) he proposes to acquire the Limited Partner Interest as a principal, for investment and not with a view to resale or distribution;

(ii) he meets such requirements regarding sophistication, income and net worth as required by applicable state and federal securities laws;

(iii) the proposed transferee has met such other net worth and income suitability standards as have been established by the General Partners;

(iv) the proposed transferee recognizes that investment in the Partnership involves certain risks and has taken full cognizance of and understands all of the risk factors related to the purchase of a Limited Partner Interest; and

(v) the proposed transferee has met all other requirements of the General Partners for the proposed transfer.

(c) In connection with the transfer of a Limited Partner Interest, the General Partners may require the transferee to furnish, prior to the date thereof, an opinion of counsel, satisfactory in form and substance to the General Partners, that neither the offering nor the proposed transfer will violate any federal or applicable state securities law or regulations or any of the provisions of Section 15.2(b) hereof, will prevent the Partnership from being entitled to use any method of depreciation which the Partnership might otherwise be entitled to use or will adversely affect the status of the Partnership as a partnership for federal income tax purposes.

15.3 Rights of Transferee. Unless admitted to the Partnership in accordance with Section 15.4, the transferee of a Limited Partner Interest or a part thereof or any right, title or interest therein shall not be entitled to any of the rights, powers, or privileges of his predecessor in interest, except that he shall be entitled to receive and be credited or debited with his proportionate share of Partnership income, gains, Profits, Losses, deductions, credits or Distributions.

15.4 Admission of Limited Partners. A General Partner, or the transferee of all or part of the Partnership interest of either a General Partner or a Limited Partner, may be admitted to the Partnership as a Limited Partner upon furnishing to the General Partners all of the following:

(a) The written approval of a majority in interest of the Limited Partners, and the assignor Partner, which approval may be granted or denied in the sole discretion of such Partners or Partner;

(b) The written approval of the General Partners;

(c) Acceptance, in a form satisfactory to the General Partners, of all the terms and conditions of this Agreement and any other documents required in connection with the operation of the Partnership pursuant to the terms of this Agreement;

(d) A power of attorney substantially identical to that contained in Article 36;

(e) Such other documents or instruments as may be required by the General Partners in order to effect his admission as a Limited Partner; and

(f) If so requested by the General Partners, payment of such reasonable expenses as may be incurred in connection with his admission as a Limited Partner.

15.5 Amendment of Certificate of Limited Partnership. The General Partners shall take all steps necessary and appropriate to prepare and record any amendments to the Certificate of Limited Partnership as may be necessary or appropriate from time to time to comply with the requirements of the Act, including, without limitation, upon the admission to the Partnership of any Limited Partner or general partner pursuant to the provisions of Section 15.4 or Section 16.4, respectively, and may for this purpose exercise the powers of attorney delivered to the General Partners pursuant to Section 15.4, 16.4 or Article 36.

16. SALE, ASSIGNMENT OR OTHER TRANSFER OF THE GENERAL PARTNER'S INTEREST.

16.1 Limitations. No General Partner may transfer (as defined in Section 15.1), all or any part of its General Partner Interest in the Partnership, whether voluntarily, by operation of law or otherwise (the foregoing actions being hereafter collectively referred to as "Transfers" or singularly as a "Transfer") except as permitted by this Article 16; provided, however, that a General Partner may cause to be admitted to the Partnership additional General Partners in order to meet such net worth requirements, which in the opinion of counsel for the Partnership, may from time to time, be necessary to assure that the Partnership is classified as a partnership for federal income tax purposes, provided that the interests of the Limited Partners in regular Distributions and liquidation Distributions shall not be affected thereby. Notwithstanding any provision herein to the contrary, a General Partner may mortgage, pledge or hypothecate its interest in the Partnership if the sole purpose of such transaction is to provide security to the lender of any money to the Partnership.

16.2 Liability and Obligations. If a General Partner makes a Transfer of its interest in the Partnership pursuant to this Article, it shall be liable for all obligations and liabilities incurred by it as the General Partner of the Partnership on or before the effective date of such Transfer, but shall not be liable for any obligations or liabilities of the Partnership arising after the effective date of the Transfer.

16.3 Conditions to Transfer of General Partner Interest. No Transfer by a General Partner shall be permitted unless:

(a) The certified public accountant for the Partnership shall have delivered to the Partnership an opinion that the new general partner of the Partnership has sufficient net worth and meets all other published requirements of the Internal

Revenue Service necessary to assure that the Partnership will continue to be classified as a partnership for federal income tax purposes;

(b) Counsel for the Partnership shall have rendered an opinion that none of the actions taken in connection with such Transfer will cause the Partnership to be classified other than as a partnership for Federal income tax purposes or will cause the termination or dissolution of the Partnership; and

(c) Such documents or instruments, in form and substance satisfactory to counsel for the Partnership, shall have been executed and delivered as may be required in the opinion of counsel for the Partnership to effect fully any such Transfer.

16.4 Admission of General Partners. A Limited Partner, or the transferee of all or part of a Interest of a General Partner (if such transfer otherwise meets the requirements of Section 16.3), may be admitted to the Partnership as a general partner upon furnishing to the General Partners all of the following:

(a) The written approval of both the General Partners and a Majority in Interest of the Limited Partners, which approval may be granted or denied in the sole discretion of the Partners;

(b) Such financial statements, guarantees or other assurances as the General Partners may require with regard to the ability of the proposed general partner to fulfill the financial obligations of a general partner hereunder;

(c) Acceptance, in form satisfactory to the General Partners, of all the terms and provisions of this Agreement and any other documents required in connection with the operation of the Partnership pursuant to the terms of this Agreement;

(d) A certified copy of a resolution of its Board of Directors (if it is a corporation) authorizing it to become a general partner under the terms and conditions of this Agreement;

(e) A power of attorney substantially identical to that contained in Article **a**

(f) Such other documents or instruments as may be required in order to effect its admission as a general partner; and

(g) At the request of the General Partners, payment of such reasonable expenses as may be incurred in connection with its admission as a general partner.

16.5 Admission of Transferee as Limited Partner. Instead of being admitted as a General Partner, the transferee of all or part of an Interest of a General Partner (if such transfer otherwise meets the requirements of Section 16.3) may be admitted to the Partnership as a limited partner in accordance with Section 15.4, provided that such transferee complies with the provisions of Section 15.2(b).

16.6 Rights of Transferee . Unless admitted to the Partnership as a general partner in accordance with Section 16.4 or as a limited partner in accordance with Section 16.5 and Section 15.4, the transferee of a General Partner Interest or a part thereof or any right, title or interest therein shall not be entitled to any of the rights, powers or privileges of his predecessor in interest, except that he shall be entitled to receive and be credited or debited with his proportionate share of Partnership income, gains, Profits, Losses, deductions, credits or Distributions.

17. OPTIONAL PURCHASE OF LIMITED PARTNERSHIP INTERESTS ON CERTAIN EVENTS .

17.1 Sale of Limited Partnership Interest . In the event that any Limited Partner shall receive a bona fide written offer acceptable to such Limited Partner for the purchase of his entire Interest (such offer to provide for the closing of such purchase no less than sixty days nor more than ninety days after the date of such offer), such offer, with sufficient information on which a judgment may be made as to the ability of the offeror to perform such offer, shall be delivered to all of the other Partners within ten days after its receipt. The other Partners acting individually shall then have the option to purchase such Interest for the same purchase price contained in such bona fide offer. If more than one Partner desires to buy the Interest of the Limited Partner, they may purchase such Interest in the proportion that each such purchasing Partner's Interest bears to the aggregate Interests of all the Partners who desire to buy such Interest. Payment of the purchase price therefor shall be made in cash.

17.2 Buy-Sell Notice . Notice of the exercise by a Partner of his rights to purchase the selling Limited Partner's Interest shall be given to the selling Limited Partner by the purchasing Partner(s) within thirty days after receipt of notice from such Limited Partner of his desire to sell. If the other Partners collectively do not elect to purchase all of the selling Limited Partner's Interest, such elections shall be void and the selling Limited Partner may sell his Interest to the person from whom the Limited Partner received the bona fide acceptable offer, at a price not below nor upon terms more advantageous to the buyer than the price and terms contained in such bona fide acceptable offer; provided that if such sale is not made and consummated on or before the closing date specified in such bona fide offer, the selling Limited Partner may not thereafter dispose of his Interest without again giving the other Partners the option to purchase his Interest as set forth above.

17.3 Rights of Purchaser . Notwithstanding any other provision of this Article 17, any purchaser of a Limited Partner's Interest who at the time of such purchase is not then a Limited Partner, shall have only those rights specified in Section 15.3 above, and shall not be admitted as a substitute Limited Partner without full compliance with Section 15.4.

17.4 Bankruptcy of a Limited Partner . If any Limited Partner shall take advantage of any bankruptcy or insolvency act, or if an insolvency petition shall be filed against any Limited Partner and a final order for relief entered therein, or if any Limited Partner shall make an assignment for the benefit of his creditors, then within ninety days after any such order for relief or assignment the remaining Partners shall have the absolute right to purchase such bankrupt Limited Partner's Interest at a price equal to the lesser of (a) the fair market value of such bankrupt Limited Partner's Interest determined by an appraisal thereof made by a qualified and experienced appraiser named by the remaining Partners, or (b) the Capital Account of the bankrupt Limited Partner increased by his share of undistributed Profits and reduced by his share of Losses and Distributions, to the extent not already reflected in such Limited Partner's Capital Account, all computed as of the last day of the month following the date of such order for relief or assignment. If more than one

Partner desires to buy the Interest of the bankrupt Limited Partner, they may purchase such Interest in the proportion that each such purchasing Partner's Interest bears to the aggregate Interests of all the Partners who desire to buy such Interest. Payment of such purchase price shall be made in cash. The bankrupt Limited Partner or his legal representative shall hold any portion of his Interest not purchased by the other Partners in accordance with the terms of this Agreement.

17.5 Option to Purchase Partnership Interest Upon Marriage. Upon the marriage or remarriage of any Limited Partner, such Partner shall be required to furnish to the General Partners an executed premarital agreement which designates such Limited Partner's interest in the Partnership as separate non-marital property and provides for a complete release and waiver of all marital rights with respect to such partnership interest by such Limited Partner's spouse. In the event any Limited Partner shall marry without entering into such a premarital agreement, the General Partners may elect, by serving written notice of such election to the marrying Limited Partner at any time within sixty (60) days of such marriage, to cause the Partnership to purchase the interest of the marrying Limited Partner in the Partnership in the time period and on the same terms as if the marrying Limited Partner had been a bankrupt Limited Partner and the remaining Partners had elected to purchase the bankrupt Limited Partner's interest pursuant to Section 17.4.

18. REMOVAL OF THE GENERAL PARTNER.

If a General Partner shall be finally adjudged by a court of competent jurisdiction to be liable to the Limited Partners or the Partnership for any act of gross negligence or willful misconduct in the performance of its duties under the terms of this Agreement, such General Partner may be removed with the consent of all of the Limited Partners (excluding such General Partner, if such General Partner is also a Limited Partner). Such consent shall be evidenced by a certificate of removal signed by all of the Limited Partners. Provided that a new general partner is elected to replace the General Partner as provided in Section 22.2, such new general partner shall succeed to all of the powers, privileges and obligations of the General Partner, and the General Partner's interest in the Partnership shall become that of a Limited Partner pursuant to the terms of Section 22.2. In addition, the new general partner shall take all steps necessary and appropriate to prepare and record an amendment to the Partnership's Certificate of Limited Partnership to reflect the removal of the General Partner and the admission of such new general partner.

19. MANAGEMENT AND OPERATION OF BUSINESS.

19.1 General. All decisions with respect to the management of the day-to-day business and affairs of the Partnership shall be made by the Managing General Partner. The Managing General Partner shall have the authority, but not an obligation, to hire a third party to manage the investment of Partnership assets and to do such other acts on behalf of the Partnership as the Managing General Partner deems advisable.

19.2 Other Activities. The Managing General Partner shall be under no duty to devote all of his time to the business of the Partnership, but shall devote only such time as he deems necessary to conduct the Partnership business and to operate and manage the Partnership in an efficient manner.

19.3 Expenses. The Managing General Partner may charge to the Partnership all ordinary and necessary costs and expenses, direct and indirect, attributable to the formation, operation and management of the business of the Partnership. The costs and expenses to be borne

by the Partnership shall include, but are not limited to, legal and accounting fees and expenses, salaries of employees of the Partnership, insurance premiums and interest.

19.4 Powers . In addition to, and not in limitation of, any rights and powers covenanted by law or other provisions of this Agreement, and except as limited, restricted or prohibited by the express provisions of this Agreement, the Managing General Partner shall have and may exercise on behalf of the Partnership all powers and rights necessary, proper, convenient or advisable to effectuate and carry out the purposes, business and objectives of the Partnership. Such powers shall include, without limitation, the following:

(a) To deal in any Partnership assets, whether real or personal property, including, but not limited to, (i) except as provided in Article 4 and Section 19.5, purchasing, holding, managing, exercising voting rights, and disposing of all Partnership assets, including the purchase, exchange, trade or sale of the Partnership's assets at such price, or amount, for cash or other property and upon such terms, as the Managing General Partner deems to be in the best interest of the Partnership (provided, that should Partnership assets be exchanged or traded for other property (the "Replacement Property"), the Managing General Partner shall have the same powers with regard to the Replacement Property as he does toward the traded property); (ii) borrowing money for any Partnership purpose and as security therefor encumbering all or any part of the Partnership property; and (iii) repaying, increasing, modifying, consolidating, extending or replacing any financing in whole or in part;

(c) To deposit, withdraw, invest, pay, retain and distribute the Partnership's funds in any manner consistent with the provisions of this Agreement;

(d) To institute and defend actions at law or in equity;

(e) To enter into and carry out contracts and agreements and any or all documents and instruments and to do any and all such other things as may be in furtherance of Partnership purposes or necessary or appropriate to the conduct of the Partnership's activities;

(f) To execute, acknowledge and deliver any and all instruments which may be deemed necessary or convenient to effect the foregoing; and

(g) To engage or retain one or more persons to perform acts as may be required by the Partnership, at the Partnership's expense, and to compensate such person or persons at a rate to be set by the Managing General Partner, provided that the compensation is at the then prevailing rate for the type of services and materials provided, or both. Any person, whether a Partner, an Affiliate of a Partner or otherwise, including without limitation the Managing General Partner, may be employed or engaged by the Partnership to provide materials or render services, including, without limitation, management services, and if such person is a Partner or an Affiliate of a Partner, he shall be entitled to, and shall be paid compensation for said materials or services, anything in this Agreement to the contrary notwithstanding, provided that the compensation to be received is competitive in price and terms with other non-Affiliated persons providing comparable materials or

services and is at the then prevailing rate for the type of materials or services provided. Any of the Partners or their Affiliates may engage in or possess an interest in other business ventures of any nature and description independently or with others, whether or not such business ventures are in direct or indirect competition with the Partnership, and neither the Partnership nor the Partners shall have any right by virtue of this Agreement in and to the independent business ventures or to the income, or profits derived therefrom.

19.5 **Prohibition.** In addition to other acts expressly prohibited or restricted by this Agreement or by law, the General Partners, including the Managing General Partner, shall have no authority to act on behalf of the Partnership in:

- (a) Doing any act in contravention of this Agreement or the Partnership's Certificate of Limited Partnership;
- (b) Doing any act which would make it impossible to carry on the ordinary business of the Partnership;
- (c) Confessing a judgment against the Partnership in connection with any threatened or pending legal action;
- (d) Possessing or in any manner dealing with the Partnership's property or assigning the rights of the Partnership in the Partnership's property for other than Partnership purposes;
- (e) Admitting a person as a Limited Partner or a General Partner except as provided in this Agreement; or
- (f) Performing any act (other than an act required by this Agreement or any act taken in good faith reliance upon counsel's opinion) which would, at the time such act occurred, subject any Limited Partner to liability as a general partner in any jurisdiction.

19.6 **Sam.** The Managing General Partner shall be paid a salary as compensation for the services he shall render to the Partnership. The amount of the salary shall be set by a majority of the General Partners (other than the Managing General Partner) in an amount equal to the reasonable compensation which the Partnership would have to pay to a third party to perform the same management, investment and other services performed by the Managing General Partner but shall not be less than an annual fee of .65 % of the value of the net assets managed, provided that no third party manager has been hired to manage or invest the assets of the Partnership and shall not be less than an annual fee of .30% of the value of the net assets managed if a third party manager has been hired to manage or invest the assets of the Partnership. In no event shall such salary exceed or be less than an amount which is reasonable compensation for services rendered as required by Section 704(e)(2) of the Code.

19.7 **Substitute Managing General Partner .** In the event **EMILY MCCOY VERDONE** shall die, become incompetent (as determined by his regular physician), resign as Managing General Partner or cease for any reason to be a General Partner, **EMILY MCCOY VERDONE** (or her successor-in-interest or any attorney-in-fact or guardian of **EMILY MCCOY**

VERDONE in the event of the incompetency of **EMILY MCCOY VERDONE**), shall have the right to appoint a new Managing General Partner to have all the powers and duties specified in this Article 19. Any such successor Managing General Partner shall be required to hire North Carolina Trust Company (or such other bank, trust company or professional money manager as shall be unanimously agreed upon in writing by the Partners and any transferee of a Partnership Interest who has the rights specified in Section 15.3 but who has not been admitted as a Partner of the Partnership) to manage and invest the assets of the Partnership and the salary to be paid to such successor Managing General Partner shall be determined as provided in Section 19.6.

20. RESERVES.

The General Partners may cause the Partnership to create a reserve account to be used exclusively for any valid Partnership purpose. The General Partners shall, in their sole discretion, determine the amount of payments and withdrawals to and from such reserve account.

21. INDEMNIFICATION AND EXCULPATION OF THE GENERAL PARTNER.

21.1 **General**. The General Partners and their Affiliates, if any, shall have no liability to the Partnership or to any Partner for any loss suffered by the Partnership that arises out of any action or inaction of the General Partners or their Affiliates if the General Partners or their Affiliates, in good faith, determined that such course of conduct was in the best interest of the Partnership and such course of conduct did not constitute gross negligence, willful misconduct or breach of fiduciary duty of the General Partners or their Affiliates. The General Partners and their Affiliates shall be indemnified by the Partnership against any losses, judgments, liabilities, expenses and amounts paid in settlement of any claims sustained by them in connection with the Partnership, provided that the same were not the result of gross negligence, willful misconduct or breach of fiduciary duty on the part of the General Partners or their Affiliates. Insofar as indemnification for liabilities under the Securities Act may be permitted to persons controlling the Partnership pursuant to the foregoing provisions, the Partnership has been informed that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable. Notwithstanding the foregoing, the Partnership shall indemnify the General Partners and their directors, officers, agents and employees by advancing them sufficient funds to cover the costs and expenses of defending such suits as incurred. Any amounts so advanced shall be promptly reimbursed to the Partnership if such parties are found liable under the Securities Act. The Partnership shall not incur the cost of that portion of any insurance, other than public liability insurance, which insures any party against any liability the indemnification of which is herein prohibited; provided, however, that this prohibition shall not preclude the naming of the General Partners or their Affiliates as additional insured parties on policies obtained for the benefit of the Partnership to the extent that there is no additional cost to the Partnership in doing so.

21.2 **Return of Capital**. The General Partners shall not be liable for the return of the Capital Contributions of the Limited Partners, and upon dissolution, the Limited Partners shall have recourse solely against the assets of the Partnership.

22. DISSOLUTION OF THE PARTNERSHIP.

22.1 General. The Partnership shall be dissolved and terminated and its business wound up only upon the occurrence of any one of the following events:

(a) The filing by, on behalf of, or against a General Partner of any petition or pleading, voluntary or involuntary, to declare such General Partner bankrupt under any bankruptcy law or act, or the commencement in any court of any proceeding, voluntary or involuntary, to declare a General Partner insolvent or unable to pay its debts, or the appointment by any court or supervisory authority of a receiver, trustee or other custodian of the property, assets or business of a General Partner or the assignment by it of all or any part of its property or assets for the benefit of creditors, if said action, proceeding or appointment is not dismissed, vacated or otherwise terminated within sixty (60) days of its commencement;

(b) The joint determination of the Managing General Partner and the holders of at least 50% of the Limited Partner Interests that the Partnership should be dissolved;

(c) The dissolution, retirement, resignation, death, disability or legal incapacity of a general partner, and any other event resulting in the dissolution or termination of the Partnership under the laws of the State of Delaware; provided, that the events described in Sections 17-402(a)(4) and (5) of the Act or any similar provisions of any successor statute, shall not work a dissolution of the Partnership except as expressly provided in (b) above; and

(d) The sale, exchange or other disposition of all or substantially all of the property of the Partnership without making provision for the replacement thereof.

22.2 Continuation of Partnership Business. Notwithstanding the provisions of Section 22.1, the Partnership shall not be dissolved and terminated upon the occurrence of an event described in Section 22.1(b) or 22.1(d) with respect to a general partner (the "Terminating Event"), and its business shall continue pursuant to the terms and conditions of this Agreement, if any general partner or general partners remain following such Terminating Event; provided, that such remaining general partner or general partners shall be obligated to continue the business of the Partnership. If no general partner remains after the occurrence of a Terminating Event, the business of the Partnership shall continue pursuant to the terms and conditions of this Agreement, if, within ninety (90) days after the occurrence of such event, all of the Limited Partners agree in writing to continue the business of the Partnership, and, if necessary, to the appointment of one or more persons or entities to be substituted as the general partner. In the event the Limited Partners agree to continue the business of the Partnership, the new general partner or general partners shall succeed to all of the powers, privileges and obligations of the General Partner, and the General Partner's Interest in the Partnership shall become a Limited Partner Interest in the Partnership. Furthermore, in the event a remaining general partner or the Limited Partners, as the case may be, continue the business of the Partnership as provided herein, the remaining general partner or the newly appointed general partner or general partners, as the case may be, shall take all steps necessary and appropriate to prepare and record an amendment to the Partnership's Certificate of Limited Partnership to reflect the continuation of the business of the Partnership and the admission of a new general partner or general partners, if any.

23. DISTRIBUTIONS UPON DISSOLUTION.

Upon the dissolution and termination of the Partnership, the General Partners or, if there are none, a representative of the Limited Partners shall cause the cancellation of the Partnership's Certificate of Limited Partnership, shall liquidate the assets of the Partnership, and shall apply and distribute the proceeds of such liquidation in the following order of priority:

(a) First, to the payment of the debts and liabilities of the Partnership, and the expenses of liquidation;

(b) Second, to the creation of any reserves that the General Partners or representative of the Limited Partners may deem reasonably necessary for the payment of any contingent or unforeseen liabilities or obligations of the Partnership or of the General Partners arising out of or in connection with the business and operation of the Partnership; and

(c) Third, the balance, if any, shall be distributed to the Partners in accordance with the Partners' positive Capital Account balances after such Capital Accounts are adjusted as provided by Articles 9 and 10, and any other adjustments required by the Final Treasury Regulations under Section 704(b) of the Code. Any general partner with a negative Capital Account following the distribution of liquidation proceeds or the liquidation of its Interest must contribute to the Partnership an amount equal to such negative Capital Account on or before the later to occur of the end of the Year in which the Partnership is dissolved or the date which is 90 days after the date of liquidation. Any capital so contributed shall be (i) distributed to those Partners with positive Capital Accounts until such Capital Accounts are reduced to zero, and/or (ii) used to discharge recourse liabilities.

24. BOOKS OF ACCOUNT, RECORDS AND REPORTS.

24.1 General. Proper and complete records and books of account shall be kept by the General Partners in which shall be entered fully and accurately all transactions and such other matters relating to the Partnership's business as are usually entered into records and books of account maintained by persons engaged in businesses of a like character. The books and records of the Partnership shall be prepared according to the accounting method determined to be in the best interest of the Partnership by the General Partners. The Partnership's fiscal year shall be the calendar year. The books and records shall at all times be maintained at the Partnership's office as provided in Article 3 and shall be open to the reasonable inspection and examination of the Partners or their duly authorized representatives during reasonable business hours.

24.2 Tax Information. Within ninety (90) days after the end of each Year, the General Partners shall send to each person who was a Limited Partner at any time during such year such tax information, including, without limitation, Federal Tax Schedule K-1, as shall be reasonably necessary for the preparation by such person of his federal income tax return. The General Partners will also make available to the Limited Partners any other financial information required by the Act.

24.3 Copies. The General Partners shall maintain at the Partnership's office copies of the Partnership's original Certificate of Limited Partnership and any certificate of amendment, restated certificate or certificate of cancellation with respect thereto and such other documents as the

Act shall require. The General Partners will furnish to any Limited Partner upon request a copy of the Partnership's original Certificate of Limited Partnership and any certificate of amendment, restated certificate or certificate of cancellation, if any.

24.4 Elections . The General Partners shall, in its sole discretion, make for the Partnership any and all elections for federal, state and local tax purposes including, without limitation, any election, if permitted by applicable law, to adjust the basis of the Partnership's property pursuant to Code Sections 754, 734(b) and 743(b), or comparable provisions of state or local law, in connection with transfers of interests in the Partnership and Partnership Distributions.

24.5 Tax Matters Partner . **EMILY MCCOY VERDONE** is designated the Tax Matters Partner (as defined in Section 623 of the Code) and in any similar capacity under state or local law, and is authorized (at the Partnership's expense): (i) to represent the Partnership and Partners before taxing authorities or courts of competent jurisdiction in tax matters affecting the Partnership or Partners in their capacity as Partners; (ii) to extend the statute of limitations for assessment of tax deficiencies against Partners with respect to adjustments to the Partnership's federal, state or local tax returns; (iii) to execute any agreements or other documents relating to or affecting such tax matters, including agreements or other documents that bind the Partners with respect to such tax matters or otherwise affect the rights of the Partnership and Partners; and (iv) to expend Partnership funds for professional services and costs associated therewith. **EMILY MCCOY VERDONE** is authorized and required to notify the federal, state and local tax authorities of the appointment of a Tax Matters Partner in the manner provided in Treasury Regulations Section 301.6231(a)(7)-1T, as modified from time to time. In its capacity as Tax Matters Partner, **EMILY MCCOY VERDONE** shall oversee the Partnership tax affairs in the manner which, in his best judgment, are in the interests of the Partners.

25. NOTICES.

All notices under this Agreement shall be in writing and shall be deemed to have been given when (i) delivered personally or by prepaid courier, (ii) mailed by certified or registered mail, postage prepaid, return receipt requested or (iii) telecopied. Notices to the General Partners shall be delivered at, or mailed or telecopied to, its principal office. Notices to the Partnership shall be delivered at, or mailed to, its principal office with a copy to each of its business offices. Notice to a Limited Partner or his representative shall be delivered to such Limited Partner, or mailed or telecopied to the last address furnished by him for such purposes to the General Partners. Limited Partners shall give notice of a change of address to the General Partners in the manner provided in this Article.

26. AMENDMENTS.

Subject to the provisions of Article 27, this Agreement is subject to amendment only by written consent of the General Partners and a Majority in Interest of the Limited Partners; provided, however, the consent of the Limited Partners shall not be required if such amendments are ministerial in nature and do not contravene the provisions of Article 27.

27. LIMITATIONS ON AMENDMENTS.

Notwithstanding the provisions of Article 26, no amendment to this Agreement shall:

- (a) Add to, detract from, or otherwise modify the purposes of the Partnership without the consent of all the Partners;
- (b) Enlarge the obligations of any Partner under this Agreement or convert the interest in the Partnership of any Limited Partner into the interest of a general partner or modify the limited liability of any Limited Partner, without the consent of such Partner;
- (c) Amend the provisions of Articles 9, 10, 11, 13, and 23 without the approval of the General Partners and the Limited Partners holding at least two-thirds of the aggregate Interests; provided, however, that the General Partners may at any time amend such Articles without the consent of the Limited Partners in order to permit the Partnership allocations to be sustained for federal income tax purposes, but only if such amendments do not materially affect adversely the rights and obligations of the Limited Partners, in which case such amendments may only be made as provided in this Article 27(c); or
- (d) Amend this Article 27 without the consent of all Partners.

28. MEETINGS, CONSENTS AND VOTING.

28.1 Meetings. Semi-annual meetings of the Partnership shall be held at the principal office of the Partnership at 10:00 a.m. on the first Tuesday in March and the first Tuesday in September of each year. Additional meetings of the Partnership to consider any matter with respect to which the Partners may vote as set forth in this Agreement may be called by the General Partners or by Limited Partners who hold at least ten percent (10%) of the aggregate Interests. Upon receipt of a notice requesting a meeting by such Partner or Partners and stating the purpose of the meeting, the General Partners shall, within ten (10) days thereafter, give notice to the Partners of a meeting of the Partnership to be held at a time and place convenient to the Limited Partners on a date not earlier than fifteen (15) days nor more than sixty (60) . days after receipt by the General Partners of the notice requesting a meeting. The notice of the meeting shall set forth the time, date, location and purpose of the meeting.

28.2 Manner of Vote. Any consent of a Partner required by this Agreement may be given as follows:

- (a) By a written consent given by the consenting Partner and received by the General Partners at, prior to or following the doing of the act or thing for which the consent is solicited, or
- (b) By the affirmative vote by the consenting Partner to the doing of the act or thing for which the consent is solicited at any meeting called pursuant to this Article to consider the doing of such act or thing.

28.3 Calculation of Votes . When exercising voting rights expressly granted under the Articles of this Agreement, each Limited Partner shall have that number of votes as is equal to his Interest held of record at the time of the vote.

29. SUBMISSIONS TO THE LIMITED PARTNERS .

The General Partners shall give the Limited Partners notice of any proposal or other matter required by any provision of this Agreement or by law to be submitted for consideration and approval of the Limited Partners. Such notice shall include any information required by the relevant provision or by law.

30. ADDITIONAL DOCUMENTS .

Each party hereto agrees to execute and acknowledge all documents and writings which the General Partners may deem necessary or expedient in the creation of this Partnership and the achievement of its purposes.

31. SURVIVAL OF RIGHTS .

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

32. INTERPRETATION AND GOVERNING LAW .

When the context in which words are used in this Agreement indicates that such is the intent, words in the singular number shall include the plural and vice versa; in addition, the masculine gender shall include the feminine and neuter counterparts. The Article headings or titles and the table of contents shall not define, limit, extend or interpret the scope of this Agreement or any particular Article. This Agreement shall be governed and construed in accordance with the laws of the State of Delaware without giving effect to the conflicts of laws provisions thereof.

33. SEVERABILITY .

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

34. AGREEMENT IN COUNTERPARTS .

This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. In addition, this Agreement may contain more than one counterpart of the signature page and this Agreement may be executed by the affixing of the signatures of each of the Partners to one of such counterpart signature pages; all of such signature pages shall be read as though one, and they shall have the same force and effect as though all of the signers had signed a single signature page.

35. THIRD PARTIES.

The agreements, covenants and representations contained herein are for the benefit of the parties hereto inter se and are not for the benefit of any third parties including, without limitation, any creditors of the Partnership.

36. POWER OF ATTORNEY.

Each Limited Partner hereby makes, constitutes and appoints **EMILY MCCOY VERDONE** severally, with full power of substitution, his or her true and lawful attorneys-in-fact, for him or her and in his or her name, place and stead and for his or her use and benefit to sign and acknowledge, file and record, any amendments hereto among the Partners for the further purpose of executing and filing on behalf of each Limited Partner, any and all certificates of limited partnership or other documents necessary to effect the continuation of the Partnership, the admission or withdrawal of a general partner or a limited partner, the admission of substitute Limited Partners or the dissolution or termination of the Partnership, provided such continuation, admission, withdrawal, or dissolution and termination are in accordance with the terms of this Agreement.

The foregoing power of attorney is a special power of attorney coupled with an interest, is irrevocable and shall survive the death or legal incapacity of each Limited Partner. It may be exercised by any one of said attorneys by listing all of the Limited Partners executing any instrument over the signature of the attorney-in-fact acting for all of them. The power of attorney shall survive the delivery of an assignment by a Limited Partner of the whole or any portion of his Interest. In those cases in which the assignee of, or the successor to, a Limited Partner owning an Interest has been approved by the Partners for admission to the Partnership as a substitute Limited Partner, the power of attorney shall survive for the sole purpose of enabling **EMILY MCCOY VERDONE** to execute, acknowledge and file any instrument necessary to effect such substitution.

This power of attorney shall not be affected by the subsequent incapacity or mental incompetence of any Limited Partner.

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

GENERAL PARTNER:

EMILY MCCOY VERDONE

LIMITED PARTNERS:

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1, - ii i)

STATE OF NORTH CAROLINA)

COUNTY OF K ~)

BEFORE ME, the undersigned Notary Public in and for the State and County set forth above, on the Q(day of Q c - J? , 1997, personally appeared EMILY MCCOY VERDONE and, being by me first duly sworn, stated that she signed this Limited Partnership Agreement as a General Partner for the purpose set forth above and that the statements contained therein are true.

Signature of Notary Public

~CC,t/l-1 (iJ I l. C.c.msy .y
Printed Name of Notary

My Commission Expires:

-Vy Comtniss

.11.18.20ng '(Y

[SEAL]

STATE OF NORTH CAROLINA)

COUNTY OF ! I_C)

BEFORE ME, the undersigned Notary Public in and for the State and County set forth above, on theL day of 1997, personally appeared EMILY MCCOY VERDONE and, being by me first duly sworn, stated that she signed this Limited Partnership Agreement as a Limited Partner for the purpose set forth above and that the statements contained therein are true.

Signature of Notary Public

l~eaiin
Printed Name of Notary

My Cojimission Expires:

11.18.2002

[SEAL]

STATE OF NORTH CAROLINA)

COUNTY OF)

BEFORE ME, the undersigned Notary Public in and for the State and County set forth above, on the 11th day of 1997, personally appeared **ELSYA V. STO** and, being by me first duly sworn, stated that she signed this Limited Partnership Agreement as a Limited Partner for the purpose set forth above and that the statements contained therein are true.

Signature of Notary Public

L. J. aMS
Printed Name of Notary

My Commission Expires:

My Commission
11.18-2002

[SEAL]

STATE OF NORTH CAROLINA

COUNTY OF KJ JAJL

BEFORE ME, the undersigned Notary Public in and for the State and County set forth above, on the ay of 1997, personally appeared **CATHERINE E. VERDONE** and, being by me first duly sworn, stated that she signed this Limited Partnership Agreement as a Limited Partner for the purpose set forth above and that the statements contained therein are true.

Signature of Notary Public

..env\ EU(11(sue.
Printed Name of Notary

My Commission Expires:

My Commission Expires
11-18-2002 k)

[SEAL]

STATE OF NORTH CAROLINA

COUNTY OF

BEFORE ME, the undersigned Notary Public in and for the State and County set forth above, on the y of Iflp j&, 1997, personally appeared GEORGE F. VERDONE, JR. and, being by me first duly sworn, stated that he signed this Limited Partnership Agreement as a Limited Partner for the purpose set forth above and that the statements contained, therein are true.

Signature of Notary Public

G.fnn. L | Ccarns
Printed Name of Notary

My Conssion Expires:
y ommsston -peres
11-18-2002

[SEAL]

STATE OF

COUNTY OF /14,U

BEFORE ME, the undersigned Notary Public in and for the State and County set forth above, on the day o "cam,, , 1997, personally appeared JAMES G. VERDONE and, being by me first duly sworn, stated that he signed this Limited Partnership Agreement as a Limited Partner for the purpose set forth above and that the statements contained therein are true.

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Printed me of Notary

My Commission Expires:

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Schedule A

Schedule of Partnership Interests

Verdone Limited Partnership

	Percentage Interest	Initial Capital Contribution	Description
General Partners			
EMILY MCCOY VERDONE	4%	\$18,367.00	Real Estate
Limited Partners			
EMILY MCCOY VERDONE	94%	\$430,633.00 1,000.00	Real Estate Cash
ELSYA V. STOCKIN	.5%	2,296.00	Cash
CATHERINEE. VERDONE	.5%	2,296.00	Cash
GEORGE F. VERDONE, JR.	.5%	2,296.00	Cash
JAMES G. VERDONE	.5%	2,296.00	Cash

First Amendment to

Schedule A

Schedule of Partnership Interests

Verdone Limited Partnership

Percentage Interest	Initial Capital Contribution	Description
4%	\$18,367.00	Real Estate
82%	\$430,070.00 1,000.00	Real Estate Cash
3.5%	2,296.00	Cash
3.5%	2,296.00	Cash
3.5%	2,296.00	Cash
3.5%	2,296.00	Cash