

**AMENDED AND RESTATED OPERATING AGREEMENT
OF
BOOK CULTURE ON COLUMBUS LLC**

This Amended and Restated Operating Agreement of Book Culture on Columbus LLC, a New York limited liability company (the “**Company**”), is entered into as of November 6, 2014 by and among the Company, Christopher Doeblin (“**Doeblin**”), Anne Hedrick (“**Hedrick**”) (Doeblin and Hedrick together being called the “**Original Members**”), and John R. MacArthur (“**MacArthur**”), (Doeblin, MacArthur and Hedrick being together called the “**Members**”), amends and restates the Operating Agreement of the Company dated as of October 17, 2014 and amended by the Corrective Amendment to the Operating Agreement dated October 30, 2014, each among the Company and the Original Members.

RECITALS

WHEREAS, the Company was formed under the laws of the State of New York by the filing of Articles of Organization with the Secretary of State of the State of New York on September 15, 2014 (the “**Articles of Organization**”);

WHEREAS, the Original Members and the Company entered into the Operating Agreement dated as of October 17, 2014 that is intended to be an “operating agreement” as that term is used in the New York LLC Law and that sets forth the terms and conditions governing the operation and management of the Company and the business of the Company and governs the conduct of the Company’s affairs;

WHEREAS, said Operating Agreement dated as of October 17, 2014 was amended by the Corrective Amendment to the Operating Agreement dated October 30, 2014 among the Company and the Original Members (said Operating Agreement as amended by said Corrective Amendment being called the “**Existing Operating Agreement**”); and

WHEREAS, this Amended and Restated Operating Agreement admits MacArthur as a Member of the Company, amends and restates the Existing Operating Agreement, is intended to be an “operating agreement” as that term is used in the New York LLC Law, sets forth the terms and conditions governing the operation and management of the Company and the business of the Company, and governs the conduct of the Company’s affairs.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

**ARTICLE I
DEFINITIONS**

Section 1.01 Definitions. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in this **Section 1.01**:

"Affiliate" means, with respect to any Person, any other Person who, directly or indirectly (including through one or more intermediaries), controls, is controlled by, or is under common control with, such Person. For purposes of this definition, "control," when used with respect to any specified Person, shall mean the power, direct or indirect, to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities or partnership or other ownership interests, by contract or otherwise; and the terms "controlling" and "controlled" shall have correlative meanings.

"Agreement" means this Amended and Restated Operating Agreement, as executed, and as it may be amended, modified, supplemented or restated from time to time, as provided herein.

"Amended and Restated Operating Agreement" means this Amended and Restated Operating Agreement, as executed.

"Articles of Organization" has the meaning set forth in the Recitals.

"Book Culture Inc." means Book Culture Inc., a New York corporation, all the authorized and issued shares of capital stock of which are, on the date hereof, owned by two Persons, Doeblin who owns a majority of such shares, and Hedrick who owns a minority of such shares.

"Business" has the meaning set forth in **Section 2.04(a)**.

"Capital Account" means, with respect to any Member, an account consisting of such Member's Capital Contribution, (1) increased by any additional capital contributions by such Member and by such Member's allocated share of Profits, (2) decreased by such Member's share of Losses and any distributions made by the Company to such Member, and (3) otherwise adjusted as required in accordance with applicable tax law.

"Capital Contribution" means, for any Member, the total amount of cash and cash equivalents and the Book Value of any property contributed to the Company by such Member.

"Code" means the Internal Revenue Code of 1986, as amended.

"Company" has the meaning set forth in the Preamble.

"Covered Person" means each Member, including the Manager.

"Damages" has the meaning set forth in **Section 8.01**.

"Fair Market Value" of any asset as of any date means the purchase price that a willing buyer having all relevant knowledge would pay a willing seller for such asset in an arm's length transaction, as determined jointly by the Members.

"Fiscal Year" means the fiscal year of the Company.

"Initial Member" has the meaning set forth in the Preamble.

“License Agreement” means the Service Mark License Agreement between Book Culture Inc. and the Company dated October 17, 2014. Subject to its terms and conditions, the License Agreement provides, among other things, for a non-exclusive royalty-free license from Book Culture Inc. to the Company of the right to use the name “Book Culture” in the name of the Business and in connection with the Business for so long as Doebelin and Hedrick in the aggregate own at least 51% of the Membership Interests, and for so long thereafter as provided therein.

“Liquidator” has the meaning set forth in **Section 11.03(a)**.

“Losses” has the meaning set forth in **Section 3.03**.

“Manager” has the meaning assigned to the term “manager” in New York LLC Law, as applied to the Company.

“Member” means (a) the Initial Members, (b) MacArthur, and (c) each Person who is hereafter admitted as a Member in accordance with the terms of this Agreement and the New York LLC Law. The Members shall constitute the “members” (as that term is defined in the New York LLC Law) of the Company.

“Membership Interest” means the meaning assigned to the term “membership interest” in the New York LLC Law, as applied to the Company.

“New York LLC Law” means the New York Limited Liability Company Law, and any successor statute, as it may be amended from time to time.

“Person” means an individual, corporation, partnership, joint venture, limited liability company, governmental authority, unincorporated organization, trust, association or other entity.

“Profits” has the meaning set forth in **Section 3.03**.

“Representative” means, with respect to any Person, any and all directors, officers, employees, consultants, financial advisors, counsel, accountants and other agents of such Person.

“Services Agreement” means the Services Agreement dated October 17, 2014 between the Company and Book Culture Inc.

“Transfer” means to, directly or indirectly, sell, transfer, assign, pledge, encumber, hypothecate or similarly dispose of, either voluntarily or involuntarily, by operation of law or otherwise, or to enter into any contract, option or other arrangement or understanding with respect to the sale, transfer, assignment, pledge, encumbrance, hypothecation or similar disposition of, any Membership Interests owned by a Person or any interest (including a beneficial interest) in any Membership Interests owned by a Person. **“Transfer”** when used as a noun shall have a correlative meaning. **“Transferor”** and **“Transferee”** mean a Person who makes or receives a Transfer, respectively.

“**Treasury Regulations**” means the final or temporary regulations issued by the United States Department of Treasury pursuant to its authority under the Code, and any successor regulations.

Section 1.02 Interpretation. For purposes of this Agreement: (a) the words “include,” “includes” and “including” shall be deemed to be followed by the words “without limitation”; (b) the word “or” is not exclusive; and (c) the words “herein,” “hereof,” “hereby,” “hereto” and “hereunder” refer to this Agreement as a whole. The definitions given for any defined terms in this Agreement shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. Unless the context otherwise requires, references herein: (x) to Articles, Sections, and Schedule mean the Articles and Sections of, and Schedule attached to, this Agreement; (y) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof; and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The Schedule referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein.

ARTICLE II ORGANIZATION

Section 2.01 Formation.

(a) The Company was formed on September 15, 2014, pursuant to the provisions of the New York LLC Law, upon the filing of the Articles of Organization with the Secretary of State of the State of New York.

(b) This Agreement shall constitute the “operating agreement” (as that term is used in the New York LLC Law) of the Company. The rights, powers, duties, obligations and liabilities of the Members shall be determined pursuant to the New York LLC Law and this Agreement. To the extent that the rights, powers, duties, obligations and liabilities of any Member are different by reason of any provision of this Agreement than they would be under the New York LLC Law in the absence of such provision, this Agreement shall, to the extent permitted by the New York LLC Law, control.

Section 2.02 Name. The name of the Company is “Book Culture on Columbus LLC” or such other name or names as may be designated by unanimous consent of the Members; *provided*, that the name shall always contain the words “Limited Liability Company” or the abbreviation “L.L.C.” or the designation “LLC.”

Section 2.03 Principal Office. The principal office of the Company is located at 536 W. 112th Street, New York, New York 10025, or such other place as may from time to time be determined by the Manager. The Manager shall give prompt notice of any such change to each of the Members.

Section 2.04 Purpose; Powers.

(a) The purposes of the Company are to engage in any lawful business for which limited liability companies may be organized under the laws of the State of New York. Within that purpose, it is the intention of the Members that the company operate a book store and engage in the direct and ancillary activities that may from time to time be associated with the operation of a book store (the "**Business**").

(b) The Company shall have all the powers necessary or convenient to carry out the purposes for which it is formed, including the powers granted by the New York LLC Law.

(c) The book store operated by the Company shall (i) offer for sale and sell Harper's Magazine and Harper's-related merchandise and (ii) host Harper's Magazine events, including readings by Harper's writers.

Section 2.05 Term. The term of the Company commenced on the date the Articles of Organization were filed with the Secretary of State of the State of New York and shall continue in existence perpetually until the Company is dissolved in accordance with the provisions of this Agreement.

ARTICLE III CAPITAL CONTRIBUTIONS AND MEMBERSHIP INTERESTS

Section 3.01 Capital Contributions and Membership Interests. On October 17, 2014, each of Doeblin and Hedrick made an initial Capital Contribution as set forth on Schedule A attached hereto. Contemporaneously with the execution of this Amended and Restated Operating Agreement, MacArthur has made an initial Capital Contribution as set forth on Schedule A. Each of the Members is deemed to own a Membership Interest in the amount set forth opposite such Member's name on Schedule A. The form of the capital contribution made by each Member and the value of the value of the Capital Contribution of each member is also set forth on Schedule A. No Member shall receive interest on his or her capital contributions.

Section 3.02 Additional Contributions. Except as provided herein, no Member shall be required to make additional capital contributions to the Company. Any Member may loan money to the Company on such terms and conditions as the Manager and the Member agree, which loans shall bear interest at the prime rate then charged by the bank with which the Company maintains its regular checking account plus two percent (2%), or at such other rate as the Manager and Member providing the loan may agree.

Section 3.03 Capital Accounts. Individual Capital Accounts shall be maintained for each Member, unless (a) there is only one member and (b) the Company is exempt according to applicable tax laws. Capital Accounts shall be maintained in accordance with applicable tax laws. "Profits" and "Losses" shall mean, for each taxable year of the Company (or such other period for which Profit or Loss must be computed), the Company's taxable income or loss as determined in accordance with Section 703 of the Internal Revenue Code of 1986, as amended (the "Code") (but including in the Company's taxable income or loss, all items of income, gain, loss, deduction or credit required to be stated separately pursuant to Code Section 703(a)(1) and

income otherwise exempt from tax under the Code); provided, any gain or loss resulting from any taxable disposition of Company property shall be computed by reference to the adjusted book value of the property disposed, and in lieu of the depreciation, amortization or cost recovery deductions allowable in computing taxable income or loss, there shall be taken into account the depreciation computed based upon the adjusted book value of the asset.

Section 3.04 Succession Upon Transfer. In the event that any Membership Interests are Transferred in accordance with the terms of this Agreement and the New York LLC Law, the Transferee shall succeed to the Capital Account of the Transferor to the extent it relates to the Transferred Membership Interests and shall receive allocations and distributions as well as all voting rights in respect of such Membership Interests.

ARTICLE IV MEMBERS

Section 4.01 Admission of New Members.

(a) MacArthur is admitted as a Member of the Company contemporaneously with the execution and delivery of this Amended and Restated Operating Agreement and his payment of the capital contribution shown opposite his name on Schedule A. New Members may be admitted from time to time (i) in connection with the issuance of Membership Interests by the Company, subject to compliance with the provisions of **Section 7.02(c)**, and (ii) in connection with a Transfer of Membership Interests, subject to compliance with the provisions of **Article IX**, and in either case, following compliance with the provisions of **Section 4.01(b)**.

(b) In order for any Person not already a Member of the Company to be admitted as a Member, whether pursuant to an issuance or Transfer of Membership Interests, such Person shall have executed and delivered to the Company a written undertaking in form and substance satisfactory to the Company and to all the Members. Upon the execution of such an undertaking and the satisfaction of any other applicable conditions required by the Members and the Company, including the receipt by the Company of payment for the issuance of Membership Interests, such Person shall be admitted as a Member and deemed listed as such on the books and records of the Company.

Section 4.02 No Personal Liability. Except as otherwise provided in the New York LLC Law, by applicable law or expressly in this Agreement, no Member will be obligated personally for any debt, obligation or liability of the Company or other Members, whether arising in contract, tort or otherwise, solely by reason of being a Member.

Section 4.03 No Withdrawal. So long as a Member continues to hold any Membership Interests, such Member shall not have the ability to withdraw or resign as a Member prior to the dissolution and winding up of the Company and any such withdrawal or resignation or attempted withdrawal or resignation by a Member prior to the dissolution or winding up of the Company shall be null and void. As soon as any Person who is a Member ceases to hold any Membership Interests, such Person shall no longer be a Member.

Section 4.04 No Interest in Company Property. No real or personal property of the Company shall be deemed to be owned by any Member individually, but shall be owned by, and title shall be vested solely in, the Company. Without limiting the foregoing, each Member hereby irrevocably waives during the term of the Company any right that such Member may have to maintain any action for partition with respect to the property of the Company.

ARTICLE V ALLOCATIONS

Section 5.01 Allocation of Profits and Losses. For each Fiscal Year (or portion thereof) Profits and Losses of the Company shall be allocated among the Members pro rata in accordance with their Membership Interests.

ARTICLE VI DISTRIBUTIONS

Section 6.01 Distributions of Cash Flow and Capital Proceeds.

(a) Any available cash of the Company, after allowance for all reasonable costs and expenses incurred by the Company and for such reasonable reserves as determined by the Manager, shall be distributed to the Members, on at least a yearly basis, in accordance with their respective Membership Interests.

(b) Notwithstanding any provision to the contrary contained in this Agreement, the Company shall not make any distribution to Members if such distribution would violate applicable law.

ARTICLE VII MANAGEMENT

Section 7.01 Management of the Company. The business and affairs of the Company shall be managed by the Manager. Christopher Doeblin is designated as the Manager. Subject to the provisions of **Section 7.02** and **Section 7.03**, the Manager shall have full and complete discretion to manage and control the business and affairs of the Company, to make all decisions affecting the business and affairs of the Company and to take all such actions as it deems necessary or appropriate to accomplish the purposes of the Company set forth in **Section 2.04**. The actions of the Manager taken in accordance with the provisions of this Agreement shall bind the Company. No other Member of the Company shall have any authority or right to act on behalf of or bind the Company, unless otherwise provided herein or unless specifically authorized by the Manager pursuant to a resolution expressly authorizing such action which resolution is duly adopted by the Members by an affirmative vote in which a majority of the Membership Interests vote in favor of such resolution.

Section 7.02 Actions Requiring Unanimous Approval of Members. Without the unanimous written approval of all Members, the Company shall not, and shall not enter into any commitment to:

- (a) Amend, modify or waive the Certificate of Formation or this Agreement; *provided* that the Manager may, without the consent of the other Members, amend Schedule A following any new issuance, redemption, repurchase or Transfer of Membership Interests effected in accordance with this Agreement;
- (b) Make any material change to the nature of the Business conducted by the Company, including without limitation, opening a coffee bar in the book store, or enter into any business other than the Business;
- (c) Issue additional Membership Interests or admit additional Members to the Company;
- (d) Enter into or effect any transaction or series of related transactions involving the sale, lease, license, exchange or other disposition (including by merger, consolidation, sale of stock or sale of assets) by the Company of any assets, other than sales of inventory in the ordinary course of business and the sale of used furniture, fixtures or equipment when no longer useful to or appropriate for the Business or when replaced either specifically or generally in function by other furniture, fixtures or equipment;
- (e) Establish a subsidiary, agree to purchase substantially all the assets of or any capital stock or ownership interests in any other Person or enter into any joint venture or similar business arrangement;
- (f) Enter into an agreement to merge, consolidate or otherwise combine the Company into or with another Person;
- (g) Make any investments in any other Person;
- (h) Incur indebtedness for borrowed money of the Company, in an amount, outstanding at any one time, in excess of \$50,000 in the aggregate (exclusive of indebtedness for borrowed money incurred by the Company pursuant to a loan or credit agreement or facility approved unanimously by the Members), or create any mortgage, lien, pledge, security interest or other encumbrance on the assets of the Company (exclusive of materialman's liens or the like), including without limitation, the guarantee by the Company of any obligations of any third party, or refinance or materially modify the terms of such indebtedness or any such encumbrance; or
- (i) Dissolve, wind-up or liquidate the Company or initiate a bankruptcy proceeding involving the Company.

Section 7.03 Actions Requiring Approval of Supermajority. Without the written approval of Members constituting at least seventy (70%) percent of the outstanding Membership Interests, the Company shall not, and shall not enter into any commitment to:

- (a) Incur capital lease obligations in an amount in excess of \$50,000 in the aggregate;
- (b) Acquire personal property (exclusive of inventory) in excess of \$50,000;

(c) Enter into any obligation, including, without limitation, lease of real property, extending for more than one year (exclusive of obligations, other than leases of real property, which collectively do not obligate the Company to pay in excess of \$50,000);

(d) Pay or agree to pay salary or compensation to any Member or Person related or affiliated with a Member;

(e) Enter into any other obligation with any Person related or affiliated with a Member; or

(f) Modify or amend the Services Agreement.

Section 7.04 Compensation and Reimbursement of Manager. The Manager shall not be compensated for his services as the Manager, but the Company shall reimburse the Manager for all direct expenses reasonably incurred by the Manager on behalf of the Company in carrying out the Company's business activities.

Section 7.05 Removal of Manager. The Members, by the affirmative vote of a majority of all the Membership Interests (including the right of the Manager to vote), may remove the Manager of the Company. In addition, if the Company has sustained net operating losses for any two consecutive full calendar years, any Member holding at least 30% of the outstanding Membership Interests in the Company may nominate for election by the Members a co-Manager of the Company.

ARTICLE VIII INDEMNIFICATION

Section 8.01 Indemnification.

(a) **Indemnification.** To the fullest extent permitted by the New York LLC Law as the same now exists or may hereafter be amended, substituted or replaced (but, in the case of any such amendment, substitution or replacement, only to the extent that such amendment, substitution or replacement permits the Company to provide broader indemnification rights than the New York LLC Law permitted the Company to provide prior to such amendment, substitution or replacement), the Company shall indemnify, hold harmless, defend, pay and reimburse any Covered Person against any and all losses, claims, damages, judgments, fines or liabilities, including reasonable legal fees or other expenses incurred in investigating or defending against such losses, claims, damages, judgments, fines or liabilities, and any amounts expended in settlement of any claims (collectively, "**Damages**") to which such Covered Person may become subject by reason of:

(i) any act or omission or alleged act or omission performed or omitted to be performed on behalf of the Company, any Member or any direct or indirect subsidiary of the foregoing in connection with the Business of the Company; or

(ii) such Covered Person being or acting in connection with the Business of the Company as a member, Affiliate, manager, officer, employee or agent of the Company, any

Member, or any of their respective Affiliates, or that such Covered Person is or was serving at the request of the Company as a member, manager, officer, employee or agent of any Person including the Company.

Section 8.02 Survival. The provisions of this **Article VIII** shall survive the dissolution, liquidation, winding up and termination of the Company.

ARTICLE IX TRANSFER

Section 9.01 Restrictions on Transfer.

(a) Except as otherwise provided in this **Article IX**, no Member shall Transfer all or any portion of its Membership Interest in the Company without the written consent of all the other Members (which consent may be granted or withheld in the sole discretion of the other Members). No Transfer of Membership Interests to a Person not already a Member of the Company shall be deemed completed until the prospective Transferee is admitted as a Member of the Company in accordance with **Section 4.01(b)** hereof.

(b) Upon the death of any Member, the Membership Interest of such deceased Member may, without any consent required of any other Members, be transferred to one or more of the surviving spouse of such deceased Member and/or a child or children of the deceased Member, and the Membership Interest of such deceased Member may be held by the fiduciary or fiduciaries of the estate of the deceased Member pending such transfer to one or more of the surviving spouse and/or child or children.

(c) The Members shall have the right to solicit offers for their Membership Interest from other Persons. Each Member other than the selling member ("Selling Member") shall have the right to exercise a right of first refusal to purchase a pro rata portion of the Membership Interest proposed to be sold by the Selling Member upon the same terms and conditions as stated in the bona fide written offer by giving written notification to the Selling Member of its intention to do so within thirty (30) days after receiving written notice from the Selling Member. The failure of any Member (a "Declining Member") to so notify the Selling Member of a desire to exercise such right of first refusal within such thirty (30)-day period shall result in the termination of such right of first refusal with respect to such Declining Member. The remaining Members other than any Declining Members and the Selling Member shall have a right of first refusal under the terms provided above with respect to the aggregate pro rata shares not purchased by the Declining Members. If the Members other than the Selling Member have not agreed to purchase all of the Membership Interest proposed to be sold by the Selling Member, the right of refusal shall terminate and the Selling Member shall then be entitled to consummate the sale of the entirety of such Membership Interest pursuant to the bona fide written offer, notwithstanding any agreement by any Member to purchase any part of the such Membership Interest. If the Selling Member does not sell its Membership Interest within sixty (60) days after the last date on which the other Members could have purchased the entire Membership Interest but failed to exercise such right, the Selling Member's right to do so terminates and the terms and conditions of this section shall again be in effect. If any Member gives written notice to the Selling Member of such Member's desire to exercise such right of first refusal and to purchase all

of the Selling Member's Membership Interest upon the same terms and conditions as are stated in the written offer, such Purchasing Member shall have the right to designate the time, date and place of closing, which shall be within ninety (90) days after receipt of written notification from the Selling Member of the bona fide offer and shall be at a location within the City of New York.

(d) In the event that Doeblin receives an offer to transfer all or any part of his Membership Interest to an unrelated third party purchaser, Doeblin (the "transferring Member") shall give written notice ("Transfer Notice") of such intended transfer to the other Members. The Transfer Notice shall be delivered to the other Members not later than thirty (30) days prior to the date anticipated for consummation of the transfer. The other Members shall then have the right, by written notice delivered within twenty (20) days after receipt of the Transfer Notice, to require Doeblin to include all or a portion of the other Membership Interests in the proposed transfer on the same terms as set forth in the Transfer Notice. The price per Unit received by the other Members shall be identical to the price per Unit received by Doeblin. In the event that the proposed purchaser decides not to accept all of the tendered shares, then the Membership Interests shall be allocated in the proportion that the offered Membership Interests bear to the total Membership Interests being offered for sale. In the event that the transfers are not consummated, the terms of this Section shall remain in force.

(e) Notwithstanding any other provision of this Agreement (including **Section 9.02**), each Member agrees that it will not Transfer all or any portion of its Membership Interest in the Company, and the Company agrees that it shall not issue any Membership Interests:

(i) if such Transfer or issuance would affect the Company's existence or qualification as a limited liability company under the New York LLC Law;

(ii) if such Transfer or issuance would cause the Company to lose its status as for federal income tax purposes; or

(iii) if such Transfer or issuance would cause a termination of the Company for federal income tax purposes.

(f) Any Transfer or attempted Transfer of any Membership Interest in violation of this Agreement shall be null and void, no such Transfer shall be recorded on the Company's books and the purported Transferee in any such Transfer shall not be treated (and the purported Transferor shall continue be treated) as the owner of such Membership Interest for all purposes of this Agreement.

(g) For the avoidance of doubt, any Transfer of a Membership Interest permitted by this Agreement shall be deemed a sale, transfer, assignment or other disposal of such Membership Interest in its entirety as intended by the parties to such Transfer, and shall not be deemed a sale, transfer, assignment or other disposal of any less than all of the rights and benefits described in the definition of the term "Membership Interest," unless otherwise explicitly agreed to by the parties to such Transfer.

Section 9.02 Permitted Transfers. The provisions of **Section 9.01(a)** shall not apply to any Transfer by any Member of all or any portion of its Membership Interest to his or her Affiliate.

ARTICLE X
ACCOUNTING; TAX MATTERS

Section 10.01 Financial Statements. The Company shall furnish to each Member the following reports:

(a) **Annual Financial Statements.** As soon as available, and in any event within 90 days after the end of each Fiscal Year, unaudited balance sheet of the Company as at the end of each such Fiscal Year and unaudited consolidated statements of income, cash flows and Members' equity for such Fiscal Year, in each case setting forth in comparative form the figures for the previous Fiscal Year.

(b) **Monthly Financial Statements.** As soon as available, and in any event within 45 days after the end of each monthly accounting period (other than the last month of the Fiscal Year), unaudited consolidated balance sheets of the Company as at the end of each such monthly period and for the current Fiscal Year to date and unaudited consolidated statements of income, cash flows and Members' equity for each such monthly period and for the current Fiscal Year to date.

Section 10.02 Annual Budget. The Manager shall furnish to all Members a draft budget setting forth estimates of income and expenses for the following calendar year no later than November 1 of each year. The Members shall have the right to consult with the Manager with respect to the budget and make recommendations for changes regarding spending programs, expenditures and reallocation of resources.

Section 10.03 Vision Statements. The Manager shall furnish to all Members a vision statement at the beginning of each calendar quarter setting forth the Manager's views, plans and projections for the Business for the quarter and 12-month period. The Members shall have the right to consult with the Manager with respect to the vision statement and make recommendations for changes. MacArthur shall also advise the Manager, without compensation, and the Manager shall consult with MacArthur, on issues of marketing and promotion and changes to business operations.

Section 10.04 Inspection Rights. Upon reasonable notice from a Member, the Company shall afford each Member and its Representatives access during normal business hours to (i) the Company's properties, offices and other facilities; (ii) the corporate, financial and similar records, reports and documents of the Company, including, without limitation, all books and records, minutes of proceedings, internal management documents, reports of operations, reports of adverse developments, copies of any management letters and communications with Members (including the Manager), and to permit each Member and its Representatives to examine such documents and make copies thereof; and (iii) any senior employees and accountants of the Company, and to afford each Member and its Representatives the opportunity to discuss and advise on the affairs, finances and accounts of the Company with such officers, senior employees and public accountants (and the Company hereby authorizes said accountants to discuss with such Member and its Representatives such affairs, finances and accounts).

Section 10.05 Income Tax Status. It is the intent of the Company and the Members that the Company shall be treated as a partnership for U.S., federal, state and local income tax purposes. Neither the Company nor any Member shall make an election for the Company to be classified as other than a partnership pursuant to Treasury Regulations Section 301.7701-3.

Section 10.06 Tax Returns. At the expense of the Company, the Manager shall endeavor to cause the preparation and timely filing (including extensions) of all tax returns required to be filed by the Company pursuant to the Code as well as all other required tax returns in each jurisdiction in which the Company own property or do business. As soon as reasonably possible after the end of each Fiscal Year, the Manager will cause to be delivered to each Person who was a Member at any time during such Fiscal Year, IRS Schedule K-1 to Form 1065 and such other information with respect to the Company as may be necessary for the preparation of such Person's federal, state and local income tax returns for such Fiscal Year.

ARTICLE XI DISSOLUTION

Section 11.01 Events of Dissolution. The Company shall be dissolved and its affairs wound up only upon the determination of the Members to dissolve the Company.

(a) The Bankruptcy of a Member, unless within 120 days after the occurrence of such Bankruptcy, the other Member agrees in writing to continue the business of the Company;

(b) At the election of a non-defaulting Member, in its sole discretion, if the other Member breaches any material covenant, duty or obligation under this Agreement, which breach is material to the whole of this Agreement and which remains uncured for 180 days after written notice of such breach, specifically citing this Section 11.01(b), was received by the defaulting Member; or

(c) The sale, exchange, involuntary conversion, or other disposition or Transfer of all or substantially all the assets of the Company.

Section 11.02 Effectiveness of Dissolution. Dissolution of the Company shall be effective on the day on which the event described in **Section 11.01** occurs, but the Company shall not terminate until the winding up of the Company has been completed, the assets of the Company have been distributed as provided in **Section 11.03** and the articles of dissolution shall have been filed as provided in **Section 11.04**.

Section 11.03 Liquidation. If the Company is dissolved pursuant to **Section 11.01**, the Company shall be liquidated and its business and affairs wound up in accordance with the New York LLC Law and the following provisions:

(a) **Liquidator.** The Manager shall act as liquidator to wind up the Company (the "**Liquidator**"). The Liquidator shall have full power and authority to sell, assign, and encumber any or all of the Company's assets and to wind up and liquidate the affairs of the Company in an orderly and business-like manner.

(b) **Accounting.** As promptly as reasonable after dissolution and again after final liquidation, the Liquidator shall cause an accounting to be made of the Company's assets, liabilities and operations through the last day of the calendar month in which the dissolution occurs or the final liquidation is completed, as applicable.

(c) **Distribution of Proceeds.** The Liquidator shall liquidate the assets of the Company and distribute the proceeds of such liquidation in the following order of priority, unless otherwise required by mandatory provisions of applicable law:

(i) *First*, to the payment of all of the Company's debts and liabilities to its creditors (including Members, if applicable) and the expenses of liquidation (including sales commissions incident to any sales of assets of the Company);

(ii) *Second*, to the establishment of and additions to reserves that are determined by the Manager to be reasonably necessary for any contingent unforeseen liabilities or obligations of the Company; and

(iii) *Third*, to the Members in accordance with the positive balances in their respective Capital Accounts, as determined after taking into account all Capital Account adjustments for the taxable year of the Company during which the liquidation of the Company occurs.

(d) **Discretion of Liquidator.** Notwithstanding the provisions of **Section 11.03(c)** that require the liquidation of the assets of the Company, but subject to the order of priorities set forth in **Section 11.03(c)**, if upon dissolution of the Company the Liquidator reasonably determines that an immediate sale of part or all of the Company's assets would be impractical or could cause undue loss to the Members, the Liquidator may defer the liquidation of any assets except those necessary to satisfy Company liabilities and reserves, and may distribute to the Members, in lieu of cash, as tenants in common and in accordance with the provisions of **Section 11.03(c)**, undivided interests in such Company assets as the Liquidator deems not suitable for liquidation. Any such distribution in kind shall be subject to such conditions relating to the disposition and management of such properties as the Liquidator deems reasonable and equitable and to any agreements governing the operating of such properties at such time. For purposes of any such distribution, any property to be distributed will be valued at its Fair Market Value.

Section 11.04 Articles of Dissolution. Upon completion of the distribution of the assets of the Company as provided in **Section 11.03(c)** hereof, the Company shall be terminated and the Liquidator shall cause articles of dissolution to be filed in accordance with New York LLC Law and shall take such other actions as may be necessary to terminate the Company.

Section 11.05 Survival of Rights, Duties and Obligations. Dissolution, liquidation, winding up or termination of the Company for any reason shall not release any party from any Loss that at the time of such dissolution, liquidation, winding up or termination already had accrued to any other party or thereafter may accrue in respect of any act or omission prior to such dissolution, liquidation, winding up or termination. For the avoidance of doubt, none of the foregoing shall replace, diminish or otherwise adversely affect any Member's right to indemnification pursuant to **Article VIII**.

Section 11.06 Recourse for Claims. Each Member shall look solely to the assets of the Company for all distributions with respect to the Company, such Member's Capital Account, and such Member's share of net income, net loss and other items of income, gain, loss and deduction, and shall have no recourse therefor (upon dissolution or otherwise) against the Liquidator or any other Member.

ARTICLE XII MISCELLANEOUS

Section 12.01 Expenses. Except as otherwise expressly provided herein, all costs and expenses, including fees and disbursements of counsel, financial advisors and accountants, incurred in connection with the preparation and execution of this Amended and Restated Operating Agreement, or any amendment or waiver hereof, and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses.

Section 12.02 Further Assurances. In connection with this Agreement and the transactions contemplated hereby, the Company and each Member hereby agrees, at the request of the Company or any other Member, to execute and deliver such additional documents, instruments, conveyances and assurances and to take such further actions as may be required to carry out the provisions hereof and give effect to the transactions contemplated hereby.

Section 12.03 Headings. The headings in this Agreement are inserted for convenience or reference only and are in no way intended to describe, interpret, define, or limit the scope, extent or intent of this Agreement or any provision of this Agreement.

Section 12.04 Severability. If any term or provision of this Agreement is held to be invalid, illegal or unenforceable under applicable law in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

Section 12.05 Entire Agreement. This Agreement, together with the Articles of Organization and any related schedule, constitutes the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and therein, and supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to such subject matter.

Section 12.06 Successors and Assigns. Subject to the restrictions on Transfers set forth herein, this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.

Section 12.07 No Third-party Beneficiaries. This Agreement is for the sole benefit of the parties hereto (and their respective heirs, executors, administrators, successors and assigns) and nothing herein, express or implied, is intended to or shall confer upon any other Person,

including any creditor of the Company, any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 12.08 Amendment. No provision of this Agreement may be amended or modified except by an instrument in writing executed by all of the Members. Any such written amendment or modification will be binding upon the Company and each Member. Notwithstanding the foregoing, amendments to Schedule A following any new issuance, redemption, repurchase or Transfer of Membership Interests in accordance with this Agreement may be made by the Manager without the consent of or execution by the Members.

Section 12.09 Waiver. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

Section 12.10 Governing Law. All issues and questions concerning the application, construction, validity, interpretation and enforcement of this Agreement shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Amended and Restated Operating Agreement to be executed as of the date first written.

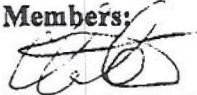
The Company:

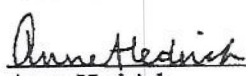
BOOK CULTURE ON COLUMBUS LLC

By: 

Christopher Doeblin
Manager

The Members:


Christopher Doeblin


Anne Hedrick


John R. MacArthur

SCHEDULE A

Membership Interest of each Member of the Company is as follows:

Christopher Doeblin	45.96%
John R. MacArthur	40.00%
Anne Hedrick	14.04%
TOTAL	100.00%

Form and value of capital contribution to the Company by Doeblin: Through the entity Book Culture Inc. of which he is the majority stockholder, Doeblin has contributed to the Company (1) a lease on the premises of retail space at 450 Columbus Avenue, New York, New York, including the security deposit and first month's rent paid with respect thereto, and (2) by means of the License Agreement, and subject to the terms thereof, the name "Book Culture", which is a valuable name in the book store business. Such capital contribution has been effected by Doeblin and Hedrick together, as the majority and minority owners of the stock of Book Culture Inc., causing Book Culture Inc. to assign such lease to the Company and to enter into the License Agreement with the Company. The value of such capital contribution by Doeblin is \$574,500.

The form and value of the capital contribution to the Company made by MacArthur: \$500,000 in cash. The value of such capital contribution by MacArthur is \$500,000.

Form and value of capital contribution to the Company by Hedrick: Through the entity Book Culture Inc. of which she is the minority stockholder, Hedrick has contributed to the Company (1) a lease on the premises of retail space at 450 Columbus Avenue, New York, New York, including the security deposit and first month's rent paid with respect thereto, and (2) by means of the License Agreement, and subject to the terms thereof, the name "Book Culture", which is a valuable name in the book store business. Such capital contribution has been effected by Doeblin and Hedrick together, as the majority and minority owners of the stock of Book Culture Inc., causing Book Culture Inc. to assign such lease to the Company and to enter into the License Agreement with the Company. The value of such capital contribution by Hedrick is \$175,500.

The aggregate value of the capital contributions of all three Members is \$1,250,000.