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THE STATE OF SOUTH CAROLINA
In The Court of Appeals

SC Court of Appeals

APPEAL FROM CHARLESTON COUNTY
Court of Common Pleas

The Honorable Kristi Lea Harrington, Circuit Court Judge

Appellate Case No. 2011-190886

Clifford C. Hansen.....Respondent/Appellant.

v.

Fields Company, LLC; Beechwood Advisory Group, Inc.;
Beechwood Development Group of South Carolina, LLC;
And Beechwood Development Group, Inc. Defendants,

Of Whom Beechwood Development Group
Of South Carolina, LLC is the.....Appellant/Respondent.

RECORD ON APPEAL
Volume 3 of 3

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Hansen

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GEORGE M. MILNER

412 Lakeview Drive
Summerville, SC 29485
Ofc843-873-0738/fax873-0111
gmilner@sc.rr.com
March 27, 2003

Clifford Hansen:

Please find attached an informal nonbinding "Letter of Understanding". I would like to ensure that we are in agreement on the major elements of the transaction before I get my attorney and Hickory Springs personnel involved. Accordingly, I ask that you sign and FAX it back to me at your earliest convenience.

Also, I would appreciate some "Letter of Commitment" or other form of assurance as to the source of the \$2 million payment to ensure that the funds are committed if we are able to resolve all due diligence or other commercial issues that might emerge.

I have reviewed your Due Diligence list and will give you detailed comments on how we will satisfy your requests. I should have this as well as the tax returns forwarded to you Friday.

Reference your comment that the equipment expert estimates the "value of all the equipment in the plant at ~ \$150,000". I really have to scratch my head at this since the two new box erectors alone are worth over \$50,000 each. Furthermore, the balance sheet has about \$1.3 million of equipment listed – and that does not reflect a rather aggressive capital/expense policy. Valuations are always a bit dicey – a seller likes to quote "replacement" value and buyers tend to point to "forced liquidation" values. I believe we can agree that most of the equipment is not state-of-the-art but it is probably the most cost effective use of capital in any comparable water plant, it is quite operable and has a high return per dollar invested. Some others can squander capital and spend \$11-13 million on a plant – but it doesn't make it profitable.

There are several "capital" projects currently being executed. These would add 40k gallons of water storage, office space for office manager etc. The cost is less than \$30,000 and will support the Target account. I plan to proceed unless you say wait.

Finally, on the philosophical side, my approach to these types of transactions is to provide you an on-going business with few, if any, surprises. Hence, I am more than willing to provide you with any information you deem valuable in assessing the business. It is my objective to offer "middle-of-the-road" proposals and minimize brinksmanship type of negotiations. Therefore, as you read through the Letter of Understanding I trust you will see that I have tried to balance our naturally conflicting positions to propose terms that are "standard in the industry" and therefore arguably fair and reasonable. If you see something that conflicts with this philosophy please call my attention to the issue and I will make adjustments.

Again, I look forward to working with you and Dan to close this transaction as soon as possible. Call me with any questions.



HICKORY SPRINGS WATER COMPANY, INC.

PURCHASE TERM SHEET

The following outlines the major terms and conditions of the contemplated sale of 100% of the stock of Hickory Springs Water Company, Inc. by George M. Milner (the "Seller") to a group of investors led by Clifford Hansen (the "Buyer"). **THIS DOCUMENT IS NONBINDING ON EITHER PARTY AND WILL BE SUPERCEDED BY A DEFINITIVE PURCHASE AGREEMENT.**

Purchase price: \$3.39 million (adjustable as noted below) payable as follows:

- \$2.0 million in cash, paid at the time of close;
- \$1.39 million in Senior Subordinated Debentures bearing interest at 6.50% (the current prime rate plus 2.25%) fixed for five years. The Senior Subordinated Debentures will have a term of fifteen years for amortization purposes (simple annual amortization shall be used), with a balloon payment at the end of year five. Interest and principal will be payable quarterly. Any payment made more than ten days after the due date would have a \$100 per day delinquent penalty (plus any accrued interest during the delinquent period) for days in excess of ten. If the interest and principal payments are delinquent more than 30 days from the due date, the loan would be deemed in default. If this situation is not cured within 30 additional days, the outstanding balance of the loan is due and payable.

The actual amount of Senior Subordinated Debentures issued will be based on the outstanding senior bank debt balance of \$410,000 at the time of close which will be increased if the balance is less than \$410,000 and decreased if the balance is below \$410,000. In addition, the face value of the Debenture shall be increased by the amount of receivables owed to Hickory Springs at time of close. The Senior Subordinated Debentures will hold a senior position to all of the liabilities of the successor company, except for senior bank debt and accounts payables and other trade liabilities, and will be collateralized by the 100% of the stock assets of the successor company. The company will not incur additional debt without written agreement from Milner except for a \$50,000 Line of Credit.

*no flexibility
Compromise ability to deal w/lo*

Other key terms: The approximately \$410,000 in senior bank debt will remain the responsibility of Hickory Springs

The shareholder loan of \$502,000 will be forgiven prior to close.

Milner is responsible for any severance compensation paid to Dan Daniels.

Milner will be responsible for all personal and corporate income taxes prior to close.

Milner will guarantee all receivables at the time of close that are uncollected after 90 days of close and the Senior Subordinated Debentures balance shall be reduced accordingly.

Milner will pay all fees associated with the preparation and filing of the loan, (and will split fees associated with an audit of Hickory Springs financial statements, which will occur prior to close [lets discuss the scope of this audit]). The accounting firm to be used for the audit of Hickory Springs' financial statements will be mutually agreeable to the Buyer and the Seller.

Milner will pay all fees associated with conducting flow rate analyses and chemical composition analyses (I have already provided chemistry for feed water and finished product taken December 2002 or sooner – let me know if this is inadequate. [This analysis is actually a mixture of both well and spring sources]. I have also provided flow analysis of wells – let me know if this is inadequate.) for each well and each spring currently owned by Hickory Springs, if such analyses have not yet been performed. Such analyses will be performed, and the results provided to the Buyer, prior to close.

Other Balance Sheet items shall be handled as delineated on the attached December 31, 2002 Balance Sheet.

Milner will be provided with quarterly financial statements (Income Statement, Balance Sheet) while the Senior Subordinated Debentures are outstanding.

If the Senior Subordinated Debentures are deemed in default as per the terms outlined above, Milner would be allowed to have his auditor come in and review the books at Milner's expense and at a time convenient to the successor company.

Milner will give all customary Seller representations and warranties, and will guarantee such representations and warranties for a term of three years from the date of closing. Should any representation or warranty be breached during such three-year period, Milner will be liable for such breach up to \$200,000 cumulatively. Should there be a dispute on the value of said breach, the value shall be subject to binding arbitration under the rules of the American Arbitration Association or mutually agreeable equivalent.

Target close date: May 15, 2003

Agreed to:

Clifford C. Hansen

George M. Milner

Dated: _____

HICKORY SPRINGS WATER COMPANY, INC.

BALANCE SHEET - UNAUDITED

31-Dec-02

ASSETS

CURRENT ASSETS

PETTY CASH	67	
SCB&T MONEY MARKET	26,396	Cash to be withdrawn at close.
SCB&T-BUSINESS CHECKING	44,558	Cash to be withdrawn at close.
ACCOUNTS RECEIVABLE	242,626	Mostly WaMart. Will guarantee all receivables uncollected after 90 days.
AR < TIM DANYOW	(4,012)	Local trucker advance offset by truck insurance and note.
AVR-DKD	40,506	Debt to be cleared by GMM before close.
EMPLOYEE LOANS	1,125	Will be less than \$500 at close. Excess to buyer.
INVENTORY-RAW MATERIALS	151,796	Raw + Finished product inventory will be \$150,000 or more at close. If it is less,
INVENTORY-BOTTLED WATER	32,485	price will be adjusted down by the amount it is short. If it is more, we <u>will not</u> adjust
TOTAL CURRENT ASSETS	535,547	

PROPERTY AND EQUIPMENT

LAND	95,529	Original cost
SPRING HOUSE	13,658	Original cost
BUILDING	479,367	Original cost. Expense component not reflected.
PLANT EQUIPMENT	1,303,160	Original cost. Expense component not reflected.
LAND IMPROVEMENT	47,483	Original cost
VEHICLES/TRAILERS	79,573	Original cost. DKD to keep pick-up.
ACCUMULATED DEPRECIATION	(1,084,719)	Does not reflect 2002 depreciation of \$162k used for tax reporting
TOTAL PROPERTY AND EQUIPMENT	934,052	

OTHER ASSETS

TRADE MARKS	3,854	
ORGANIZATION EXPENSE	4,755	
START-UP COSTS	143,737	
ACCUMULATED AMORTIZATION	(150,055)	Does not reflect 2002 amortization. Input after Federal taxes prepared
TOTAL OTHER ASSETS	2,290	
TOTAL ASSETS	1,471,889	

LIABILITIES AND CAPITAL

CURRENT LIABILITIES

ACCOUNTS PAYABLE	98,807	All Payables will be current. All CKS (bottles) and Waymaeuser (boxes) will qualify for early pay discount.
Wages Payable	21,446	Wages accrued at YE2002 to minimize tax.
TOTAL CURRENT LIABILITIES	120,252	

LONG-TERM LIABILITIES

STOCKHOLDERS DISTRIBUTIONS	(132,000)	Milner withdrawals
NOTE TO GEORGE MILNER	502,000	Will be paid off at close.
SCB&T NOTE	418,902	Buyer to assume loan. Current balance ~ \$410k @ prime rate. Pmt \$3,332/mth
N/P-JCI/SCMALLBACH	11,023	Paid at time of close.
LAFARGE NORTH AMERICA	15,542	Land purchase paid in exchange for water supplied. Buyer assumes.
EQUIPMENT LEASES	23,359	Equipment lease - fork lift & box erectors not reflected.
TOTAL LONG-TERM LIABILITIES	838,827	
TOTAL LIABILITIES	959,079	

CAPITAL

CAPITAL STOCK	211,000
RETAINED EARNINGS	(126,776)
NET INCOME	428,586

- Cannot collateralize against stock

- 2 mm

- willing to cut out based on profitability

Diller gave the # and suggested he call
Berge

For Record

ALLISON STEINBERG RULON-MILLER
FINANCIAL CONSULTANT

2105 PINE STREET ▼ PHILADELPHIA, PENNSYLVANIA 19103
215.731.1059 ▼ 215.731.9553 (FAX)
ASTEIN1228@AOL.COM

March 25, 2003

Clifford C. Hansen
325 East 64th Street, #503
New York, New York 10021

Mr. Hansen:

It is my understanding that you are contemplating the acquisition of a water bottling/distribution company (the "Target") in conjunction with a group of third-party equity investors and/or lenders (the "Transaction"). This letter will serve to confirm our understanding as to the services I, Allison Rulon-Miller, will provide to you, the fees payable for such services, and the terms and conditions of my provision of services in connection with my role as financial consultant to you with respect to a potential Transaction.

Services Provided

In connection with my engagement, I will: 1) prepare a written business plan, using preliminary materials prepared by you and/or the Target, to be used in conjunction with an upcoming private placement of debt and/or equity securities to fund the Transaction; 2) prepare detailed financial projections and other financial information to accompany such written business plan; and 3) otherwise assist you with financial matters related to the Transaction as mutually agreed upon between myself and you (taken together, the "Services"). I agree to perform the Services in a timely manner and with all reasonable skill and care as may be expected of a financial consultant performing such Services. Each of the written business plan and the detailed financial projections defined in 1) and 2) above will be deemed to be in "Final Form" once each has been presented to one or more potential third-party investors for the purpose of considering an investment of debt or equity capital in the Transaction.

Fees/Expenses Payable

Retainer - \$5,000.00, due upon signing, to be credited against the first Monthly Fee, as defined below.

Monthly Fees – You agree to compensate me for performance of the Services at the rate of \$175.00 per hour, payable monthly. It is my current estimate that performance of those Services necessary to create a written business plan in Final Form will take between 50 and 60 hours, and that performance of those Services necessary to create detailed financial projections in Final Form will take between 15 and 20 hours.

Post-Final Form Retainer - Should the Company desire further editing services on either the written business plan or the detailed financial projections once they are in Final Form, the Company agrees to pay me a second retainer of \$2,500, to be credited against all future Monthly Fees as defined above.



March 25, 2003

Expenses – The Company further agrees to reimburse me on a monthly basis for all reasonable, and documented, out-of-pocket expenses incurred while performing the Services. I currently anticipate such expenses to include travel, telephone/fax/modem charges, and, if necessary, access to financial databases.

Confidentiality

I agree not to reproduce, distribute, disclose, or otherwise disseminate any confidential information provided by you or the Target except in connection with the performance of the Services; provided, however, that such confidential information shall not include any data or information which is already known to me, or which (i) has become generally known to the public through no wrongful act of me; (ii) has been rightfully received by me from a third party without restriction on disclosure and without, to the knowledge of me, a breach of an obligation of confidentiality; (iii) has been disclosed pursuant to a requirement of a governmental agency or of law without similar restrictions or other protection against public disclosure, or is required to be disclosed by operation of law; (iv) is independently developed by me without use, directly or indirectly, of any confidential information; or (v) is furnished to a third party by you or the Target without restrictions on the third party's right to disclose the information.

Indemnification

You hereby agree to indemnify me and hold me harmless from and against any and all losses, claims, actions, suits, proceedings, damages, expenses and liabilities to which I or you may become subject in connection with, related to or as a result of my performance of the Services; provided, however, that you shall not be liable under the indemnity provisions hereof with respect to any loss, claim, damage or liability resulting from my gross negligence, bad faith or willful misconduct. In the event that I become involved in any capacity in any action, proceeding or investigation brought by or against any person, including you, a third-party investor in the Transaction, or the management and/or shareholders of the Target, in connection with or as a result of my performance of the Services, you shall reimburse me for all expenses (including the fees and expenses of counsel) as incurred in connection therewith.

You shall be solely responsible for the accuracy and completeness of any financial and other information with which I am provided, and upon which I have relied, in connection with my performance of the Services, and I do not assume responsibility for the accuracy or completeness thereof. With respect to any valuation analyses to be prepared by me in connection with my performance of the Services, I will assume, with your consent, that the financial forecasts provided by you and/or the Target have been reasonably prepared on a basis reflecting its best currently available judgments and estimates. The Services and my opinions expressed thereunder will be provided solely for your information and assistance, and the information and assistance of potential investors in the Transaction, and will be based on economic, market and other conditions, and the information made available to me, as of the date thereof. Such information and opinions provided by me to you in connection with the Services may not be disclosed to a third party without my prior written consent. Furthermore, you will not at any time during my engagement or thereafter use, publish, circulate or refer to publicly or authorize anyone else to use, publish, circulate or refer to publicly my name in any manner and for any purpose without my prior written consent.

Termination

Either party shall have the right to terminate this agreement by giving 30-days written notice; provided, however, that the provisions outlined above concerning compensation and reimbursement of expenses, confidentiality and indemnification shall survive any such termination.

March 25, 2003

Please confirm that the foregoing is in accordance with your understanding by signing and returning to me the enclosed copy of this letter, which shall become a binding agreement upon my receipt.

BY:
CLIFFORD C. HANSEN

Allison Steinberg Rulon-Miller

Date

Date

invoice

TO: CLIFFORD HANSEN
FROM: ALLISON S. RULON-MILLER
SUBJECT: INVOICE FOR SERVICES RENDERED
DATE: MAY 2, 2003

Business Plan

The following is a summary of fees and expenses due for services performed from April 2, 2003 through May 2, 2003:

FEES

Writing/editing business plan	54 hours @ \$175 per hour
Financial modeling	22 hours @ \$175 per hour
Writing/editing term sheet	<u>5 hours @ \$175 per hour</u>
	\$14,175.00
Less: retainer	<u>5,000.00</u>
Total fees due:	\$ 9,175.00

EXPENSES

Travel	\$ 193.40
Telephone/fax/modem	58.54
Postage/copying	<u>46.56</u>
Total expenses due:	<u>\$ 298.50</u>

TOTAL DUE: \$ 9,473.50

allison steinberg rulon-miller
financial consultant

2105 pine street ▼ philadelphia, pennsylvania 19103

215-731-1059 ▼ 215-731-9553 (fax)

astein1228@aol.com

WARREN & SINKLER, L.L.P.

ATTORNEYS AT LAW

SUITE 340

171 CHURCH STREET

POST OFFICE BOX 1254

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(843) 577-0660

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JWARREN@WARREN-SINKLER.COM

G. DANA SINKLER
JOHN H. WARREN, III
SCOTT Y. BARNES (SC & DC)
MARK S. SHARPE
ELIZABETH W. SETTLE
MARGARET K. MANUEL

FACSIMILE
(843) 577-6843

May 5, 2003

Mr. Clifford C. Hansen
325 East 64th Street, # 503
New York, NY 10021

Re: Carolina Springs Bottling, LLC

Dear Clifford:

Please find enclosed an original of the filed Certificate of Formation for your file.

Also enclosed is an original of an SS-4 Form to be filed with the Internal Revenue Service. Please execute this document where indicated and return the original to us for filing as soon as possible.

Yours very truly,



JHW,III:jlt
Enclosures

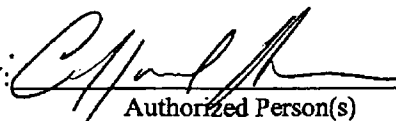


**STATE of DELAWARE
LIMITED LIABILITY COMPANY
CERTIFICATE of FORMATION**

- **First:** The name of the limited liability company is **Carolina Springs Bottling, LLC.**
- **Second:** The address of its registered office in the State of Delaware is **Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle, Zip Code 19801.**
- The name of its Registered agent at such address is **The Corporation Trust Company.**
- **Third:** *(Use this paragraph only if the company is to have a specific effective date of dissolution.)* "The latest date on which the limited liability company is to dissolve is January 1, 2075.
- **Fourth:** *(Insert any other matters the members determine to include herein.)*

IN WITNESS WHEREOF, the undersigned have executed this Certificate of Formation of Carolina Springs Bottling, LLC this 21 day of April, 2003.

BY:


Authorized Person(s)

NAME:

Clifford C. Hansen

Type or Print

State of Delaware
Secretary of State
Division of Corporations
Delivered 11:00 AM 04/29/2003
FILED 11:00 AM 04/29/2003
SRV 030276691 - 3652596 FILE

WARREN & SINKLER, L.L.P.

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SCOTT Y. BARNES (SC & DC)
MARK S. SHARPE
ELIZABETH W. SETTLE
MARGARET K. MANUEL

FACSIMILE
(843) 577-6843

June 3, 2003

Mr. Clifford C. Hansen
12 Clifford Street
Charleston, SC 29401

Re: Clifford C. Hansen – Purchase of Stock of Hickory Springs
Water Company, Inc.

Dear Mr. Hansen:

Please find enclosed our statement for services rendered in connection with the
above referenced matters.

Yours very truly,



JHW,III:eld
Enclosures

Warren & Sinkler, L.L.P.

171 Church Street, Suite 340
Post Office Box 1254
Charleston, SC 29402
(843)577-0660

Federal I.D. 57-0836746

June 03, 2003

Invoice submitted to:

Mr. Clifford C. Hansen
325 East 64th Street #503
New York NY 10021

In Reference To: Clifford C. Hansen - Purchase of Stock of Hickory Springs
Water Company, Inc.
File No. 6013/JHW

Professional Services

	<u>Hours</u>
05/01/03 JHW review correspondence	0.10
JHW review correspondence; telephone conference	0.10
05/02/03 JHW telephone conference	0.30
05/05/03 JHW telephone conference	0.20
JHW conference	1.70
JHW telephone conference	0.20
05/06/03 JHW telephone conference	0.20
05/13/03 JHW telephone conference	0.20
05/14/03 JHW review correspondence	0.20
05/15/03 JHW telephone conference	0.30
JHW employment matters	0.40
JHW documents	0.20
05/16/03 JHW telephone conference	0.20
05/19/03 JHW documents	0.30
05/20/03 JHW documents	0.20
JHW telephone conference	0.10
JHW documents	1.00
JHW documents	0.70
JHW documents	0.30

Mr. Clifford C. Hansen

Page 2

	<u>Hours</u>	<u>Amount</u>
05/20/03 JHW documents	0.30	
05/21/03 JHW telephone conference	0.30	
JHW telephone conferences	0.30	
JHW telephone conference	0.20	
JHW documents	0.40	
05/28/03 JHW conference with Clifford Hansen	0.40	
05/30/03 JHW telephone conference	0.20	
For professional services rendered	9.00	\$2,925.00
Additional Charges :		
05/19/03 Long Distance Telephone Charges		2.86
05/27/03 Federal Express charges		28.18
Total costs		\$31.04
Total amount of this bill		\$2,956.04

Attorney/Paralg Summary			
<u>Name</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
John H. Warren, III	9.00	325.00	\$2,925.00

WARREN & SINKLER, L.L.P.

ATTORNEYS AT LAW

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POST OFFICE BOX 1254

CHARLESTON, S.C. 29402

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ELIZABETH W. SETTLE
MARGARET K. MANUEL

FACSIMILE
(843) 577-6843

JWARREN@WARREN-SINKLER.COM

June 18, 2003

VIA HAND DELIVERY

Mr. Clifford C. Hansen
12 Clifford Street
Charleston, SC 29401

Re: Carolina Springs Bottling, Inc.

Dear Clifford:

Enclosed please find an original of an SS-4 Form to be filed with the Internal Revenue Service. Please execute this document where indicated and return the original to us for filing.

We will also need to apply for a tax withholding number with the South Carolina Department of Revenue, but will need a lot of information from Hickory Springs Water Company, Inc. to do that, so we are holding that application.

Yours very truly,

JHW,III:jlt
Enclosure



Hann Hickory 1.0



"Jones, Mike"
<mjones@hsblawfirm.com>

06/11/2003 04:15 PM

To: "John H. Warren III (E-mail)" <jwarren@warren-sinkler.com>
cc: "George Milner (E-mail)" <GMilner@sc.rr.com>, "George Milner-ALT (E-mail)" <gmilner999@hotmail.com>
Subject: Hickory Springs

We have reviewed your 6-3-03 and 6-6-03 drafts and have accepted many of the changes. The attached blacklines show the changes we have made to your drafts (the assignment and assumption is not attached because we accepted all of your changes). George Milner is still out of town, and we have not spoken about the specific changes included in your drafts, so he may have additional comments when he returns. If you believe that you and I can work out any of the differences without our clients, please call me. Otherwise, we can wait until George returns and then let he and your client make the final decisions.

<<Blackline Purchase Agreement HSB 6-10-03 to W&S 6-6-03.doc>> <<Blackline Indemnity Agreement HSB 06-10-03 to W&S 06-06-03.doc>> <<Blackline Senior Subordinated Note HSB 06-10-03 to W&S 06-03-03.doc>> <<Blackline Security Agmt HSB 06-10-03 to W&S 06-03-03.doc>> <<Blackline Mortgage HSB 06-10-03 to W&S 06-03-03.doc>>

Michael D. Jones
Attorney
Haynsworth Sinkler Boyd, P.A.
P.O. Box 340
Charleston, S.C. 29402
(843) 720-4435
mailto:mjones@hsblawfirm.com
http://www.hsblawfirm.com

<<Jones, Mike.vcf>>



Blackline Purchase Agreement HSB 6-10-03 to W&S 6-6-



Blackline Indemnity Agreement HSB 06-10-03 to W&S 06-06-



Blackline Senior Subordinated Note HSB 06-10-03 to W&S 06-03-



Blackline Security Agmt HSB 06-10-03 to W&S 06-03-03 Blackline Mortgage HSB 06-10-03 to W&S 06-03-03



Jones, Mike.vcf

E-mailed to: C. Hansen
Date: 7/1/03 Time: 10:42 AM

E-mailed to: C. Hansen
Date: 7/1/03 Time: 4:37 PM

WARREN & SINKLER, L.L.P.

ATTORNEYS AT LAW

SUITE 340

171 CHURCH STREET

POST OFFICE BOX 1254

CHARLESTON, S.C. 29402

(843) 577-0660

LAW@WARREN-SINKLER.COM

G. DANA SINKLER
JOHN H. WARREN, III
SCOTT Y. BARNES (SC & DC)
MARK S. SHARPE
ELIZABETH W. SETTLE
MARGARET K. MANUEL

FACSIMILE
(843) 577-6843

JWARREN@WARREN-SINKLER.COM

June 18, 2003

VIA HAND DELIVERY

Mr. Clifford C. Hansen
12 Clifford Street
Charleston, SC 29401

Re: Carolina Springs Bottling, Inc.

Dear Clifford:

Please find enclosed originals of the filed Articles of Incorporation, the filed CL-1 Form and a Certificate of Existence for your file.

Yours very truly,

JHW,III:jlt
Enclosures



WARREN & SINKLER, L.L.P.

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JWARREN@WARREN-SINKLER.COM

June 18, 2003

VIA HAND DELIVERY

Mr. Clifford C. Hansen
12 Clifford Street
Charleston, SC 29401

Re: Carolina Springs Bottling, Inc.

Dear Clifford:

Please find enclosed originals of the Minutes of First Meeting of the Board of Directors and Shareholder and the Bylaws of Carolina Springs Bottling, Inc. Please execute these documents where indicated, keep the originals and return copies to us.

These documents indicate that the sole Director is Clifford C. Hansen and that the sole Shareholder is Caroling Springs Bottling, LLC, paying \$1,000.00 for 100 shares. Please also execute the enclosed stock certificate as President and Secretary and return a copy to us.

Yours very truly,



JHW,III:jlt
Enclosures



WARREN & SINKLER, L.L.P.

ATTORNEYS AT LAW

SUITE 340

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MARGARET K. MANUEL

FACSIMILE
(843) 577-6843

July 3, 2003

Mr. Clifford C. Hansen
12 Clifford Street
Charleston, SC 29401

Re: Clifford C. Hansen – Purchase of Stock of Hickory Springs
Water Company, Inc.

Dear Mr. Hansen:

Please find enclosed our statement for services rendered in connection with the
above referenced matters.

Yours very truly,



JHW,III:eld
Enclosures

Warren & Sinkler, L.L.P.

171 Church Street, Suite 340
Post Office Box 1254
Charleston, SC 29402
(843)577-0660

Federal I.D. 57-0836746

July 03, 2003

Invoice submitted to:

Mr. Clifford C. Hansen
325 East 64th Street #503
New York NY 10021

In Reference To: Clifford C. Hansen - Purchase of Stock of Hickory Springs
Water Company, Inc.
File No. 6013/JHW

Professional Services

		<u>Hours</u>
06/02/03	JHW telephone conference	0.10
	JHW documents	0.20
	JHW documents	1.00
	JHW documents	0.70
	JHW Agreement	2.50
	JHW Agreement	1.00
06/03/03	JHW documents	1.60
	JHW documents	0.80
	JHW documents	0.50
	JHW documents	0.60
	JHW documents	0.30
	JHW documents	0.30
	JHW documents	0.60
	JHW documents	0.30
	JHW telephone conference	0.20
06/04/03	JHW telephone conference with Clifford Hansen	0.10
	JHW conference with Clifford Hansen	1.30
	JHW telephone conference	0.40

WARREN & SINKLER, L.L.P.

ATTORNEYS AT LAW

SUITE 340

171 CHURCH STREET

POST OFFICE BOX 1254

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JOHN H. WARREN, III
SCOTT Y. BARNES (SC & DC)
MARK S. SHARPE
ELIZABETH W. SETTLE
MARGARET K. MANUEL

FACSIMILE
(843) 577-6843

July 11, 2003

VIA HAND DELIVERY

Mr. Clifford C. Hansen
12 Clifford Street
Charleston, SC 29401

Re: Carolina Springs Bottling, Inc.

Dear Clifford:

Please find enclosed a copy of the filed SS-4 Application for Employer Identification Number for the above referenced entity. The Employer Identification Number for Carolina Springs Bottling, Inc. is 51-0473699.

Yours very truly,



JHW,III:jlt
Enclosure

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Redacted Info.

George Milner <GMilner@sc.rr.com> wrote:

From: "George Milner"
To: "Clifford Hansen",
"Rolf Richter",
"Robert Fields"
Subject: HS Proposal
Date: Mon, 15 Dec 2003 15:57:39 -0500

Clifford, Robert and Rolf,

Thank you for your proposal to purchase the assets of Hickory Springs. Please find attached a revised proposition. I have tried to work with the Beechwood offer and believe this counter to be reasonable – cheap even. I have also tried to "tighten" up some of the terms/language so we don't have down stream controversies that would disrupt the harmony of all closes. Please review and let's discuss.

Thanks again for dinner last week – next time you visit, it's my treat.

Best regards,
George Milner

> ATTACHMENT part 2 application/msword name=TermSheet-GMM proposal #2 12-15-03.doc

Do you Yahoo!?

New and Improved Yahoo! Mail - 100MB free storage!

8/16/2004



**Letter of Understanding
Clifford Hansen And
Beechwood Advisory Group, Inc.
December 16, 2003**

Recitals

Whereas Clifford Hansen {"Potential Buyer"} desires to purchase the assets of Hickory Springs Inc. and Beechwood Advisory Group Inc. {"Beechwood"} will assist the Potential Buyer in securing and financing of said purchase.

Deal Outline

Potential Buyer has a Term Sheet in hand from the Seller {Hickory Springs} for a total purchase price of approximately \$ 3.0 Million.

It is anticipated that the key elements of the acquisition will be as follows:

Cash on Closing Due to Seller	\$ 2,000 K
Closing Settlement Costs	\$ 200 K
Seller Financing	\$ 400 K
Buyer's Debt Assumption	\$ 530 K

An Additional \$ 250 K will be required post closing for Working Capital and certain Capital Projects

Financing Structure

Rescheduled Bank Debt additional Debt	\$ 1,500 K
Seller's Note	\$ 400 K
Buyer's Capital	\$ 400 K
Outside Equity Investment Required	\$ 830 K
Working Capital / Capex Infusion	\$ 250 K

1-BAG000041



1

Beechwood Scope Of Work

Beechwood to advise Potential Buyer on Negotiations with Seller

Beechwood to assist Potential Buyer in securing Outside Equity Investment of \$ 830,000

Beechwood to assist Potential Buyer in negotiating Bank Debt and rescheduling existing Debt

Beechwood to assist Potential Buyer in securing Working Capital of \$ 250,000

Beechwood Remuneration

For above Services and support Beechwood will be paid:

\$10,000 upon acceptance of the terms

\$100,00 at closing as a settlement disbursement.

Statement of Intent

This letter is meant to clarify and detail certain understandings and responsibilities between the Potential Buyer {Clifford Hansen} and the Service Provider Beechwood Advisory Group Inc.

It is Agreed and understood that the general terms of this document will be used as the basis of preparing a legal and binding agreement.

Signed

Beechwood Advisory Group Inc.

Agreed

Clifford Hansen

1-BAG000042

Beechwood Advisory Group

Business Consulting Services

Beechwood Advisory Group, Inc.

5 Ta

Hawthorne Woods, IL 60047

Telephone (630) 768-9991

Facsimile (847) 550-8362

dennis.byrd@beechwoodgroup.com

January 12, 2004

Dear Mr. Hansen,

Pursuant to our Notice of Intention to you sent December 24, 2003 and communicated by Mr. Robert Fields, Beechwood Advisory Group, Inc. has now found itself forced to withdraw from representing you in matters concerning the possible acquisition of Hickory Springs due to lack of progress on your part. This is despite considerable effort expended on your behalf by Beechwood all without compensation.

While Beechwood Advisory Group, Inc. had provided you a deadline of up until the 30th of December, 2003 to provide the Specific Performance Requirements listed in the Notice of Intention and in fact extended this deadline at least two additional times, as of this morning, January 12, 2004 these requirements had not been received either in part or in whole. Therefore per the Notice of Intention, we are no longer able to represent you in this acquisition, and further at this time are reserving the right to independently purchase Hickory Springs.

However, per our Notice of Intention, should Beechwood successfully acquire the assets of Hickory Springs, Beechwood would stand by its offer to compensate you at 1% of the net cash transaction cost as a finders fee.

Should you have questions, please address them to Mr. Robert Fields.

Sincerely,

(by email)

Dennis C. Byrd

Partner

Beechwood Advisory Group, Inc.



**Notice of Intention RE: Hickory Springs Acquisition
Clifford Hansen and Beechwood Advisory Group, Inc.
December 23, 2003**

Recitals

Whereas:

Clifford Hansen has a desire to acquire certain assets of Hickory Springs and;

Beechwood Advisory Group, Inc. {Beechwood} has been material in developing a potential deal between Hickory Springs and Clifford Hansen and;

Clifford Hansen has agreed certain specific performances to Beechwood in a timely manner to successfully close the transaction.

Notification

This serves to officially notify Clifford Hansen of his failure to meet certain agreed performance specifications in a timely manner. If the required actions noted below are not delivered to our Charleston office on or before close of business December 30 2003; Beechwood will withdraw from servicing and forwarding the acquisition of Hickory Springs for Clifford Hansen.

Beechwood will reserve the right to acquire Hickory Springs on it's own account. If Beechwood does in fact acquire Hickory Springs we would compensate Clifford Hansen at 1% of the net cash transaction cost as a finders fee.

Specific Performance Requirements

1. \$10,000 to Beechwood Advisory, Inc.
2. Proof of ability to secure \$400,000 in equity required to complete the transaction
3. A reasonable and complete 2004 financial budget with 2004 expense budgets and customer/ account plans that clearly indicate the planned management actions and probable impacts on the Company.
4. A reasonable and complete financial plan for year's 2004 to 2007 detailing revenue growth and sources, cost savings and capital expenditures, and fixed expenses anticipated.

Sincerely

Beechwood Advisory Group, Inc.



1-BAG000045

David,

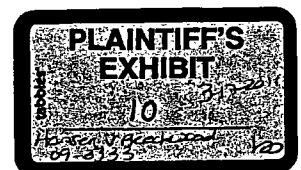
Good talking to you earlier. As promised I have included a copy of the business plan for Carolina Springs as well as the company's YTD financials through November of last year. I have also attached a copy of the due diligence summary for the financials, leases and bank statements that were done by Pratt-Thomas & Gumb here in Charleston. The financial projections will follow in a separate e-mail.

As I mentioned, I would like to try you late Monday with Robert fields of the Beechwood Advisory Group who I have retained to assist me in this transaction. You can check out their site at www.beechwoodgroup.com. Rolf Richter, who is also part of the group, and will sit on the board has served as President of Vlasic Europe, Managing Director, UK Frozen Foods, General Manager, Campbell Dry Soups USA and VP/ GM, Canada so he brings a wealth of experience with him. We haven't finalized this, but I think he'll be serving as CFO for us too.

Have a great weekend and I look forward to talking to you Monday.

Clifford

843.577.7965



http://us.f420.mail.yahoo.com/ym/Compose?DMid=4699_276831_754_437_733_0_1066_... 8/2/2004

HICKORY SPRINGS WATER COMPANY

DUE DILIGENCE COMMENTS

March 28, 2003

A. Corporate Documents

1. I have these documents and will have them updated by my attorney. I will rep their authenticity and accuracy.
2. By Laws will be provided.
3. Will provide valid business license etc
4. All property taxes etc are paid. We will accrue my portion of the property taxes consistent with the "my watch - your watch" principle. I will give a rep to this fact.

B. Stocks and Securities

1. There are no buy-sell agreements. I own 100% of the stock and it has no leans or other encumbrances. There are no oral or written agreements concerning the stock. I will give a rep to this fact.
2. There are no irrevocable proxies etc. I will give a rep to this fact.

C. General Business Matters

1. Have covered verbally
2. Hickory Springs is the only name the business has operated under since its inception. Hickory Springs does have four trade marked product names. I have not researched the validity of these trademarks but we do business under these names and to my knowledge have not been challenged. I do believe one of the names was challenged before my entry into the business by Southern Beverage. I understand the issue was resolved and no challenge has been made since I have been involved.
3. Have covered verbally
4. Financial records have not been audited. I am reasonably sure we had the assets appraised. I will obtain a copy of this and provide you a copy.
5. I have provided the past 2 years of unaudited financial statements
6. To my knowledge, there have been no news releases relating to the company the past two years.
7. Not applicable
8. Banking information
 - i. SCB&T is the only bank we deal with. Hickory Springs has a loan and two cash accounts with the bank. I will provide loan details. One peculiarity of this loan is that Dan Daniels guaranteed it at the request of the bank. We utilize a lock box where all customer payments are received and posted by the bank. There are no safety deposit boxes to my knowledge.
 - ii. Dan Daniels, Chip Withrow (Plant Manager) and I are authorized to sign checks. Per the by-laws, I am the only person authorized to approve any debt. I will rep there is no other bank debt other than SCB&T loan.
 - iii. I anticipate the business will continue ordinary operations and will not need any extraordinary cash to complete the acquisition.



9. There are several pieces of leased equipment in the plant that, I believe, have existing UCC filings on them. Some of this equipment includes 2,5 gallon line, two box erectors and two fork lifts. I will get copies of the leases.
 10. The only encumbrances on the assets of Hickory Springs is the bank loan which has a first lean on essentially all assets owned by Hickory Springs. There is another note with LaFarge that is being paid for by supplying 5 gallon water to their cement plant in Holly Hill at no charge. The LaFarge note is interest free and is not collateralized.
 11. I will set up a meeting with our insurance agent so he can review all policies.
 12. There have been no product recalls to my knowledge since I have been involved with the business. There have been occasional (maybe 2 or 3 per year) product end-user complaints on single jugs of water – but not material or unusual for a retail business selling over 5 million gallons per year to the public. Our largest complaint comes from the occasional collapse of a pallet of water due to a bottle leaking. We normally charge this back to the bottle manufacturer. Hickory Springs has no outstanding customer complaints to my knowledge and Wal-Mart gave us #2 satisfaction rating compared to all their bottle water suppliers.
 13. Not applicable
 14. None to my knowledge
 15. Hickory Springs has a contract with Wal-Mart that we will provide. I do not know of other contracts with customers. We also have a contract with an energy auditor to reduce out energy bill. If successful he would be paid.
 16. Largest suppliers are CKS (HDPE bottles) and Warehaeuser (boxes). There is no contract written with CKS but the verbal agreement is that the price is adjusted up/down based on HDPE prices. There is a contract with Warehaeuser that allows them to match any competitive offer and there is a 4 cent/box surcharge to pay for the two box erectors.
- D. Employee Documents
1. Not applicable
 2. No written agreements. We do have a discretionary bonus plan for hourly employees on the gallon line.
 3. Not applicable
 4. Not applicable
- E. Technology – Not applicable
- F. Taxes
1. Tax returns are enclosed for 2000, 2001 and 2002 preliminary). There are no open years. I will provide a rep as to my responsibility on tax issues that might exist while I owned the company.
 2. There have been no IRS audits.
 3. There are no tax penalties.
 4. Brenda Johnson, CPA has prepared all tax returns.
- G. Litigation and Claims
1. There are none to my knowledge.

2. There was litigation between Hickory Springs/Dan Daniels and Jay Land in regards to possible harm done during sell of Hickory Springs in 1997 by the previous majority Joey Moore. This was been resolved in 2001 and all financial settlements paid by to Lands.

3. Not applicable.

H. Government Regulations and Licensing

1. I will provide.
2. I will provide
3. I will provide
4. None to my knowledge

I. Material Contracts

1. We will provide copy of WalMart contract. We have verbal understanding in regards to supply of 5 gallon water to LaFarge in payment for the original land purchase.
2. There are several leases of equipment that we will provide copies of.
3. Equipment leases have obligation to purchase raw materials from supplier and pay premium over "fair market" value. If supplier does not meet competition we are allowed to purchase from other suppliers.
4. I know of no place where Hickory Springs is a guarantor, cosigner etc. I am remotely aware that Dan Daniels has personally borrowed money from family etc. To my knowledge these are all personal debts of Dan's. However, I can not be sure that Dan did not in some way obligate Hickory Springs. Hence, consistent with the "my watch – your watch" principle I will rep this issue and if it arises it will be my responsibility.
5. See # I.4 above. In addition, Hickory Springs utilizes a "captive" trucker. I believe, we pay him standard rates to haul product and pick-up bottles. This obligation is accrued on Hickory Springs books and payments on the truck and insurance are withheld and paid by Hickory Springs in the name of "Tim". Hickory Springs does not own nor operate the tractor (Tim owns them) however, Dan personally cosigned for the truck so Tim could buy it (at least this is my understanding of the arrangement).
6. None to my knowledge
7. Other than WalMart none to my knowledge
8. There are no limits on company employees and no non-competes
9. None to my knowledge
10. There are several equipment lease agreements as described above.
11. See I.4 above.
12. There are no severance packages with Dan Daniels specifically or for any employee to my knowledge
13. I have heard Dan indicate that he felt an obligation to pay his Plant Manager, Chip Withrow, something if he sold the business. To my knowledge this is not a written obligation and I'm not sure Dan has ever told Chip this. In any case Dan is not selling any asset so I believe the obligation, if it exists, does not extend to Hickory Springs. I have no first hand knowledge of this alleged obligation.
14. All material contracts will be provided.

Hickory Springs Water Company, Inc.

Income Statement - Year-to-Date September 2003

FOR MANAGEMENT PURPOSES ONLY-PRELIMINARY*UNAUDITED

03' January

	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	YTD-03
REVENUES										
BRAND-PET SALES	3,750	2,742	5,336	7,523	4,694	5,540	5,063	10,795	27,094	72,537
BRAND-GALLON SALES	2,710	5,124	5,056	11,818	10,033	7,338	11,973	5,858	7,176	67,086
BRAND SALES DISCOUNTS	(755)	(682)	(465)	(1,010)	(645)	(1,038)	(2,305)	(635)	(1,750)	(10,877)
PRIVATE LABEL-PET SALES	2,592	1,296	1,944	9,642	18,619	7,216	4,138	8,285	11,413	65,145
PRIVATE LABEL-GALLON SALES	262,081	256,344	253,186	284,389	304,112	293,122	353,706	281,547	426,326	2,714,815
PRIVATE LABEL SALES DISCOUNT	(1,727)	(3,163)	(3,288)	(13,840)	(4,065)	(4,113)	(16,618)	(4,743)	(3,029)	(54,586)
REFILLS 3/4 GALLON	12,738	10,834	10,886	6,357	9,532	10,135	8,115	9,812	8,543	89,756
5 GALLON BOTTLE SALES	638	1,442	368	1,165	2,614	1,795	3,253	288	1,640	13,201
SALES RETURNS/DAMAGES	(218)	(173)	(1,859)	(639)	(1,049)	634	(1,515)	(683)	(658)	(6,332)
MISCELLANEOUS INCOME	155	(756)	4,748	520	1,241	619	1,095	1,678	632	9,932
TOTAL REVENUES	281,962	273,008	275,843	306,824	345,116	321,247	367,804	312,001	477,386	2,961,361
COST OF SALES										
COST OF GOODS SOLD	148,257	145,360	130,951	178,900	182,145	166,320	196,935	145,672	262,614	1,557,155
DIRECT LABOR COSTS	15,481	23,058	27,607	35,814	27,294	27,550	38,394	26,935	31,367	253,501
INDIRECT LABOR COSTS	0	430	150	386	220	56	281	2,825	6,296	10,644
OPERATING SUPPLIES	6,024	4,093	8,055	8,630	4,261	4,348	7,288	2,032	3,648	48,297
PAYROLL TAX EXPENSE	3,610	3,561	3,789	4,743	3,345	2,997	4,015	2,873	3,333	32,267
WATER ANALYSIS TESTS	554	1,027	612	882	658	4,752	603	595	1,680	11,143
EQUIPMENT LEASE	3,284	2,785	6,036	5,516	5,147	5,516	5,516	5,074	4,628	43,504
EQUIPMENT REPAIRS & MAINT	6,296	15,683	8,029	5,002	10,282	16,414	6,032	6,996	4,353	81,066
PEST CONTROL	95	95	115	115	95	95	95	95	95	895
UTILITIES EXPENSE	2,000	4,435	4,424	4,221	4,146	8,538	11	4,982	5,700	38,456
COST OF SALES-PLANT PROD.	4,962	4,000	4,000	5,000	4,120	4,160	5,120	4,080	4,000	39,442
COST OF SALES-FREIGHT	9,358	9,439	8,520	10,788	9,701	9,281	10,751	11,375	14,962	94,175
PURCHASE DISCOUNTS	(1,757)	(1,870)	(2,238)	(2,637)	(1,931)	(1,743)	(3,225)	(2,686)	(3,198)	(21,285)
TOTAL COST OF SALES	198,165	212,095	200,050	257,060	248,463	248,281	271,816	212,650	339,479	2,189,259
GROSS PROFIT	83,798	60,912	75,863	49,763	96,653	72,966	96,088	99,151	137,907	772,102
EXPENSES										
ADVERTISING EXPENSE	250	0	0	0	95	0	0	0	0	335
AUTO EXPENSE	500	210	387	358	759	304	636	317	817	4,287
CHARITABLE CONTRIBUTION	0	50	50	0	271	78	20	100	0	568
COMMISSIONS AND FEES	351	300	0	0	0	0	(105)	0	0	546
DUES AND SUBSCRIPTIONS	370	0	0	0	0	150	0	500	30	1,050
INSURANCE - GENERAL	933	8,611	974	3,169	5,648	3,845	4,041	4,096	4,052	35,370
INSURANCE - WORKERS COMP	1,584	1,554	1,554	1,554	1,554	0	0	4,138	1,839	13,748
INTEREST EXPENSE	1,529	1,372	1,508	1,448	1,486	1,372	1,689	1,753	1,809	13,967
LEGAL AND ACCOUNTING	400	0	0	0	1,863	0	0	0	300	2,563
MEALS AND ENTERTAINMENT	218	1,138	189	791	383	902	969	1,378	1,142	7,109
OFFICE EXPENSE	445	183	394	1,248	501	898	342	431	2,675	7,114
TAXES-BUSINESS AND PROPERTY	(2,529)	69	226	0	0	90	0	282	0	(1,863)
PAYROLL TAX EXPENSE	1,579	479	843	750	600	600	750	1,466	114	7,184
REPAIR & MAINTENANCE EXPENSE	53	303	5,063	10,279	1,624	577	1,188	2,434	1,883	23,403
SALARIES - OFFICERS	4,895	8,260	11,024	9,810	7,848	7,848	9,850	27,846	7,848	93,031
SECURITY	99	0	0	99	0	0	99	0	0	297
SUPPLIES EXPENSE	115	604	346	261	286	590	258	377	21	2,856
TELEPHONE EXPENSE	167	959	711	738	894	1,826	0	1,910	173	7,378
TRAVEL EXPENSE	792	1,422	830	1,335	766	901	954	865	1,795	9,574
WAGES - OFFICE	2,480	3,328	3,434	4,209	3,374	3,412	4,468	3,422	4,006	32,134
OTHER EXPENSE	81	(38)	39	81	0	247	394	81	2,357	3,222
TOTAL EXPENSES	14,082	26,805	27,571	36,110	27,941	23,640	25,554	51,399	30,772	263,875
NET INCOME	69,716	34,107	48,291	13,653	68,712	49,326	70,535	47,752	107,135	508,227



Hickory Springs Water Company, Inc.
Income Statement
For the One Month Ending January 31, 2003

Current Month	Year to Date	
REVENUES		
BRAND-PET SALES	3,750.13	1.33
BRAND-GALLON SALES	2,710.40	0.96
BRAND-SALES DISCOUNTS	-755.45	<0.27>
PRIVATE LABEL-PET SALES	2,592.00	0.92
PRIVATE LABEL-GALLON SALES	262,080.56	92.95
PRIVATE LABEL-SALES DISCOUNTS	-1,727.04	<0.61>
REFILLS-5/6 GALLON	12,737.56	4.52
5 GALLON BOTTLE SALES	637.5	0.23
SALES RETURNS/DAMAGES	-218.12	<0.08>
MISCELLANEOUS INCOME	154.58	0.05
TOTAL REVENUES	281,962.12	100

COST OF SALES		
COST OF GOODS SOLD	148,257.13	42.07
DIRECT LABOR COSTS	15,481.25	5.49
OPERATING SUPPLIES	6,024.08	2.05
PAYROLL TAX EXPENSE	3,609.78	1.28
WATER ANALYSIS TESTS	554.20	0.2
EQUIPMENT LEASE	3,284.30	0.18
EQUIPMENT REPAIRS & MAINT.	6,295.75	4.63
PEST CONTROL	95.00	0.03
UTILITIES EXPENSE	2,000.00	0.71
COST OF SALES-PLANT PROD.	4,962.00	1.76
COST OF SALES-FREIGHT	9,358.44	3.32
PURCHASE DISCOUNTS	-1,757.40	<0.62>
TOTAL COST OF SALES	198,164.53	61.1
GROSS PROFIT	83,797.59	38.9
EXPENSES		
ADVERTISING EXPENSE	250	0.09
AUTO EXPENSE	500	0.18
Commissions and Fees	351	
DUES AND SUBSCRIPTIONS	370	0.13
INSURANCE- GENERAL	933.22	0.33
INSURANCE- WORKERS COMP	1,554.29	0.55
INTEREST EXPENSE	1,529.45	0.54
LEGAL AND ACCOUNTING	400	0.14
MEALS AND ENTERTAINMENT	218	0.08
OFFICE EXPENSE	444.54	0.15
TAXES-BUSINESS AND PROPEF	-2,529.28	<0.90>
PAYROLL TAX EXPENSE	1,579.39	0.56
REPAIR & MAINTENANCE EXPEI	52.58	0.1
SALARIES - OFFICERS	4,695	1.67
SECURITY	99	0.04
SUPPLIES EXPENSE	114.94	0.04
TELEPHONE EXPENSE	167.43	0.06
TRAVEL EXPENSE	791.5	0.28
WAGES - OFFICE	2,480	0.88
OTHER EXPENSE	81	<0.08>
TOTAL EXPENSES	14,082.06	4.93
NET INCO \$	69,715.53	34.07 \$
FOR MANAGEMENT PURPOSES ONLY		

Hickory Springs Water Company, Inc.
Income Statement
For the One Month Ending January 31, 2003

Current Month		Year to Date	Current Month		Year to Date
REVENUES			REVENUES		
BRAND-PET SALES	3,750.13	1.33	BRAND-PET SALES	3,750.13	1.33
BRAND-GALLON SAI	2,710.40	0.96	BRAND-GALLON SAI	2,710.40	0.96
BRAND-SALES DISC	-755.45	<0.27>	BRAND-SALES DISC	-755.45	-0.27
PRIVATE LABEL-PET	2,592.00	0.92	PRIVATE LABEL-PET	2,592.00	0.92
PRIVATE LABEL-GAI	262,080.56	92.95	PRIVATE LABEL-GAI	#####	92.95
PRIVATE LABEL-SAI	-1,727.04	<0.61>	PRIVATE LABEL-SAI	-1,727.04	-0.61
REFILLS-5/6 GALLOI	12,737.56	4.52	REFILLS-5/6 GALLOI	12,737.56	4.52
5 GALLON BOTTLE S	637.50	0.23	5 GALLON BOTTLE S	637.5	0.23
SALES RETURNS/D/	-218.12	<0.08>	SALES RETURNS/D/	-218.12	-0.08
MISCELLANEOUS IN	154.58	0.05	MISCELLANEOUS IN	154.58	0.05
TOTAL REVENUES	281,962.12	100	TOTAL REVENUES	#####	100

COST OF SALES			COST OF SALES		
COST OF GOODS S	148,257.13		50.94	COST OF GOODS S	52.58
DIRECT LABOR COS	15,481.25		5.49	DIRECT LABOR COS	5.49
OPERATING SUPPLI	6,024.08		2.14	OPERATING SUPPLI	2.14
PAYROLL TAX EXPE	3,609.78		1.28	PAYROLL TAX EXPE	1.28
WATER ANALYSIS T	554.20		0.2	WATER ANALYSIS T	0.2
EQUIPMENT LEASE	3,284.30		0.18	EQUIPMENT LEASE	1.16
EQUIPMENT REPAIF	6,295.75		4.63	EQUIPMENT REPAIF	2.23
PEST CONTROL	95.00		0.03	PEST CONTROL	0.03
UTILITIES EXPENSE	2,000.00		0.71	UTILITIES EXPENSE	0.71
COST OF SALES-PL	4,962.00		1.76	COST OF SALES-PL	1.76
COST OF SALES-FR	9,358.44		3.32	COST OF SALES-FR	3.32
PURCHASE DISCOU	-1,757.40	<0.62>	3.32	PURCHASE DISCOU	-0.62
TOTAL COST OF SAI	198,164.53		70.05	TOTAL COST OF SAI	70.28
GROSS PROFIT	83,797.59		29.95	GROSS PROFIT	29.72
EXPENSES			EXPENSES		
ADVERTISING EXPE	250		0.09	ADVERTISING EXPE	0.09
AUTO EXPENSE	500		0.18	AUTO EXPENSE	0.18
COMMISONS AND FI	351		0.15	BANK FEES	0.03
DUES AND SUBSCR	370		0.13	COMMISONS AND FI	0.12
INSURANCE- GENEI	933.22		0.33	DUES AND SUBSCR	0.13
INSURANCE- WORK	1554.29		0.55	INSURANCE- GENEI	0.33
INTEREST EXPENSE	1529.45		0.54	INSURANCE- WORK	0.55
LEGAL AND ACCOU	400		0.14	INTEREST EXPENSE	0.54
MEALS AND ENTER	218		0.08	LEGAL AND ACCOU	0.14
OFFICE EXPENSE	444.54		0.16	MEALS AND ENTER	0.08
TAXES-BUSINESS A	-2529.28	<0.90>	0.16	OFFICE EXPENSE	0.16
PAYROLL TAX EXPE	1579.39		0.56	TAXES-BUSINESS A	-0.9
REPAIR & MAINTEN	52.58		0.1	PAYROLL TAX EXPE	0.56
SALARIES - OFFICEI	4695		1.67	REPAIR & MAINTEN	0.02
SECURITY	99		0.04	SALARIES - OFFICEI	1.67
SUPPLIES EXPENSE	114.94		0.04	SECURITY	0.04
TELEPHONE EXPEN	167.43		0.06	SUPPLIES EXPENSE	0.04
TRAVEL EXPENSE	791.5		0.28	TELEPHONE EXPEN	0.06
WAGES - OFFICE	2480		0.88	TRAVEL EXPENSE	0.28
OTHER EXPENSE	81	<0.08>	0.88	WAGES - OFFICE	0.88
TOTAL EXPENSES	14,082.06		4.99	TOTAL EXPENSES	4.99
NET INCO \$	69,715.53		24.95	NET INCO \$	24.73 \$
FOR MANAGEMENT PURPOSES ONLY			FOR MANAGEMENT PURPOSES ONLY		

Hickory Springs Water Company, Inc.
Income Statement
For the Two Months Ending February 28, 2003

	Current Month	Year to Date
REVENUES		
BRAND-PET SALES	2,742.18	1.15
BRAND-GALLON SAI	5,123.75	2.35
BRAND-SALES DISC	-681.55	<0.37>
PRIVATE LABEL-PET	1,296.00	0.79
PRIVATE LABEL-GAI	256,343.84	91.97
PRIVATE LABEL-SAL	-3,163.25	<0.88>
REFILLS-5/6 GALLON	10,834.00	4.61
5 GALLON BOTTLE	1,442.00	0.83
SALES RETURNS/D/	-172.58	0
MISCELLANEOUS IN	-756.08	<0.45>
TOTAL REVENUES	273,008.31	100

COST OF SALES		
COST OF GOODS S	145,360.46	44.88
DIRECT LABOR COS	23,058.15	14.13
INDIRECT LABOR C	430.00	
OPERATING SUPPLI	4,092.72	0.35
PAYROLL TAX EXPE	3,561.35	2.18
WATER ANALYSIS T	1,027.25	0.17
EQUIPMENT LEASE	2,784.68	0.32
EQUIPMENT REPAIR	15,682.65	6.7
PEST CONTROL	95.00	0
UTILITIES EXPENSE	4,434.59	2.72
COST OF SALES-PL	4,000.00	2.45
COST OF SALES-FRI	9,438.77	2.91
PURCHASE DISCOU	-1,869.75	<0.78>
TOTAL COST OF SAI	212,095.87	78.02
GROSS PROFIT	60,912.44	23.98
EXPENSES		
ADVERTISING EXPE	0	0
AUTO EXPENSE	209.59	0.13
Charitable	50	
COMMISSIONS AND FI	300	0.18
DUES AND SUBSCR	0	0
INSURANCE- GENE	8,611.27	0.65
INSURANCE- WORK	1,554.29	0.95
INTEREST EXPENSE	1,372.06	0.94
LEGAL AND ACCOU	0	0
MEALS AND ENTER	1,137.81	0.67
OFFICE EXPENSE	183.44	0.1
TAXES-BUSINESS A	69.12	0
PAYROLL TAX EXPE	478.88	0.22
REPAIR & MAINTEN	303.14	7.8
SALARIES - OFFICE	6,260.00	2.88
SECURITY	0	0
SUPPLIES EXPENSE	604.33	0.37
TELEPHONE EXPEN	959.06	0.4
TRAVEL EXPENSE	1,422.27	0.64
WAGES - OFFICE	3,328.00	2.04
OTHER EXPENSE	-37.96	0 \$
TOTAL EXPENSES	26,805.30	17.97
NET INCO \$	34,107.14	6.01
FOR MANAGEMENT PURPOSES ONLY		

Hickory Springs Water Company, Inc.
Income Statement
For the Two Months Ending February 28, 2003

	Current Month	Year to Date
REVENUES		
BRAND-PET SALES	2,742.18	1
BRAND-GALLON SAI	5,123.75	1.88
BRAND-SALES DISC	-681.55	-0.25
PRIVATE LABEL-PET	1,296.00	0.47
PRIVATE LABEL-GAI	256,343.84	93.9
PRIVATE LABEL-SAL	-3,163.25	-1.16
REFILLS-5/6 GALLON	10,834.00	3.97
5 GALLON BOTTLE	1,442.00	0.53
SALES RETURNS/D/	-172.58	-0.06
MISCELLANEOUS IN	-756.08	-0.28
TOTAL REVENUES	273,008.31	100

COST OF SALES		
COST OF GOODS S	145,360.46	53.24
DIRECT LABOR COS	23,058.15	8.45
INDIRECT LABOR C	430.00	0.16
OPERATING SUPPLI	4,092.72	1.5
PAYROLL TAX EXPE	3,561.35	1.3
WATER ANALYSIS T	1,027.25	0.38
EQUIPMENT LEASE	2,784.68	1.02
EQUIPMENT REPAIR	15,682.65	5.74
PEST CONTROL	95.00	0.03
UTILITIES EXPENSE	4,434.59	1.82
COST OF SALES-PL	4,000.00	1.47
COST OF SALES-FRI	9,438.77	3.46
PURCHASE DISCOU	-1,869.75	-0.68
TOTAL COST OF SAI	212,095.87	77.69
GROSS PROFIT	60,912.44	22.31
EXPENSES		
ADVERTISING EXPE	0	0
AUTO EXPENSE	209.59	0.08
BANK FEES	37.96	-0.01
CHARITABLE CONTI	50	0.02
COMMISSIONS AND FI	300	0.11
DUES AND SUBSCR	0	0
INSURANCE- GENE	8,611.27	3.15
INSURANCE- WORK	1,554.29	0.57
INTEREST EXPENSE	1,372.06	0.5
LEGAL AND ACCOU	0	0
MEALS AND ENTER	1,137.81	0.42
OFFICE EXPENSE	183.44	0.07
TAXES-BUSINESS A	69.12	0.03
PAYROLL TAX EXPE	478.88	0.18
REPAIR & MAINTEN	303.14	0.11
SALARIES - OFFICE	6,260.00	2.29
SECURITY	0	0
SUPPLIES EXPENSE	604.33	0.22
TELEPHONE EXPEN	959.06	0.35
TRAVEL EXPENSE	1,422.27	0.52
WAGES - OFFICE	3,328.00	1.22
TOTAL EXPENSES	26,805.30	9.82
NET INCO \$	34,107.14	12.49 \$
FOR MANAGEMENT PURPOSES ONLY		

Hickory Springs Water Company, Inc.
Income Statement
For the Two Months Ending February 28, 2003

	Current Month	Year to Date
REVENUES		
BRAND-PET SALES	2,742.18	1
BRAND-GALLON SAI	5,123.75	1.88
BRAND-SALES DISC	-681.55	-0.25
PRIVATE LABEL-PET	1,296.00	0.47
PRIVATE LABEL-GAI	256,343.84	93.9
PRIVATE LABEL-SAL	-3,163.25	-1.16
REFILLS-5/6 GALLON	10,834.00	3.97
5 GALLON BOTTLE	1,442.00	0.53
SALES RETURNS/D/	-172.58	-0.06
MISCELLANEOUS IN	-756.08	-0.28
TOTAL REVENUES	273,008.31	100

COST OF SALES		
COST OF GOODS S	145,360.46	53.24
DIRECT LABOR COS	23,058.15	8.45
INDIRECT LABOR C	430.00	0.16
OPERATING SUPPLI	4,092.72	1.5
PAYROLL TAX EXPE	3,561.35	1.3
WATER ANALYSIS T	1,027.25	0.38
EQUIPMENT LEASE	2,784.68	1.02
EQUIPMENT REPAIR	15,682.65	5.74
PEST CONTROL	95.00	0.03
UTILITIES EXPENSE	4,434.59	1.82
COST OF SALES-PL	4,000.00	1.47
COST OF SALES-FRI	9,438.77	3.46
PURCHASE DISCOU	-1,869.75	-0.68
TOTAL COST OF SAI	212,095.87	77.69
GROSS PROFIT	60,912.44	22.31
EXPENSES		
ADVERTISING EXPE	0	0
AUTO EXPENSE	209.59	0.08
BANK FEES	37.96	-0.01
CHARITABLE CONTI	50	0.02
COMMISSIONS AND FI	300	0.11
DUES AND SUBSCR	0	0
INSURANCE- GENE	8,611.27	3.15
INSURANCE- WORK	1,554.29	0.57
INTEREST EXPENSE	1,372.06	0.5
LEGAL AND ACCOU	0	0
MEALS AND ENTER	1,137.81	0.42
OFFICE EXPENSE	183.44	0.07
TAXES-BUSINESS A	69.12	0.03
PAYROLL TAX EXPE	478.88	0.18
REPAIR & MAINTEN	303.14	0.11
SALARIES - OFFICE	6,260.00	2.29
SECURITY	0	0
SUPPLIES EXPENSE	604.33	0.22
TELEPHONE EXPEN	959.06	0.35
TRAVEL EXPENSE	1,422.27	0.52
WAGES - OFFICE	3,328.00	1.22
TOTAL EXPENSES	26,805.30	9.82
NET INCO \$	34,107.14	12.49 \$
FOR MANAGEMENT PURPOSES ONLY		

Hickory Springs Water Company, Inc.
Income Statement
3-Mar

	Current Month	Year to Date
REVENUES		
BRAND-PET SALES	7,523.32	1.15
BRAND-GALLON SAI	11,817.79	2.35
BRAND-SALES DISC	-1,910.46	<0.37>
PRIVATE LABEL-PET	9,641.80	0.79
PRIVATE LABEL-GAI	284,388.72	91.97
PRIVATE LABEL-SAL	-13,839.51	<0.88>
REFILLS-5/6 GALLOI	8,357.00	4.61
5 GALLON BOTTLE \$	1,164.50	0.83
SALES RETURNS/D/	-839.28	0
MISCELLANEOUS IN	519.81	<0.45>
TOTAL REVENUES	306,823.69	100
COST OF SALES		
COST OF GOODS \$	178,900.29	44.88
DIRECT LABOR COS	35,813.50	14.13
INDIRECT LABOR C	385.68	
OPERATING SUPPLI	8,550.35	0.35
PAYROLL TAX EXPE	4,742.80	2.18
WATER ANALYSIS T	662.26	0.17
EQUIPMENT LEASE	5,516.28	0.32
EQUIPMENT REPAIR	5,001.87	6.7
PEST CONTROL	115.00	0
UTILITIES EXPENSE	4,220.83	2.72
COST OF SALES-PL	5,000.00	2.45
COST OF SALES-FRI	10,788.00	2.91
PURCHASE DISCOU	-2,636.52	<0.78>
TOTAL COST OF SAI	257,060.44	78.02
GROSS PROFIT	49,763.25	23.96
EXPENSES		
ADVERTISING EXPE	0	0
AUTO EXPENSE	357.83	0.13
Charitable	0	
COMMISSONS AND FI	0	0.18
DUES AND SUBSCR	0	0
INSURANCE- GENE	3168.55	0.65
INSURANCE- WORK	1554.29	0.95
INTEREST EXPENSE	1447.99	0.94
LEGAL AND ACCOU	0	0
MEALS AND ENTER	790.77	0.67
OFFICE EXPENSE	1246.37	0.1
TAXES-BUSINESS A	0	0
PAYROLL TAX EXPE	750.45	0.22
REPAIR & MAINTEN	10278.69	7.8
SALARIES - OFFICE	9810	2.88
SECURITY	99	0
SUPPLIES EXPENSE	260.92	0.37
TELEPHONE EXPEN	737.57	0.4
TRAVEL EXPENSE	1337.75	0.84
WAGES - OFFICE	4209.2	2.04
OTHER EXPENSE	60.83	0 \$
TOTAL EXPENSES	38,110.21	17.97
NET INCO \$	13,653.04	6.01
FOR MANAGEMENT PURPOSES ONLY		

Hickory Springs Water Company, Inc.
Income Statement
April

	Current Month	
REVENUES		
BRAND-PET SALES	7,523.32	
BRAND-GALLON SAI	11,817.79	
BRAND-SALES DISC	-1,910.46	
PRIVATE LABEL-PET	9,641.80	
PRIVATE LABEL-GAI	284,388.72	
PRIVATE LABEL-SAL	-13,839.51	
REFILLS-5/6 GALLOI	8,357.00	
5 GALLON BOTTLE \$	1,164.50	
SALES RETURNS/D/	-839.28	
MISCELLANEOUS IN	519.81	
TOTAL REVENUES	306,823.69	
COST OF SALES		
COST OF GOODS \$	178,900.29	
DIRECT LABOR COS	35,813.50	
INDIRECT LABOR C	385.68	
OPERATING SUPPLI	8,550.35	
PAYROLL TAX EXPE	4,742.80	
WATER ANALYSIS T	662.26	
EQUIPMENT LEASE	5,516.28	
EQUIPMENT REPAIR	5,001.87	
PEST CONTROL	115.00	
UTILITIES EXPENSE	4,220.83	
COST OF SALES-PL	5,000.00	
COST OF SALES-FR	10,788.00	
PURCHASE DISCOU	-2,636.52	
TOTAL COST OF SAI	257,060.44	
GROSS PROFIT	49,763.25	
EXPENSES		
ADVERTISING EXPE	0	
AUTO EXPENSE	357.83	
CHARITABLE CONTI	0	
COMMISSONS AND FI	0	
DUES AND SUBSCR	0	
INSURANCE- GENE	3168.55	
INSURANCE- WORK	1554.29	
INTEREST EXPENSE	1447.99	
LEGAL AND ACCOU	0	
MEALS AND ENTER	790.77	
OFFICE EXPENSE	1246.37	
TAXES-BUSINESS A	0	
PAYROLL TAX EXPE	750.45	
REPAIR & MAINTEN	10278.69	
SALARIES - OFFICE	9810	
SECURITY	99	
SUPPLIES EXPENSE	260.92	
TELEPHONE EXPEN	737.57	
TRAVEL EXPENSE	1337.75	
WAGES - OFFICE	4209.2	
OTHER EXPENSE	60.83	
TOTAL EXPENSES	38,110.21	
NET INCO \$	13,653.04	\$
FOR MANAGEMENT PURPOSES ONLY		

Hickory Springs Water Company, Inc.
Income Statement
For the Four Months Ending April 30, 2003

	Current Month	Year to Date		
REVENUES				
BRAND-PET SALES	7,523.32	2.45	19,351.58	1.7
BRAND-GALLON SAI	11,817.79	3.85	24,707.44	2.17
BRAND-SALES DISC	-1,910.46	-0.62	-3,812.92	-0.34
PRIVATE LABEL-PET	9,641.80	3.14	15,473.80	1.36
PRIVATE LABEL-GAI	284,388.72	92.69	#####	92.82
PRIVATE LABEL-SAL	-13,839.51	-4.51	#####	-1.94
REFILLS-5/6 GALLOI	8,357.00	2.72	42,814.56	3.78
5 GALLON BOTTLE \$	1,164.50	0.38	3,611.75	0.32
SALES RETURNS/D/	-839.28	-0.27	-3,089.27	-0.27
SALES CASH DISCO	-15.75	-0.01	-15.75	0
MISCELLANEOUS IN	535.56	0.17	4,682.07	0.41
TOTAL REVENUES	306,823.69	100	#####	100
COST OF SALES				
COST OF GOODS \$	178,900.29	58.31	#####	53.04
DIRECT LABOR COS	35,813.50	11.67	#####	8.88
INDIRECT LABOR C	385.68	0.13	965.88	0.08
OPERATING SUPPLI	8,550.35	2.79	26,721.91	2.35
PAYROLL TAX EXPE	4,742.80	1.55	15,702.57	1.38
WATER ANALYSIS T	662.26	0.22	2,855.85	0.25
EQUIPMENT LEASE	5,516.28	1.8	17,621.54	1.55
EQUIPMENT REPAIR	5,001.87	1.83	35,009.14	3.08
PEST CONTROL	115.00	0.04	420.00	0.04
UTILITIES EXPENSE	4,220.83	1.38	15,079.88	1.33
COST OF SALES-PL	5,000.00	1.63	17,962.00	1.58
COST OF SALES-FR	10,788.00	3.52	38,105.63	3.35
PURCHASE DISCOU	-2,636.52	-0.88	-8,502.06	-0.75
TOTAL COST OF SAI	257,060.44	83.78	#####	76.24
GROSS PROFIT	49,763.25	16.22	#####	23.76
EXPENSES				
ADVERTISING EXPE	0	0	250.00	0.02
AUTO EXPENSE	357.83	0.12	1,454.19	0.13
BANK FEES	35,813.50	0.02	143.29	0.01
CHARITABLE CONTI	0	0	100	0.01
COMMISSONS AND FI	0.00	0	651.00	0.06
DUES AND SUBSCR	0.00	0	370.00	0.03
INSURANCE- GENE	3,168.55	1.03	13,686.91	1.2
INSURANCE- WORK	1,554.29	0.51	6,217.18	0.55
INTEREST EXPENSE	1,447.99	0.47	5,857.45	0.51
LEGAL AND ACCOU	0	0	400.00	0.04
MEALS AND ENTER	790.77	0.28	2,335.39	0.21
OFFICE EXPENSE	1,246.37	0.41	2,267.88	0.2
TAXES-BUSINESS A	0.00	0	-2,234.16	-0.2
PAYROLL TAX EXPE	750.45	0.24	3,652.05	0.32
REPAIR & MAINTEN	10,278.69	3.35	15,696.91	1.38
SALARIES - OFFICE	9,810.00	3.2	31,789.00	2.79
SECURITY	99	0.03	198.00	0.02
SUPPLIES EXPENSE	260.92	0.09	1,326.56	0.12
TELEPHONE EXPEN	737.57	0.24	2,575.01	0.23
TRAVEL EXPENSE	1,337.75	0.44	4,381.18	0.39
WAGES - OFFICE	4,209.20	1.37	13,451.20	1.18
TOTAL EXPENSES	38,110.21	11.77	#####	9.19
NET INCO \$	13,653.04	4.45 \$	#####	14.57
FOR MANAGEMENT PURPOSES ONLY				

Hickory Springs Water Company, Inc.
Income Statement
3-Mar

	Current Month	Year to Date
REVENUES		
BRAND-PET SALES	4,694.11	1.15
BRAND-GALLON SAI	10,033.13	2.35
BRAND-SALES DISC	-845.33	<0.37>
PRIVATE LABEL-PEI	18,619.20	0.79
PRIVATE LABEL-GAI	304,111.92	91.97
PRIVATE LABEL-SAI	-4,064.56	<0.88>
REFILLS-5/6 GALLON	9,531.70	4.61
5 GALLON BOTTLE	2,814.25	0.83
SALES RETURNS/D/	-1,019.46	0
MISCELLANEOUS IN	1,241.12	<0.45>
TOTAL REVENUES	345,116.08	100
COST OF SALES		
COST OF GOODS S	182,144.83	44.88
DIRECT LABOR COS	27,294.48	14.13
INDIRECT LABOR C	219.52	
OPERATING SUPPLI	4,261.11	0.35
PAYROLL TAX EXPE	3,345.48	2.18
WATER ANALYSIS T	658.08	0.17
EQUIPMENT LEASE	5,146.98	0.32
EQUIPMENT REPAIR	10,262.25	6.7
PEST CONTROL	95.00	0
UTILITIES EXPENSE	4,146.29	2.72
COST OF SALES-PL	4,120.00	2.45
COST OF SALES-FR	9,700.53	2.91
PURCHASE DISCOU	-1,931.47	<0.78>
TOTAL COST OF SAI	249,463.08	78.02
GROSS PROFIT	95,653.02	23.98
EXPENSES		
ADVERTISING EXPE	85	0
AUTO EXPENSE	758.85	0.13
Charitable	270.5	
COMMISSIONS AND FI	0	0.18
DUES AND SUBSCR	0	0
INSURANCE- GENE	5,648.41	0.65
INSURANCE- WORK	1,554.29	0.95
INTEREST EXPENSE	1,486.15	0.94
LEGAL AND ACCOU	1,862.98	0
MEALS AND ENTER	382.53	0.67
OFFICE EXPENSE	500.74	0.1
TAXES-BUSINESS A	0	0
PAYROLL TAX EXPE	600.36	0.22
REPAIR & MAINTEN	1,623.65	7.8
SALARIES - OFFICE	7,848.00	2.88
SECURITY	0	0
SUPPLIES EXPENSE	285.51	0.37
TELEPHONE EXPEN	894.14	0.4
TRAVEL EXPENSE	765.89	0.84
WAGES - OFFICE	3,374.00	2.04
OTHER EXPENSE	0	0 \$
TOTAL EXPENSES	27,941.00	17.97
NET INCO \$	67,712.02	6.01
FOR MANAGEMENT PURPOSES ONLY		

Hickory Springs Water Company, Inc.
Income Statement
April

	Current Month	
REVENUES		
BRAND-PET SALES	4,694.11	
BRAND-GALLON SAI	10,033.13	
BRAND-SALES DISC	-845.33	
PRIVATE LABEL-PEI	18,619.20	
PRIVATE LABEL-GAI	304,111.92	
PRIVATE LABEL-SAI	-4,064.56	
REFILLS-5/6 GALLON	9,531.70	
5 GALLON BOTTLE	2,814.25	
SALES RETURNS/D/	-1,019.46	
MISCELLANEOUS IN	1,241.12	
TOTAL REVENUES	345,116.08	
COST OF SALES		
COST OF GOODS S	182,144.83	
DIRECT LABOR COS	27,294.48	
INDIRECT LABOR C	219.52	
OPERATING SUPPLI	4,261.11	
PAYROLL TAX EXPE	3,345.48	
WATER ANALYSIS T	658.08	
EQUIPMENT LEASE	5,146.98	
EQUIPMENT REPAIR	10,262.25	
PEST CONTROL	95.00	
UTILITIES EXPENSE	4,146.29	
COST OF SALES-PL	4,120.00	
COST OF SALES-FR	9,700.53	
PURCHASE DISCOU	-1,931.47	
TOTAL COST OF SAI	249,463.08	
GROSS PROFIT	95,653.02	
EXPENSES		
ADVERTISING EXPE	85	
AUTO EXPENSE	758.85	
CHARITABLE CONTI	270.5	
COMMISSIONS AND FI	0.00	
DUES AND SUBSCR	0.00	
INSURANCE- GENE	5,648.41	
INSURANCE- WORK	1,554.29	
INTEREST EXPENSE	1,486.15	
LEGAL AND ACCOU	1,862.98	
MEALS AND ENTER	382.53	
OFFICE EXPENSE	500.74	
TAXES-BUSINESS A	0.00	
PAYROLL TAX EXPE	600.36	
REPAIR & MAINTEN	1,623.65	
SALARIES - OFFICE	7,848.00	
SECURITY	0	
SUPPLIES EXPENSE	285.51	
TELEPHONE EXPEN	894.14	
TRAVEL EXPENSE	765.89	
WAGES - OFFICE	3,374.00	
OTHER EXPENSE	0.00	
TOTAL EXPENSES	27,941.00	
NET INCO \$	67,712.02	\$
FOR MANAGEMENT PURPOSES ONLY		

Hickory Springs Water Company, Inc.
Income Statement
For the Five Months Ending May 31, 2003

	Current Month	Year to Date		
REVENUES				
BRAND-PET SALES	4,694.11	1.38	24,045.67	1.82
BRAND-GALLON SAI	10,033.13	2.91	34,740.57	2.34
BRAND-SALES DISC	-845.33	-0.19	-4,458.25	-0.3
PRIVATE LABEL-PEI	18,619.20	5.4	34,083.00	2.3
PRIVATE LABEL-GAI	304,111.92	88.12	#####	91.72
PRIVATE LABEL-SAI	-4,064.56	-1.18	#####	-1.76
REFILLS-5/6 GALLON	9,531.70	2.78	52,346.26	3.53
5 GALLON BOTTLE	2,814.25	0.76	6,226.00	0.42
SALES RETURNS/D/	-1,019.46	-0.3	-4,108.73	-0.28
SALES CASH DISCO	0.00	0	-15.75	0
MISCELLANEOUS IN	1,241.12	0.36	5,923.19	0.4
TOTAL REVENUES	345,116.08	100	#####	100
COST OF SALES				
COST OF GOODS S	182,144.83	52.78	#####	52.98
DIRECT LABOR COS	27,294.48	7.91	#####	8.72
INDIRECT LABOR C	219.52	0.06	1,185.20	0.08
OPERATING SUPPLI	4,261.11	1.23	30,983.02	2.09
PAYROLL TAX EXPE	3,345.48	0.97	19,048.05	1.28
WATER ANALYSIS T	658.08	0.19	3,513.93	0.24
EQUIPMENT LEASE	5,146.98	1.49	22,768.50	1.54
EQUIPMENT REPAIR	10,262.25	2.97	45,271.39	3.05
PEST CONTROL	95.00	0.03	515.00	0.03
UTILITIES EXPENSE	4,146.29	1.2	19,226.15	1.3
COST OF SALES-PL	4,120.00	1.19	22,082.00	1.49
COST OF SALES-FR	9,700.53	2.81	47,808.18	3.22
PURCHASE DISCOU	-1,931.47	-0.56	#####	-0.7
TOTAL COST OF SAI	249,463.08	72.28	#####	75.32
GROSS PROFIT	95,653.02	27.72	#####	24.68
EXPENSES				
ADVERTISING EXPE	85	0.02	335.00	0.02
AUTO EXPENSE	758.85	0.22	2,213.04	0.15
BANK FEES	67,712.02	0.02	206.27	0.01
CHARITABLE CONTI	270.5	0.08	370.5	0.02
COMMISSIONS AND FI	0.00	0	651.00	0.04
DUES AND SUBSCR	0.00	0	370.00	0.02
INSURANCE- GENE	5,648.41	1.84	19,335.32	1.3
INSURANCE- WORK	1,554.29	0.45	7,771.45	0.52
INTEREST EXPENSE	1,486.15	0.43	7,343.60	0.5
LEGAL AND ACCOU	1,800.00	0.52	2,200.00	0.15
MEALS AND ENTER	382.53	0.11	2,717.92	0.18
OFFICE EXPENSE	500.74	0.15	2,768.62	0.19
TAXES-BUSINESS A	0.00	0	-2,234.16	-0.15
PAYROLL TAX EXPE	600.36	0.17	4,252.41	0.29
REPAIR & MAINTEN	1,623.65	0.47	17,320.58	1.17
SALARIES - OFFICE	7,848.00	2.27	39,637.00	2.67
SECURITY	0	0	198.00	0.01
SUPPLIES EXPENSE	285.51	0.08	1,612.07	0.11
TELEPHONE EXPEN	894.14	0.26	3,469.15	0.23
TRAVEL EXPENSE	765.89	0.22	5,147.07	0.35
WAGES - OFFICE	3,374.00	0.98	16,825.20	1.13
TOTAL EXPENSES	27,941.00	8.1	#####	8.94
NET INCO \$	67,712.02	19.62 \$	#####	15.75
FOR MANAGEMENT PURPOSES ONLY				

Hickory Springs Water Company, Inc.
Income Statement
June

	Current Month	Year to Date
REVENUES		
BRAND-PET SALES	5,540.18	1.15
BRAND-GALLON SAI	7,338.43	2.35
BRAND-SALES DISC	-1,039.13	<0.37>
PRIVATE LABEL-PET	7,216.00	0.79
PRIVATE LABEL-GAI	293,122.48	91.97
PRIVATE LABEL-SAL	-4,113.36	<0.88>
REFILLS-5/6 GALLOI	10,134.84	4.61
5 GALLON BOTTLE	1,794.50	0.83
SALES RETURNS/DI	633.68	0
MISCELLANEOUS IN	619.15	<0.45>
TOTAL REVENUES	321,246.77	100

COST OF SALES		
COST OF GOODS S	166,319.76	44.88
DIRECT LABOR COS	27,549.74	14.13
INDIRECT LABOR C	56.40	
OPERATING SUPPLI	4,345.60	0.35
PAYROLL TAX EXPE	2,997.10	2.18
WATER ANALYSIS T	4,751.58	0.17
EQUIPMENT LEASE	5,516.28	0.32
EQUIPMENT REPAIR	16,413.86	6.7
PEST CONTROL	95.00	0
UTILITIES EXPENSE	8,537.52	2.72
COST OF SALES-PL	4,160.00	2.45
COST OF SALES-FRI	9,280.77	2.91
PURCHASE DISCOU	-1,743.04	<0.78>
TOTAL COST OF SAI	248,280.57	76.02
GROSS PROFIT	72,966.20	23.98
EXPENSES		
ADVERTISING EXPE	0	0
AUTO EXPENSE	304	0.13
Charitable	77.6	
COMMISSIONS AND FI	0	0.18
DUES AND SUBSCRI	150	0
INSURANCE- GENE	3845.26	0.65
INSURANCE- WORK	0	0.95
INTEREST EXPENSE	1372.06	0.94
LEGAL AND ACCOUI	0	0
MEALS AND ENTER	902.25	0.67
OFFICE EXPENSE	897.62	0.1
TAXES-BUSINESS AI	89.6	0
PAYROLL TAX EXPE	600.36	0.22
REPAIR & MAINTEN	577.35	7.8
SALARIES - OFFICE	7848	2.88
SECURITY	0	0
SUPPLIES EXPENSE	589.8	0.37
TELEPHONE EXPEN	1825.95	0.4
TRAVEL EXPENSE	901.46	0.64
WAGES - OFFICE	3412	2.04
OTHER EXPENSE	246.5	0 \$
TOTAL EXPENSES	23,639.81	17.97
NET INCO \$	49,326.39	8.01
FOR MANAGEMENT PURPOSES ONLY		

Hickory Springs Water Company, Inc.
Income Statement
June

	Current Month	Year to Date
REVENUES		
BRAND-PET SALES	5,540.18	
BRAND-GALLON SAI	7,338.43	
BRAND-SALES DISC	-1,039.13	
PRIVATE LABEL-PET	7,216.00	
PRIVATE LABEL-GAI	293,122.48	
PRIVATE LABEL-SAL	-4,113.36	
REFILLS-5/6 GALLOI	10,134.84	
5 GALLON BOTTLE	1,794.50	
SALES RETURNS/DI	633.68	
MISCELLANEOUS IN	619.15	
TOTAL REVENUES	321,246.77	
COST OF SALES		
COST OF GOODS S	166,319.76	
DIRECT LABOR COS	27,549.74	
INDIRECT LABOR C	56.40	
OPERATING SUPPLI	4,345.60	
PAYROLL TAX EXPE	2,997.10	
WATER ANALYSIS T	4,751.58	
EQUIPMENT LEASE	5,516.28	
EQUIPMENT REPAIR	16,413.86	
PEST CONTROL	95.00	
UTILITIES EXPENSE	8,537.52	
COST OF SALES-PL	4,160.00	
COST OF SALES-FR	9,280.77	
PURCHASE DISCOU	-1,743.04	
TOTAL COST OF SA	248,280.57	
GROSS PROFIT	72,966.20	
EXPENSES		
ADVERTISING EXPE	0	
AUTO EXPENSE	304	
CHARITABLE CONTI	77.6	
COMMISSIONS AND FI	0	
DUES AND SUBSCR	150	
INSURANCE- GENE	3845.26	
INSURANCE- WORK	0	
INTEREST EXPENSE	1372.06	
LEGAL AND ACCOUI	0	
MEALS AND ENTER	902.25	
OFFICE EXPENSE	897.62	
TAXES-BUSINESS AI	89.60	
PAYROLL TAX EXPE	600.36	
REPAIR & MAINTEN	577.35	
SALARIES - OFFICE	7,848.00	
SECURITY	0.00	
SUPPLIES EXPENSE	589.80	
TELEPHONE EXPEN	1,825.95	
TRAVEL EXPENSE	901.46	
WAGES - OFFICE	3,412.00	
OTHER EXPENSE	246.50	
TOTAL EXPENSES	23,639.81	
NET INCO \$	49,326.39 \$	
FOR MANAGEMENT PURPOSES ONLY		

Hickory Springs Water Company, Inc.
Income Statement
For the Six Months Ending June 30, 2003

	Current Month	Year to Date		Year to Date
REVENUES				
BRAND-PET SALES	5,540.18	1.72	29,585.85	1.64
BRAND-GALLON SAI	7,338.43	2.28	42,079.00	2.33
BRAND-SALES DISC	-1,039.13	-0.32	-5,497.38	-0.3
PRIVATE LABEL-PET	7,216.00	2.25	41,309.00	2.29
PRIVATE LABEL-GAI	293,122.48	91.25	*****	91.64
PRIVATE LABEL-SAL	-4,113.36	-1.28	*****	-1.67
REFILLS-5/6 GALLOI	10,134.84	3.15	62,481.10	3.46
5 GALLON BOTTLE	1,794.50	0.56	8,020.50	0.44
SALES RETURNS/DI	633.68	0.2	-3,475.05	-0.19
SALES CASH DISCO	-16.20	-0.01	-31.95	0
MISCELLANEOUS IN	635.35	0.2	6,558.54	0.36
TOTAL REVENUES	321,246.77	100	*****	100
COST OF SALES				
COST OF GOODS S	166,319.76	51.77	*****	52.77
DIRECT LABOR COS	27,549.74	8.58	*****	8.69
INDIRECT LABOR C	56.40	0.02	1,241.60	0.07
OPERATING SUPPLI	4,345.60	1.35	35,328.62	1.98
PAYROLL TAX EXPE	2,997.10	0.93	22,045.15	1.22
WATER ANALYSIS T	4,751.58	1.48	8,265.51	0.46
EQUIPMENT LEASE	5,516.28	1.72	28,284.78	1.57
EQUIPMENT REPAIR	16,413.86	5.11	61,685.25	3.42
PEST CONTROL	95.00	0.03	610.00	0.03
UTILITIES EXPENSE	8,537.52	2.66	27,763.67	1.54
COST OF SALES-PL	4,160.00	1.29	26,242.00	1.45
COST OF SALES-FR	9,280.77	2.89	57,086.93	3.16
PURCHASE DISCOU	-1,743.04	-0.54	*****	-0.67
TOTAL COST OF SA	248,280.57	77.29	*****	75.67
GROSS PROFIT	72,966.20	22.71	*****	24.33
EXPENSES				
ADVERTISING EXPE	0	0	335.00	0.02
AUTO EXPENSE	304	0.09	2,517.04	0.14
BANK FEES	7,969.13	0.05	352.77	0.02
CHARITABLE CONTI	77.8	0.02	448.1	0.02
COMMISSIONS AND FI	0.00	0	651.00	0.04
DUES AND SUBSCR	150.00	0.05	520.00	0.03
INSURANCE- GENE	3,845.26	1.2	23,180.58	1.28
INSURANCE- WORK	0.00	0	7,771.45	0.43
INTEREST EXPENSE	1,372.06	0.43	8,715.66	0.48
LEGAL AND ACCOUI	0.00	0	2,200.00	0.12
MEALS AND ENTER	902.25	0.28	3,620.17	0.2
OFFICE EXPENSE	897.62	0.28	3,666.24	0.2
TAXES-BUSINESS AI	89.60	0.03	-2,144.56	-0.12
PAYROLL TAX EXPE	600.36	0.19	4,852.77	0.27
REPAIR & MAINTEN	577.35	0.18	17,897.91	0.99
SALARIES - OFFICE	7,848.00	2.44	47,485.00	2.63
SECURITY	0.00	0	198.00	0.01
SUPPLIES EXPENSE	589.80	0.18	2,201.87	0.12
TELEPHONE EXPEN	1,825.95	0.57	5,295.10	0.29
TRAVEL EXPENSE	901.46	0.28	6,048.53	0.34
WAGES - OFFICE	3,412.00	1.06	20,237.20	1.12
OTHER EXPENSE	100.00	0.03	100.00	0.01
TOTAL EXPENSES	23,639.81	7.36	*****	8.66
NET INCO \$	49,326.39	15.35 \$	*****	15.68
FOR MANAGEMENT PURPOSES ONLY				

Hickory Springs Water Company, Inc.
Income Statement
July03

	Current Month	Year to Date
REVENUES		
BRAND-PET SALES	5,062.50	1.15
BRAND-GALLON SAI	11,972.82	2.35
BRAND-SALES DISC	-2,304.60	<0.37>
PRIVATE LABEL-PET	4,138.00	0.79
PRIVATE LABEL-GAL	353,705.52	91.97
PRIVATE LABEL-SAL	-16,618.15	<0.88>
REFILLS-5/6 GALLOP	9,114.90	4.61
5 GALLON BOTTLE S	3,253.25	0.63
SALES RETURNS/DA	-1,515.00	0
MISCELLANEOUS IN	1,095.14	<0.45>
TOTAL REVENUES	367,904.38	100

COST OF SALES		
COST OF GOODS S	196,935.44	44.88
DIRECT LABOR COS	38,393.55	14.13
INDIRECT LABOR CO	281.48	
OPERATING SUPPLI	7,287.73	0.35
PAYROLL TAX EXPE	4,015.42	2.18
WATER ANALYSIS T	602.51	0.17
EQUIPMENT LEASE	5,516.28	0.32
EQUIPMENT REPAIR	6,032.42	6.7
PEST CONTROL	95.00	0
UTILITIES EXPENSE	10.50	2.72
COST OF SALES-PL/	5,120.00	2.45
COST OF SALES-FRI	10,750.68	2.91
PURCHASE DISCOU	-3,225.10	<0.78>
TOTAL COST OF SA	271,815.91	76.02
GROSS PROFIT	96,088.47	23.98
EXPENSES		
ADVERTISING EXPE	0	0
AUTO EXPENSE	636.26	0.13
Charitable	20	
COMMISSIONS AND F	-105	0.18
DUES AND SUBSCR	0	0
INSURANCE- GENE	4,041.48	0.65
INSURANCE- WORK	0	0.95
INTEREST EXPENSE	1,688.97	0.94
LEGAL AND ACCOU	0	0
MEALS AND ENTER	968.69	0.67
OFFICE EXPENSE	341.50	0.1
TAXES-BUSINESS A	0	0
PAYROLL TAX EXPE	750.45	0.22
REPAIR & MAINTEN	1,188.06	7.8
SALARIES - OFFICE	9,850.00	2.88
SECURITY	99	0
SUPPLIES EXPENSE	258.36	0.37
TELEPHONE EXPEN	0	0.4
TRAVEL EXPENSE	954.28	0.64
WAGES - OFFICE	4,468.00	2.04
OTHER EXPENSE	393.68	0.5
TOTAL EXPENSES	25,553.73	17.97
NET INCO \$	70,534.74	6.01
FOR MANAGEMENT PURPOSES ONLY		

Hickory Springs Water Company, Inc.
Income Statement
April

	Current Month
REVENUES	
BRAND-PET SALES	5,062.50
BRAND-GALLON SAI	11,972.82
BRAND-SALES DISC	-2,304.60
PRIVATE LABEL-PET	4,138.00
PRIVATE LABEL-GAI	353,705.52
PRIVATE LABEL-SAL	-16,618.15
REFILLS-5/6 GALLOI	9,114.90
5 GALLON BOTTLE I	3,253.25
SALES RETURNS/DA	-1,515.00
MISCELLANEOUS IN	1,095.14
TOTAL REVENUES	367,904.38

COST OF SALES	
COST OF GOODS S	196,935.44
DIRECT LABOR COS	38,393.55
INDIRECT LABOR CI	281.48
OPERATING SUPPLI	7,287.73
PAYROLL TAX EXPE	4,015.42
WATER ANALYSIS T	602.51
EQUIPMENT LEASE	5,516.28
EQUIPMENT REPAIR	6,032.42
PEST CONTROL	95.00
UTILITIES EXPENSE	10.50
COST OF SALES-PL	5,120.00
COST OF SALES-FR	10,750.68
PURCHASE DISCOU	-3,225.10
TOTAL COST OF SA	271,815.91
GROSS PROFIT	96,088.47
EXPENSES	
ADVERTISING EXPE	0
AUTO EXPENSE	636.26
CHARITABLE CONTI	20
COMMISSIONS AND F	-105
DUES AND SUBSCR	0
INSURANCE- GENE	4,041.48
INSURANCE- WORK	0
INTEREST EXPENSE	1,688.97
LEGAL AND ACCOU	0
MEALS AND ENTER	968.69
OFFICE EXPENSE	341.50
TAXES-BUSINESS A	0.00
PAYROLL TAX EXPE	750.45
REPAIR & MAINTEN	1,188.06
SALARIES - OFFICE	9,850.00
SECURITY	99.00
SUPPLIES EXPENSE	258.36
TELEPHONE EXPEN	0.00
TRAVEL EXPENSE	954.28
WAGES - OFFICE	4,468.00
OTHER EXPENSE	393.68
TOTAL EXPENSES	25,553.73
NET INCO \$	70,534.74
FOR MANAGEMENT PURPOSES ONLY	

Hickory Springs Water Company, Inc.
Income Statement
For the Seven Months Ending July 31, 2003

	Current Month	Year to Date		
REVENUES				
BRAND-PET SALES	5,062.50	1.38	34,648.35	1.6
BRAND-GALLON SAI	11,972.82	3.25	54,051.82	2.49
BRAND-SALES DISC	-2,304.60	-0.63	-7,801.98	-0.36
PRIVATE LABEL-PET	4,138.00	1.12	45,447.00	2.09
PRIVATE LABEL-GAI	353,705.52	96.14	2,006,941.36	92.4
PRIVATE LABEL-SAL	-16,618.15	-4.52	-46,813.95	-2.16
REFILLS-5/6 GALLOI	9,114.90	2.48	71,596.00	3.3
5 GALLON BOTTLE I	3,253.25	0.88	11,273.75	0.52
SALES RETURNS/DA	-1,515.00	-0.41	-4,990.05	-0.23
SALES CASH DISCO	-23.40	-0.01	-55.35	0
MISCELLANEOUS IN	1,118.54	0.3	7,677.08	0.35
TOTAL REVENUES	367,904.38	100	2,171,974.03	100
COST OF SALES				
COST OF GOODS S	196,935.44	53.53	1,148,868.66	52.9
DIRECT LABOR COS	38,393.55	10.44	195,197.93	8.99
INDIRECT LABOR CI	281.48	0.08	1,523.08	0.07
OPERATING SUPPLI	7,287.73	1.98	42,616.35	1.96
PAYROLL TAX EXPE	4,015.42	1.09	26,060.57	1.2
WATER ANALYSIS T	602.51	0.16	8,868.02	0.41
EQUIPMENT LEASE	5,516.28	1.5	33,801.06	1.56
EQUIPMENT REPAIR	6,032.42	1.64	67,717.67	3.12
PEST CONTROL	95.00	0.03	705.00	0.03
UTILITIES EXPENSE	10.50	0	27,774.17	1.28
COST OF SALES-PL	5,120.00	1.39	31,362.00	1.44
COST OF SALES-FR	10,750.68	2.92	67,837.81	3.12
PURCHASE DISCOU	-3,225.10	-0.88	-15,401.67	-0.71
TOTAL COST OF SA	271,815.91	73.88	1,636,930.45	75.37
GROSS PROFIT	96,088.47	26.12	535,043.58	24.63
EXPENSES				
ADVERTISING EXPE	0	0	335.00	0.02
AUTO EXPENSE	636.26	0.17	3,153.30	0.15
BANK FEES	341.50	0.01	383.95	0.02
CHARITABLE CONTI	20	0.01	468.1	0.02
COMMISSIONS AND F	-105.00	-0.03	546.00	0.03
DUES AND SUBSCR	0.00	0	520.00	0.02
INSURANCE- GENE	4,041.48	1.1	27,222.06	1.25
INSURANCE- WORK	0.00	0	7,771.45	0.36
INTEREST EXPENSE	1,688.97	0.46	10,404.63	0.48
LEGAL AND ACCOU	0.00	0	2,200.00	0.1
MEALS AND ENTER	968.69	0.26	4,588.86	0.21
OFFICE EXPENSE	341.50	0.09	4,007.74	0.18
TAXES-BUSINESS A	0.00	0	-2,144.56	-0.1
PAYROLL TAX EXPE	750.45	0.2	5,603.22	0.26
REPAIR & MAINTEN	1,188.06	0.32	19,085.97	0.88
SALARIES - OFFICE	9,850.00	2.68	57,335.00	2.64
SECURITY	99.00	0.03	297.00	0.01
SUPPLIES EXPENSE	258.36	0.07	2,480.23	0.11
TELEPHONE EXPEN	0.00	0	5,295.10	0.24
TRAVEL EXPENSE	954.28	0.26	7,002.81	0.32
WAGES - OFFICE	4,468.00	1.21	24,705.20	1.14
OTHER EXPENSE	362.50	0.1	462.50	0.02
TOTAL EXPENSES	25,553.73	6.95	181,703.56	8.37
NET INCO \$	70,534.74	19.17	353,340.02	16.27
FOR MANAGEMENT PURPOSES ONLY				
FOR MANAGEMENT PURPOSES ONLY				

Hickory Springs Water Company, Inc.
Income Statement
3-Mar

	Current Month	Year to Date
REVENUES		
BRAND-PET SALES	10,795.25	1.15
BRAND-GALLON SAI	5,858.43	2.35
BRAND-SALES DISC	-635.22	<0.37>
PRIVATE LABEL-PET	8,284.90	0.79
PRIVATE LABEL-GAL	281,546.84	91.97
PRIVATE LABEL-SAL	-4,743.27	<0.88>
REFILLS-5/6 GALLOI	9,611.75	4.61
5 GALLON BOTTLE	287.50	0.83
SALES RETURNS/D/	-683.47	0
MISCELLANEOUS IN	1,678.30	<0.45>
TOTAL REVENUES	312,001.01	100

COST OF SALES		
COST OF GOODS S	145,672.49	44.88
DIRECT LABOR COS	26,935.35	14.13
INDIRECT LABOR C	2,824.92	
OPERATING SUPPLI	2,032.45	0.35
PAYROLL TAX EXPE	2,873.38	2.18
WATER ANALYSIS T	594.83	0.17
EQUIPMENT LEASE	5,074.48	0.32
EQUIPMENT REPAIR	8,995.65	6.7
PEST CONTROL	95.00	0
UTILITIES EXPENSE	4,981.99	2.72
COST OF SALES-PL	4,080.00	2.45
COST OF SALES-FRI	11,375.00	2.91
PURCHASE DISCOU	-2,685.86	<0.78>
TOTAL COST OF SA	212,849.68	78.02
GROSS PROFIT	99,151.33	23.98
EXPENSES		
ADVERTISING EXPE	0	0
AUTO EXPENSE	317	0.13
Charitable	100	
COMMISSIONS AND FI	0	0.18
DUES AND SUBSCR	500	0
INSURANCE- GENE	4,096.08	0.65
INSURANCE- WORK	4,139	0.95
INTEREST EXPENSE	1,752.71	0.94
LEGAL AND ACCOU	0	0
MEALS AND ENTER	1,377.65	0.67
OFFICE EXPENSE	431.25	0.1
TAXES-BUSINESS AI	281.6	0
PAYROLL TAX EXPE	1,466.48	0.22
REPAIR & MAINTEN	2,433.59	7.8
SALARIES - OFFICE	27,848.00	2.88
SECURITY	0	0
SUPPLIES EXPENSE	376.87	0.37
TELEPHONE EXPEN	1,910.12	0.4
TRAVEL EXPENSE	865.49	0.64
WAGES - OFFICE	3,422.4	2.04
OTHER EXPENSE	80.7	0 \$
TOTAL EXPENSES	51,398.94	17.97
NET INCO \$	47,752.39	6.01
FOR MANAGEMENT PURPOSES ONLY		

Hickory Springs Water Company, Inc.
Income Statement
April

	Current Month	
REVENUES		
BRAND-PET SALES	10,795.25	
BRAND-GALLON SAI	5,858.43	
BRAND-SALES DISC	-635.22	
PRIVATE LABEL-PET	8,284.90	
PRIVATE LABEL-GAI	281,546.84	
PRIVATE LABEL-SAL	-4,743.27	
REFILLS-5/6 GALLOI	9,611.75	
5 GALLON BOTTLE	287.50	
SALES RETURNS/D/	-683.47	
MISCELLANEOUS IN	1,678.30	
TOTAL REVENUES	312,001.01	
COST OF SALES		
COST OF GOODS S	145,672.49	
DIRECT LABOR COS	26,935.35	
INDIRECT LABOR C	2,824.92	
OPERATING SUPPLI	2,032.45	
PAYROLL TAX EXPE	2,873.38	
WATER ANALYSIS T	594.83	
EQUIPMENT LEASE	5,074.48	
EQUIPMENT REPAIR	8,995.65	
PEST CONTROL	95.00	
UTILITIES EXPENSE	4,981.99	
COST OF SALES-PL	4,080.00	
COST OF SALES-FR	11,375.00	
PURCHASE DISCOU	-2,685.86	
TOTAL COST OF SA	212,849.68	
GROSS PROFIT	99,151.33	
EXPENSES		
ADVERTISING EXPE	0	
AUTO EXPENSE	317	
CHARITABLE CONTI	100	
COMMISSIONS AND FI	0	
DUES AND SUBSCR	500	
INSURANCE- GENE	4,096.08	
INSURANCE- WORK	4,139	
INTEREST EXPENSE	1,752.71	
LEGAL AND ACCOU	0	
MEALS AND ENTER	1,377.65	
OFFICE EXPENSE	431.25	
TAXES-BUSINESS AI	281.60	
PAYROLL TAX EXPE	1,466.48	
REPAIR & MAINTEN	2,433.59	
SALARIES - OFFICE	27,848.00	
SECURITY	0.00	
SUPPLIES EXPENSE	376.87	
TELEPHONE EXPEN	1,910.12	
TRAVEL EXPENSE	865.49	
WAGES - OFFICE	3,422.40	
OTHER EXPENSE	80.70	
TOTAL EXPENSES	51,398.94	
NET INCO \$	47,752.39 \$	
FOR MANAGEMENT PURPOSES ONLY		

Hickory Springs Water Company, Inc.
Income Statement
For the Eight Months Ending August 31, 2003

	Current Month	Year to Date	
REVENUES			
BRAND-PET SALES	10,795.25	3.46	45,443.60
BRAND-GALLON SAI	5,858.43	1.88	59,910.25
BRAND-SALES DISC	-635.22	-0.2	-8,437.20
PRIVATE LABEL-PET	8,284.90	2.66	53,731.90
PRIVATE LABEL-GAI	281,546.84	90.24	2,288,488.20
PRIVATE LABEL-SAL	-4,743.27	-1.52	-51,557.22
REFILLS-5/6 GALLOI	9,611.75	3.08	81,207.75
5 GALLON BOTTLE	287.50	0.09	11,561.25
SALES RETURNS/D/	-683.47	-0.22	-5,673.52
SALES CASH DISCO	-16.20	-0.01	-71.55
MISCELLANEOUS IN	1,694.50	0.54	9,371.58
TOTAL REVENUES	312,001.01	100	2,483,975.04
COST OF SALES			
COST OF GOODS S	145,672.49	46.69	1,294,541.15
DIRECT LABOR COS	26,935.35	8.63	222,133.28
INDIRECT LABOR C	2,824.92	0.91	4,348.00
OPERATING SUPPLI	2,032.45	0.65	44,648.80
PAYROLL TAX EXPE	2,873.38	0.92	28,933.95
WATER ANALYSIS T	594.83	0.19	9,462.85
EQUIPMENT LEASE	5,074.48	1.63	38,875.54
EQUIPMENT REPAIR	8,995.65	2.88	76,713.32
PEST CONTROL	95.00	0.03	800.00
UTILITIES EXPENSE	4,981.99	1.6	32,756.16
COST OF SALES-PL	4,080.00	1.31	35,442.00
COST OF SALES-FR	11,375.00	3.65	79,212.61
PURCHASE DISCOU	-2,685.86	-0.86	-18,087.53
TOTAL COST OF SA	212,849.68	68.22	1,849,780.13
GROSS PROFIT	99,151.33	31.78	634,194.91
EXPENSES			
ADVERTISING EXPE	0	0	335.00
AUTO EXPENSE	317	0.1	3,470.30
BANK FEES	0.00	0.02	455.75
CHARITABLE CONTI	100	0.03	568.1
COMMISSIONS AND FI	0.00	0	546.00
DUES AND SUBSCR	500.00	0.16	1,020.00
INSURANCE- GENE	4,096.08	1.31	31,318.14
INSURANCE- WORK	4,139.00	1.33	11,910.45
INTEREST EXPENSE	1,752.71	0.56	12,157.34
LEGAL AND ACCOU	0.00	0	2,200.00
MEALS AND ENTER	1,377.65	0.44	5,966.51
OFFICE EXPENSE	431.25	0.14	4,438.99
TAXES-BUSINESS AI	281.60	0.09	-1,862.96
PAYROLL TAX EXPE	1,466.48	0.47	7,069.70
REPAIR & MAINTEN	2,433.59	0.78	21,519.56
SALARIES - OFFICE	27,848.00	8.93	85,183.00
SECURITY	0.00	0	297.00
SUPPLIES EXPENSE	376.87	0.12	2,837.10
TELEPHONE EXPEN	1,910.12	0.61	7,205.22
TRAVEL EXPENSE	865.49	0.28	7,968.30
WAGES - OFFICE	3,422.40	1.1	28,127.60
OTHER EXPENSE	80.90	0	471.40
TOTAL EXPENSES	51,398.94	16.47	233,102.50
NET INCO \$	47,752.39	15.31 \$	401,092.41
FOR MANAGEMENT PURPOSES ONLY			
FOR MANAGEMENT PURPOSES ONLY			

Hickory Springs Water Company, Inc.
Income Statement
For the Nine Months Ending September 30, 2003

	Current Month	Year to Date
REVENUES		
BRAND-PET SALES	27,093.85	1.15
BRAND-GALLON SAI	7,175.94	2.35
BRAND-SALES DISC	-1,750.25	<0.37>
PRIVATE LABEL-PET	11,413.00	0.79
PRIVATE LABEL-GAL	426,326.44	91.97
PRIVATE LABEL-SAL	-3,028.72	<0.88>
REFILLS-5/6 GALLON	8,542.60	4.61
5 GALLON BOTTLE	1,639.75	0.83
SALES RETURNS/DI	-658.43	0
MISCELLANEOUS IN	632.07	<0.45>
TOTAL REVENUES	477,386.25	100

COST OF SALES		
COST OF GOODS S	262,614.05	44.88
DIRECT LABOR COS	31,367.37	14.13
INDIRECT LABOR C	6,295.95	
OPERATING SUPPLI	3,647.93	0.35
PAYROLL TAX EXPE	3,333.49	2.18
WATER ANALYSIS T	1,680.20	0.17
EQUIPMENT LEASE	4,628.16	0.32
EQUIPMENT REPAIR	4,352.58	6.7
PEST CONTROL	95.00	0
UTILITIES EXPENSE	5,699.89	2.72
COST OF SALES-PL	4,000.00	2.45
COST OF SALES-FRI	14,962.22	2.91
PURCHASE DISCOU	-3,197.63	<0.78>
TOTAL COST OF SAI	339,479.21	76.02
GROSS PROFIT	137,907.04	23.98
EXPENSES		
ADVERTISING EXPE	0	0
AUTO EXPENSE	816.55	0.13
Charitable	0	
COMMISSIONS AND FI	0	0.18
DUES AND SUBSCR	30	0
INSURANCE- GENE	4,051.65	0.65
INSURANCE- WORK	1,838.97	0.95
INTEREST EXPENSE	1,809.28	0.94
LEGAL AND ACCOU	300	0
MEALS AND ENTER	1,142.3	0.67
OFFICE EXPENSE	2,675.46	0.1
TAXES-BUSINESS AI	0	0
PAYROLL TAX EXPE	113.80	0.22
REPAIR & MAINTEN	1,883.05	7.8
SALARIES - OFFICE	7,848.00	2.88
SECURITY	0	0
SUPPLIES EXPENSE	21.20	0.37
TELEPHONE EXPEN	173.03	0.4
TRAVEL EXPENSE	1,705.34	0.64
WAGES - OFFICE	4,006.00	2.04
OTHER EXPENSE	-2357.49	0 \$
TOTAL EXPENSES	30,772.12	17.97
NET INCO \$	107,134.92	6.01
FOR MANAGEMENT PURPOSES ONLY		

Hickory Springs Water Company, Inc.
Income Statement
For the Nine Months Ending September 30, 2003

	Current Month	Year to Date
REVENUES		
BRAND-PET SALES	27,093.85	5.68
BRAND-GALLON SAI	7,175.94	1.5
BRAND-SALES DISC	-1,750.25	-0.37
PRIVATE LABEL-PET	11,413.00	2.39
PRIVATE LABEL-GAI	426,326.44	89.3
PRIVATE LABEL-SAL	-3,028.72	-0.63
REFILLS-5/6 GALLON	8,542.60	1.79
5 GALLON BOTTLE	1,639.75	0.34
SALES RETURNS/DI	-658.43	-0.14
SALES CASH DISCO	-35.00	-0.01
MISCELLANEOUS IN	667.07	0.14
TOTAL REVENUES	477,386.25	100

COST OF SALES		
COST OF GOODS S	262,614.05	55.01
DIRECT LABOR COS	31,367.37	6.57
INDIRECT LABOR C	6,295.95	1.32
OPERATING SUPPLI	3,647.93	0.76
PAYROLL TAX EXPE	3,333.49	0.7
WATER ANALYSIS T	1,680.20	0.35
EQUIPMENT LEASE	4,628.16	0.97
EQUIPMENT REPAIR	4,352.58	0.91
PEST CONTROL	95.00	0.02
UTILITIES EXPENSE	5,699.89	1.19
COST OF SALES-PL	4,000.00	0.84
COST OF SALES-FR	14,962.22	3.13
PURCHASE DISCOU	-3,197.63	-0.67
TOTAL COST OF SA	339,479.21	71.11
GROSS PROFIT	137,907.04	28.89
EXPENSES		
ADVERTISING EXPE	0	0
AUTO EXPENSE	816.55	0.17
CHARITABLE CONT	0	
COMMISSIONS AND FI	0	0
DUES AND SUBSCR	30	0
INSURANCE- GENE	4,051.65	0.00
INSURANCE- WORK	1,838.97	0.01
INTEREST EXPENSE	1,809.28	0.01
LEGAL AND ACCOU	300	0.06
MEALS AND ENTER	1,142.30	0.24
OFFICE EXPENSE	2,675.46	0.56
TAXES-BUSINESS AI	0	0
PAYROLL TAX EXPE	113.80	0.02
REPAIR & MAINTEN	1,883.05	0.39
SALARIES - OFFICE	7,848.00	1.64
SECURITY	0	0
SUPPLIES EXPENSE	21.20	0
TELEPHONE EXPEN	173.03	0.04
TRAVEL EXPENSE	1,705.34	0.36
WAGES - OFFICE	4,006.00	0.84
OTHER EXPENSE	2,344.78	0.49
TOTAL EXPENSES	30,772.12	6.45
NET INCO \$	107,134.92	22.44 \$
FOR MANAGEMENT PURPOSES ONLY		
XyxyxyxyxyxyXXXXXXXXXXXX		

	Current Month	Year to Date		
REVENUES				
BRAND-PET SALES	27,093.85	5.68	72,537.45	2.45
BRAND-GALLON SAI	7,175.94	1.5	67,086.19	2.27
BRAND-SALES DISC	-1,750.25	-0.37	-10,187.45	-0.34
PRIVATE LABEL-PET	11,413.00	2.39	65,144.90	2.2
PRIVATE LABEL-GAI	426,326.44	89.3	2,714,814.64	91.67
PRIVATE LABEL-SAL	-3,028.72	-0.63	-54,585.94	-1.84
REFILLS-5/6 GALLON	8,542.60	1.79	89,750.35	3.03
5 GALLON BOTTLE	1,639.75	0.34	13,201.00	0.45
SALES RETURNS/DI	-658.43	-0.14	-6,331.95	-0.21
SALES CASH DISCO	-35.00	-0.01	-106.55	0
MISCELLANEOUS IN	667.07	0.14	10,038.65	0.34
TOTAL REVENUES	477,386.25	100	2,961,361.29	100
COST OF SALES				
COST OF GOODS S	262,614.05	55.01	1,557,155.20	52.58
DIRECT LABOR COS	31,367.37	6.57	253,500.65	8.56
INDIRECT LABOR C	6,295.95	1.32	10,643.95	0.36
OPERATING SUPPLI	3,647.93	0.76	48,296.73	1.63
PAYROLL TAX EXPE	3,333.49	0.7	32,267.44	1.09
WATER ANALYSIS T	1,680.20	0.35	11,143.05	0.38
EQUIPMENT LEASE	4,628.16	0.97	43,503.70	1.47
EQUIPMENT REPAIR	4,352.58	0.91	81,065.90	2.74
PEST CONTROL	95.00	0.02	895.00	0.03
UTILITIES EXPENSE	5,699.89	1.19	38,456.05	1.3
COST OF SALES-PL	4,000.00	0.84	39,442.00	1.33
COST OF SALES-FR	14,962.22	3.13	94,174.83	3.18
PURCHASE DISCOU	-3,197.63	-0.67	-21,285.16	-0.72
TOTAL COST OF SA	339,479.21	71.11	2,189,259.34	73.93
GROSS PROFIT	137,907.04	28.89	772,101.95	26.07
EXPENSES				
ADVERTISING EXPE	0	0	335.00	0.01
AUTO EXPENSE	816.55	0.17	4,286.85	0.14
BANK FEES	0	0	468.46	0.02
CHARITABLE CONT	0	0	568.1	0.02
COMMISSIONS AND FI	0	0	546.00	0.02
DUES AND SUBSCR	30	0.01	1,050.00	0.04
INSURANCE- GENE	4,051.65	0.85	35,369.79	1.19
INSURANCE- WORK	1,838.97	0.39	13,749.42	0.46
INTEREST EXPENSE	1,809.28	0.38	13,966.62	0.47
LEGAL AND ACCOU	300	0.06	2,500.00	0.08
MEALS AND ENTER	1,142.30	0.24	7,108.81	0.24
OFFICE EXPENSE	2,675.46	0.56	7,114.45	0.24
TAXES-BUSINESS AI	0	0	-1,862.96	-0.06
PAYROLL TAX EXPE	113.80	0.02	7,183.50	0.24
REPAIR & MAINTEN	1,883.05	0.39	23,402.61	0.79
SALARIES - OFFICE	7,848.00	1.64	93,031.00	3.14
SECURITY	0	0	297.00	0.01
SUPPLIES EXPENSE	21.20	0	2,858.30	0.1
TELEPHONE EXPEN	173.03	0.04	7,378.25	0.25
TRAVEL EXPENSE	1,705.34	0.36	9,573.64	0.32
WAGES - OFFICE	4,006.00	0.84	32,133.60	1.09
OTHER EXPENSE	2,344.78	0.49	2,816.18	0.1
TOTAL EXPENSES	30,772.12	6.45	263,874.62	8.91
NET INCO \$	107,134.92	22.44 \$	508,227.33	17.16
FOR MANAGEMENT PURPOSES ONLY				

Hickory Springs Water Company, Inc.

Income Statement

PERLIMINARY - UNAUDITED - MANAGEMENT PURPOSES ONLY

For the Eleven Months Ending November 30, 2003

Revenues	NovYTD03	NovYTD02
BRAND-PET SALES	76,892	172,096
BRAND-GALLON SALES	72,115	189,363
BRAND SALES DISCOUNTS	(11,412)	(37,120)
PRIVATE LABEL-PET SALES	72,022	21,060
PRIVATE LABEL GALLON SALES	3,115,410	2,726,917
PRIVATE LABEL SALES DISCOUNTS	(70,484)	(71,565)
REFILLS-5/6 GALLON	102,614	212,970
5 GALLON BOTTLE SALES	15,394	37,186
SALES RETURNS/DAMAGES	(7,071)	(49,915)
SALES CASH DISCOUNTS	(107)	(1,600)
MISCELLANEOUS INCOME	10,512	10,225
Total Revenues	3,375,884	3,239,618

Cost of Sales		
COST OF GOODS SOLD	1,766,708	1,593,197
DIRECT LABOR COSTS	304,247	277,404
INDIRECT LABOR COSTS	11,641	40,398
OPERATING SUPPLIES	51,405	65,133
PAYROLL TAX EXPENSE	37,931	34,070
WATER ANALYSIS TESTS	12,274	13,416
EQUIPMENT LEASE	52,304	5,679
EQUIPMENT REPAIRS & MAINT.	95,876	223,035
PEST CONTROL	1,085	1,689
UTILITIES EXPENSE	48,474	48,594
COST OF SALES-PLANT PROD.	48,442	45,300
COST OF SALES-FREIGHT	103,645	151,016
COST OF SALES-OTHER	0	1,745
PURCHASE DISCOUNTS	(24,653)	(11,461)
Total Cost of Sales	2,509,378	2,489,217
Gross Profit	866,505	750,402

Expenses		
ADVERTISING EXPENSE	1,335	745
AMORTIZATION EXPENSE	0	0
AUTO EXPENSE	5,021	6,521
BAD DEBT EXPENSE	0	2,811
BANK FEES	522	0
CHARITABLE CONTRIBUTION	4,447	1,694
COMMISSIONS AND FEES	546	6,372
DEPRECIATION	0	0
DUES AND SUBSCRIPTIONS	1,050	1,960
INSURANCE- GENERAL	43,241	40,052
INSURANCE- WORKERS COMP	20,180	15,740
INTEREST EXPENSE	17,556	31,534
LEGAL AND ACCOUNTING	2,500	7,173
MEALS AND ENTERTAINMENT	10,667	5,296
OFFICE EXPENSE	10,291	5,480
TAXES-BUSINESS AND PROPERTY	13,949	24,408
PAYROLL TAX EXPENSE	7,469	6,479
REPAIR & MAINTENANCE EXPENSE	26,710	20,573
SALARIES- OFFICERS	112,689	81,467
SECURITY	396	396
SUPPLIES EXPENSE	3,313	5,681
TELEPHONE EXPENSE	9,223	7,812
TRAVEL EXPENSE	12,015	13,326
WAGES - OFFICE	39,248	35,071
OTHER EXPENSE	1,550	0
PURCHASE DISCOUNTS	0	(112)
Total Expenses	343,915	320,480
Net Income	522,590	\$ 429,922
ADD Interest Expense	17,556	31,534
EBITDA	540,146	461,456

For Management Purposes Only

Hansen NovYTD03 EBITDA1(1).xls5/24/2004



Hickory Springs Water Company, Inc.

Income Statement - Year-to-Date September 2003

FOR MANAGEMENT PURPOSES ONLY-PRELIMINARY*UNAUDITED

	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	YTD-03
REVENUES										
BRAND-PET SALES	3,750	2,742	5,336	7,523	4,894	5,540	5,053	10,795	27,094	72,537
BRAND-GALLON SALES	2,710	5,124	5,056	11,818	10,033	7,338	11,973	5,858	7,176	67,086
BRAND-SALES DISCOUNTS	(755)	(882)	(465)	(1,910)	(645)	(1,039)	(2,305)	(835)	(1,750)	(10,187)
PRIVATE LABEL-PET SALES	2,592	1,296	1,944	9,642	18,619	7,216	4,138	8,285	11,413	65,145
PRIVATE LABEL-GALLON SALES	262,081	256,344	253,188	284,389	304,112	293,122	353,708	281,547	426,326	2,714,815
PRIVATE LABEL-SALES DISCOUNTS	(1,727)	(3,163)	(3,288)	(13,840)	(4,065)	(4,113)	(16,618)	(4,743)	(3,029)	(54,586)
REFILLS 5/6 GALLON	12,736	10,834	10,886	8,357	9,532	10,135	9,115	9,612	8,543	89,750
5 GALLON BOTTLE SALES	638	1,442	368	1,165	2,614	1,795	3,253	288	1,640	13,201
SALES RETURNS/DAMAGES	(218)	(173)	(1,859)	(839)	(1,019)	634	(1,515)	(683)	(658)	(6,332)
MISCELLANEOUS INCOME	155	(756)	4,748	520	1,241	619	1,095	1,678	632	9,932
TOTAL REVENUES	281,962	273,008	275,913	306,824	345,116	321,247	367,904	312,001	477,386	2,961,381
COST OF SALES										
COST OF GOODS SOLD	148,257	145,360	130,951	178,900	182,145	166,320	196,935	145,672	262,614	1,557,155
DIRECT LABOR COSTS	15,481	23,058	27,607	35,814	27,294	27,550	38,394	26,935	31,367	253,501
INDIRECT LABOR COSTS	0	430	150	386	220	56	281	2,825	6,296	10,644
OPERATING SUPPLIES	6,024	4,093	8,055	8,550	4,261	4,346	7,288	2,032	3,648	48,297
PAYROLL TAX EXPENSE	3,610	3,561	3,789	4,743	3,345	2,997	4,015	2,873	3,333	32,267
WATER ANALYSIS TESTS	554	1,027	612	662	658	4,752	603	595	1,680	11,143
EQUIPMENT LEASE	3,284	2,785	6,036	5,516	5,147	5,516	5,516	5,074	4,628	43,504
EQUIPMENT REPAIRS & MAINT.	8,296	15,683	8,029	5,002	10,262	18,414	6,032	8,996	4,353	81,066
PEST CONTROL	95	95	115	115	95	95	95	95	95	895
UTILITIES EXPENSE	2,000	4,435	4,424	4,221	4,146	6,538	11	4,982	5,700	38,456
COST OF SALES-PLANT PROD.	4,962	4,000	4,000	5,000	4,120	4,160	5,120	4,080	4,000	39,442
COST OF SALES-FREIGHT	9,358	9,439	8,520	10,788	9,701	9,281	10,751	11,375	14,962	94,175
PURCHASE DISCOUNTS	(1,757)	(1,870)	(2,238)	(2,637)	(1,931)	(1,743)	(3,225)	(2,686)	(3,198)	(21,285)
TOTAL COST OF SALES	198,165	212,096	200,050	257,060	249,463	248,281	271,816	212,850	339,479	2,189,259
GROSS PROFIT	83,798	60,912	75,863	49,763	95,653	72,966	96,088	99,151	137,907	772,102
EXPENSES										
ADVERTISING EXPENSE	250	0	0	0	85	0	0	0	0	335
AUTO EXPENSE	500	210	387	358	759	304	636	317	817	4,287
CHARITABLE CONTRIBUTION	0	50	50	0	271	78	20	100	0	568
COMMISSIONS AND FEES	351	300	0	0	0	0	(105)	0	0	546
DUES AND SUBSCRIPTIONS	370	0	0	0	0	150	0	500	30	1,050
INSURANCE- GENERAL	933	8,611	974	3,169	5,648	3,845	4,041	4,096	4,052	35,370
INSURANCE- WORKERS COMP.	1,554	1,554	1,554	1,554	1,554	0	0	4,139	1,639	13,749
INTEREST EXPENSE	1,529	1,372	1,508	1,448	1,486	1,372	1,689	1,753	1,809	13,967
LEGAL AND ACCOUNTING	400	0	0	0	1,863	0	0	0	300	2,563
MEALS AND ENTERTAINMENT	218	1,138	189	791	383	902	969	1,378	1,142	7,109
OFFICE EXPENSE	445	183	394	1,246	501	898	342	431	2,675	7,114
TAXES-BUSINESS AND PROPERTY	(2,529)	69	226	0	0	90	0	282	0	(1,863)
PAYROLL TAX EXPENSE	1,579	479	843	750	600	600	750	1,466	114	7,184
REPAIR & MAINTENANCE EXPENSE	53	303	5,063	10,279	1,624	577	1,188	2,434	1,883	23,403
SALARIES - OFFICERS	4,695	8,260	11,024	9,810	7,648	7,848	9,850	27,648	7,648	93,031
SECURITY	99	0	0	99	0	0	99	0	0	297
SUPPLIES EXPENSE	115	604	346	281	286	590	258	377	21	2,858
TELEPHONE EXPENSE	167	959	711	738	894	1,826	0	1,910	173	7,378
TRAVEL EXPENSE	792	1,422	830	1,338	788	901	954	865	1,705	9,574
WAGES - OFFICE	2,480	3,328	3,434	4,209	3,374	3,412	4,468	3,422	4,006	32,134
OTHER EXPENSE	81	(38)	39	61	0	247	394	81	2,357	3,222
TOTAL EXPENSES	14,082	26,805	27,571	36,110	27,941	23,640	25,554	51,399	30,772	263,875
NET INCOME	69,716	34,107	48,291	13,653	67,712	49,326	70,535	47,752	107,135	508,227

Historical and Projected Balance Sheet - As Is

Carolina Springs

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	2002 Act.	Q1 2003 Act.	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Q4 2004	2005	2006	2007
Cash and equivalents	\$ 71,021	\$ 71,769	\$ 37,831	\$ 163,772	\$ 338,348	\$ 334,744	\$ 367,033	\$ 700,731	\$ 842,959	\$ 1,478,722	\$ 2,214,830	\$ 2,921,500
Accounts receivable	280,245	278,101	314,553	550,269	371,716	418,610	560,884	661,971	447,173	570,059	605,697	643,745
Inventory	184,281	194,569	341,186	276,932	313,324	415,317	492,416	334,224	431,785	459,307	488,713	527,418
Total current assets	535,547	544,439	693,570	990,973	1,015,389	1,168,672	1,420,332	1,696,926	1,721,917	2,508,089	3,309,239	4,092,663
Property, plant and equip.	2,018,771	2,021,556	2,050,306	2,069,056	2,087,806	2,108,431	2,129,056	2,149,681	2,170,306	2,261,056	2,360,881	2,470,689
Less: accumulated deprec.	(1,247,362)	(1,289,654)	(1,332,510)	(1,376,213)	(1,420,586)	(1,465,663)	(1,511,476)	(1,558,025)	(1,605,311)	(1,802,411)	(2,013,124)	(2,069,840)
Property, plant and equip.	771,409	731,902	717,796	692,843	667,220	642,768	617,580	591,656	564,995	458,645	347,757	400,848
Intangible assets	152,345	152,345	152,345	152,345	152,345	152,345	152,345	152,345	152,345	152,345	152,345	152,345
Less: accumulated amort.	(150,312)	(150,376)	(150,441)	(150,505)	(150,569)	(150,633)	(150,698)	(150,762)	(150,826)	(151,083)	(151,340)	(151,597)
Intangible assets, net	2,033	1,969	1,905	1,840	1,776	1,712	1,648	1,583	1,519	1,262	1,005	748
TOTAL ASSETS	\$ 1,308,989	\$ 1,278,309	\$ 1,413,271	\$ 1,685,656	\$ 1,684,384	\$ 1,813,152	\$ 2,039,560	\$ 2,290,165	\$ 2,288,431	\$ 2,967,995	\$ 3,658,001	\$ 4,494,259
Accounts payable	\$ 120,252	\$ 79,806	\$ 152,055	\$ 269,076	\$ 181,765	\$ 206,046	\$ 274,182	\$ 325,688	\$ 220,008	\$ 281,180	\$ 299,215	\$ 318,487
Current portion of SCB&T debt	20,150	20,390	20,633	20,879	21,128	21,380	21,635	21,893	69,922	73,682	77,645	81,821
Current portion of other LT debt	22,134	22,622	22,622	22,622	22,622	22,622	22,622	22,622	22,622	22,622	22,622	22,622
Total current liabilities	162,536	122,818	195,310	312,577	225,516	250,048	318,439	370,203	312,552	377,484	399,482	422,930
Loan from shareholder	502,000	502,000	502,000	502,000	502,000	502,000	502,000	502,000	502,000	502,000	502,000	502,000
SCB&T debt	399,977	394,789	389,538	384,225	378,849	373,409	367,903	362,332	297,388	223,706	146,061	64,241
Other long-term debt	26,565	25,346	25,346	25,346	25,346	25,346	25,346	25,346	25,346	25,346	25,346	25,346
Common stock	211,000	211,000	211,000	211,000	211,000	211,000	211,000	211,000	211,000	211,000	211,000	211,000
Retained earnings	6,911	22,357	90,076	250,508	341,674	451,349	614,872	819,283	940,145	1,628,459	2,374,112	3,268,743
Total stockholders' equity	217,911	233,357	301,076	461,508	552,674	662,349	825,872	1,030,283	1,151,145	1,839,459	2,585,112	3,479,743
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,308,989	\$ 1,278,309	\$ 1,413,271	\$ 1,685,656	\$ 1,684,384	\$ 1,813,152	\$ 2,039,560	\$ 2,290,165	\$ 2,288,431	\$ 2,967,995	\$ 3,658,001	\$ 4,494,259



Historical and Projected Revenues - Before Acquisition

Carolina Springs

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	2002Act.	Q1 2003Act.	Q2 2003	Q3 2003	Q4 2003	Total 2003	Q1 2004	Q2 2004	Q3 2004	Q4 2004	Total 2004	2005	2006	2007
Gross capacity (large spring):			500 gpm		70,200,000	gallons per year								
Gross capacity (small spring):			50 gpm		7,020,000	gallons per year								
Gross capacity (wells):			70 gpm		9,828,000	gallons per year								
Realizable capacity - 5 days/week, 9 hours/day			620 gpm		87,048,000	gallons per year								
Total gallons sold	8,349,686	1,983,573	2,481,522	4,057,233	2,740,734	11,263,062	3,122,376	4,127,563	4,922,098	3,324,966	15,497,003	17,280,553	18,401,017	19,599,261
Branded PET														
Cases (24 bottles/case)	35,131	2,398	3,564	3,767	2,544	12,272	2,470	3,671	3,880	2,621	12,640	13,020	13,410	13,812
Price per case	\$ 4.95	\$ 4.95	\$ 4.95	\$ 4.95	\$ 4.95	\$ 4.95	\$ 4.95	\$ 4.95	\$ 4.95	\$ 4.95	\$ 4.95	\$ 4.95	\$ 4.95	\$ 4.95
Total branded PET	\$ 173,897	\$ 11,868	\$ 17,641	\$ 18,644	\$ 12,595	\$ 60,747	\$ 12,224	\$ 18,170	\$ 19,204	\$ 12,972	\$ 62,570	\$ 64,447	\$ 66,380	\$ 68,372
Branded gallon														
Cases (4 gal/case)	79,370	5,219	7,757	8,198	5,538	26,712	15,506	23,049	24,360	16,456	79,371	81,752	84,205	86,731
Price per case	\$ 2.47	\$ 2.47	\$ 2.47	\$ 2.47	\$ 2.47	\$ 2.47	\$ 2.47	\$ 2.47	\$ 2.47	\$ 2.47	\$ 2.47	\$ 2.47	\$ 2.47	\$ 2.47
Total branded gallon	\$ 196,043	\$ 12,890	\$ 19,160	\$ 20,250	\$ 13,679	\$ 65,979	\$ 38,301	\$ 56,931	\$ 60,170	\$ 40,646	\$ 196,047	\$ 201,928	\$ 207,986	\$ 214,226
Private label PET														
Cases (24 bottles/case)	5,824	1,476	2,195	50,813	34,325	88,809	32,389	48,144	53,307	36,010	169,850	178,187	186,936	196,117
Price per case	\$ 3.95	\$ 3.95	\$ 3.95	\$ 3.95	\$ 3.95	\$ 3.95	\$ 3.95	\$ 3.95	\$ 3.95	\$ 3.95	\$ 3.95	\$ 3.95	\$ 3.95	\$ 3.95
Total private label PET	\$ 23,004	\$ 5,832	\$ 8,669	\$ 200,711	\$ 135,584	\$ 350,795	\$ 127,937	\$ 190,167	\$ 210,563	\$ 142,239	\$ 670,907	\$ 703,837	\$ 738,396	\$ 774,663
Private label gallon														
Cases (3 gal/case)	2,296,109	598,150	733,469	1,204,882	813,919	3,350,420	931,483	1,213,376	1,466,553	990,683	4,602,095	5,176,463	5,529,036	5,906,738
Price per case	\$ 1.29	\$ 1.29	\$ 1.29	\$ 1.29	\$ 1.29	\$ 1.29	\$ 1.29	\$ 1.29	\$ 1.29	\$ 1.29	\$ 1.29	\$ 1.29	\$ 1.29	\$ 1.29
Total private label gal.	\$ 2,961,980	\$ 771,613	\$ 946,175	\$ 1,554,298	\$ 1,049,956	\$ 4,322,041	\$ 1,201,613	\$ 1,565,255	\$ 1,891,854	\$ 1,277,981	\$ 5,936,702	\$ 6,677,637	\$ 7,132,457	\$ 7,619,692
Refills 5/6 gallon														
Refills	204,204	31,325	46,562	49,211	33,243	160,342	32,265	47,959	50,688	34,240	165,153	170,107	175,210	180,467
Price per refill	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10
Total refills 5/6 gallon	\$ 224,624	\$ 34,458	\$ 51,219	\$ 54,132	\$ 36,567	\$ 176,377	\$ 35,492	\$ 52,755	\$ 55,756	\$ 37,664	\$ 181,668	\$ 187,118	\$ 192,731	\$ 198,513
5 Gallon Bottle Sales														
Number of bottles	6,085	392	582	615	415	2,004	403	599	634	428	2,064	2,126	2,190	2,256
Price per bottle	\$ 6.25	\$ 6.25	\$ 6.25	\$ 6.25	\$ 6.25	\$ 6.25	\$ 6.25	\$ 6.25	\$ 6.25	\$ 6.25	\$ 6.25	\$ 6.25	\$ 6.25	\$ 6.25
Total 5 Gallon	\$ 38,030	\$ 2,447	\$ 3,637	\$ 3,844	\$ 2,597	\$ 12,525	\$ 2,520	\$ 3,746	\$ 3,959	\$ 2,675	\$ 12,901	\$ 13,288	\$ 13,687	\$ 14,097
Discounts/returns	(145,919)	(12,217)	(20,930)	(37,038)	(25,020)	(95,204)	(28,362)	(37,740)	(44,830)	(30,284)	(141,216)	(156,965)	(167,033)	(177,791)
Miscellaneous (plug to taxes)	24,657	4,120	-	-	-	4,120	-	-	-	-	-	-	-	-
TOTAL REVENUE	\$ 3,496,316	\$ 831,011	\$ 1,025,570	\$ 1,814,841	\$ 1,225,958	\$ 4,897,380	\$ 1,389,725	\$ 1,849,284	\$ 2,196,675	\$ 1,483,894	\$ 6,919,579	\$ 7,691,291	\$ 8,184,604	\$ 8,711,772

Historical and Projected Expenses - Before Acquisition

Carolina Springs

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	2002Act.	Q1 2003Act.	Q2 2003	Q3 2003	Q4 2003	Total 2003	Q1 2004	Q2 2004	Q3 2004	Q4 2004	Total 2004	2005	2006	2007
COST OF GOODS SOLD														
Materials	\$ 1,710,156	\$ 419,540	\$ 512,785	\$ 907,421	\$ 612,979	\$ 2,452,725	\$ 694,863	\$ 924,642	\$ 1,098,338	\$ 741,947	\$ 3,459,789	\$ 3,845,645	\$ 4,092,302	\$ 4,355,886
Direct labor	307,003	66,147	85,843	151,907	102,616	406,514	116,324	154,790	183,868	124,206	579,189	643,783	685,075	729,201
Indirect labor	31,008	-	9,096	16,095	10,873	36,064	12,325	16,401	19,482	13,160	61,368	68,212	72,587	77,263
Plant engineer	55,224	12,962	14,087	14,087	14,087	55,224	14,220	14,220	14,220	14,220	56,881	58,587	60,345	62,155
Payroll taxes and benefits	37,108	10,960	11,317	18,902	13,243	54,422	14,831	19,247	22,585	15,735	72,397	79,990	84,913	90,167
Operating supplies	70,179	18,728	21,849	38,664	26,118	105,359	29,607	39,398	46,799	31,613	147,417	163,858	174,368	185,599
Equipment lease	18,695	1,549	5,484	9,704	6,555	23,292	7,431	9,888	11,746	7,934	36,999	41,126	43,764	46,582
Repairs and maintenance	231,024	43,383	30,767	54,445	36,779	165,374	41,692	55,479	65,900	44,517	207,587	230,739	245,538	261,353
Utilities	56,075	10,859	14,925	26,411	17,841	70,036	20,224	26,912	31,968	21,595	100,699	111,930	119,109	126,780
Freight	161,202	26,921	41,023	72,594	49,038	189,576	55,589	73,971	87,867	59,356	276,783	307,652	327,384	348,471
Other	(60,693)	2,499	4,102	7,259	4,904	18,764	5,559	7,397	8,787	5,936	27,678	30,765	32,738	34,847
Purchase discounts	(13,053)	(5,866)	(5,542)	(9,807)	(6,625)	(27,839)	(7,510)	(9,993)	(11,870)	(8,018)	(37,391)	(41,561)	(44,227)	(47,075)
Total cost of goods	2,603,928	607,682	745,737	1,307,683	888,409	3,549,511	1,005,155	1,332,353	1,579,689	1,072,201	4,989,397	5,540,726	5,893,896	6,271,228
GROSS PROFIT	892,388	223,329	279,833	507,158	337,549	1,347,869	384,570	516,932	616,987	411,693	1,930,181	2,150,565	2,290,708	2,440,544
% margin	25.3%	26.9%	27.3%	27.9%	27.5%	27.5%	27.7%	28.0%	28.1%	27.7%	27.9%	28.0%	28.0%	28.0%
OVERHEAD EXPENSES														
Executive officer salaries	101,857	21,979	26,626	26,626	26,626	101,857	27,425	27,425	27,425	27,425	109,699	112,990	116,380	119,871
Administrative salaries	40,641	9,242	10,466	10,466	10,466	40,641	10,780	10,780	10,780	10,780	43,121	44,415	45,747	47,120
Payroll taxes and benefits	6,805	2,902	3,850	3,850	3,850	14,453	3,966	3,966	3,966	3,966	15,863	16,339	16,830	17,334
Sales and marketing	29,629	5,420	7,690	13,608	9,193	35,911	10,421	13,866	16,471	11,127	51,885	57,671	61,370	65,323
Legal and accounting	7,169	400	2,103	3,721	2,514	8,738	2,850	3,792	4,504	3,043	14,188	15,771	16,782	17,863
Telephone	9,438	1,837	2,518	4,455	3,010	11,820	3,412	4,540	5,393	3,643	16,987	18,882	20,093	21,387
Office supplies	13,766	2,088	3,307	5,853	3,954	15,202	4,482	5,964	7,084	4,785	22,315	24,804	26,395	28,095
Repairs and maintenance	20,961	16,356	6,148	10,880	7,350	40,735	8,332	11,087	13,169	8,896	41,484	46,111	49,068	52,229
Insurance	57,911	15,181	17,861	31,607	21,351	86,000	24,203	32,207	38,257	25,843	120,510	133,950	142,541	151,722
Miscellaneous	134,408	(787)	19,227	34,024	22,984	75,449	26,054	34,670	41,183	27,820	129,727	144,195	153,444	163,327
Total overhead expenses	422,585	74,618	99,798	145,092	111,297	430,805	121,924	148,297	168,233	127,328	868,781	615,128	648,650	684,272
OPERATING INCOME	469,803	148,711	180,036	362,066	226,252	917,065	262,647	368,635	448,754	284,365	1,364,401	1,535,437	1,642,058	1,756,272
% margin	15.4%	17.9%	17.6%	20.0%	18.5%	18.7%	18.9%	19.9%	20.4%	19.2%	19.7%	20.0%	20.1%	20.2%
Depreciation and amortization	162,900	42,356	42,920	43,768	44,437	173,481	45,141	45,877	46,614	47,350	184,982	197,357	210,970	56,973
Interest expense, net	37,071	4,409	4,543	4,223	3,340	16,514	2,797	2,631	1,966	405	7,798	(9,423)	(28,667)	(52,108)
PRE-TAX INCOME	\$ 269,832	\$ 101,946	\$ 132,574	\$ 314,075	\$ 178,475	\$ 727,069	\$ 214,709	\$ 320,127	\$ 400,174	\$ 236,610	\$ 1,171,620	\$ 1,347,504	\$ 1,459,756	\$ 1,751,407

Historical and Projected Revenues - Incremental If Acquired

Carolina Springs

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	2002 Act.	Q1 2003 Act.	Q2 2003	Q3 2003	Q4 2003	Total 2003	Q1 2004	Q2 2004	Q3 2004	Q4 2004	Total 2004	2005	2006	2007
Total gallons sold	-	-	-	966,798	679,090	1,645,888	1,295,831	1,933,520	2,503,938	1,794,075	7,527,364	13,680,286	19,626,161	26,512,985
Private label gallon														
Case sales per acct.	1,500,000	70% of run rate in first 12 months												
Food Lion	-	-	-	322,266	217,697	539,963	205,139	304,920	460,380	310,995	1,281,434	1,538,599	1,615,529	1,696,305
Bi-Lo	-	-	-	-	-	-	205,139	304,920	322,266	217,697	1,050,021	1,500,030	1,575,032	1,653,783
#3	-	-	-	-	-	-	-	-	-	-	-	1,050,000	1,500,000	1,575,000
#4	-	-	-	-	-	-	-	-	-	-	-	-	1,050,000	1,500,000
#5	-	-	-	-	-	-	-	-	-	-	-	-	-	1,050,000
Total new cases	-	-	-	322,266	217,697	539,963	410,277	609,840	782,646	528,692	2,331,455	4,088,629	5,740,560	7,475,088
Price per case	\$ 1.29	\$ 1.29	\$ 1.29	\$ 1.29	\$ 1.29	\$ 1.29	\$ 1.29	\$ 1.29	\$ 1.29	\$ 1.29	\$ 1.29	\$ 1.29	\$ 1.29	\$ 1.29
Total private label	\$ -	\$ -	\$ -	\$ 415,723	\$ 280,828	\$ 696,552	\$ 529,257	\$ 786,694	\$ 1,009,613	\$ 682,012	\$ 3,007,576	\$ 5,274,331	\$ 7,405,323	\$ 9,642,864
5 Gallon														
Number of accounts	-	-	-	-	200	200	500	800	1,200	1,600	1,600	2,720	4,624	7,861
Jugs per week	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Price per 5-gallon jug	\$ 8.50	\$ 8.50	\$ 8.50	\$ 8.50	\$ 8.50	\$ 8.50	\$ 8.50	\$ 8.50	\$ 8.50	\$ 8.50	\$ 8.50	\$ 8.50	\$ 8.50	\$ 8.50
Cooler sale*	\$ 120.00	\$ 120.00	\$ 120.00	\$ 120.00	\$ 120.00	\$ 120.00	\$ 120.00	\$ 120.00	\$ 120.00	\$ 120.00	\$ 120.00	\$ 120.00	\$ 120.00	\$ 120.00
Total 5 gallon	\$ -	\$ -	\$ -	\$ -	\$ 68,200	\$ 68,200	\$ 146,500	\$ 212,800	\$ 313,200	\$ 401,600	\$ 1,074,100	\$ 2,538,880	\$ 4,316,096	\$ 7,337,564
Discounts/returns	-	-	-	(8,314)	(6,981)	(15,295)	(13,515)	(19,990)	(26,456)	(21,672)	(81,634)	(156,264)	(234,428)	(339,609)
TOTAL REVENUE	\$ -	\$ -	\$ -	\$ 407,409	\$ 342,048	\$ 749,457	\$ 662,242	\$ 979,504	\$ 1,296,357	\$ 1,061,940	\$ 4,000,043	\$ 7,656,947	\$ 11,486,990	\$ 16,640,819
Cost of goods sold														
Materials	\$ -	\$ -	\$ -	\$ 207,862	\$ 164,814	\$ 372,676	\$ 326,254	\$ 485,197	\$ 653,707	\$ 569,206	\$ 2,034,363	\$ 3,507,282	\$ 5,030,468	\$ 6,922,827
Direct labor	-	-	-	34,101	31,622	65,723	57,418	88,974	119,491	104,870	370,753	749,659	1,142,370	1,680,371
Indirect labor	-	-	-	3,613	3,034	6,647	5,873	8,687	11,497	9,418	35,475	67,908	101,875	147,583
Payroll taxes and benefits	-	-	-	6,789	6,238	13,027	11,392	17,579	23,578	20,572	73,121	147,162	223,964	329,032
Operating supplies	-	-	-	8,680	7,287	15,967	14,109	20,868	27,618	22,624	85,218	163,126	244,723	354,522
Equipment lease	-	-	-	3,056	3,885	6,941	6,197	10,076	13,863	13,605	43,740	92,419	144,439	217,893
Repairs and maintenance	-	-	-	42,222	9,541	51,764	18,787	28,305	37,451	30,418	114,961	225,676	337,755	487,571
Utilities	-	-	-	5,929	4,628	10,557	9,114	13,731	18,167	14,756	55,767	109,474	163,842	236,517
Freight (excl. HOD drivers)	-	-	-	4,157	3,471	7,629	7,119	10,856	14,749	13,474	46,199	91,418	138,053	203,431
Other	-	-	-	4,157	22,808	26,966	5,293	7,867	10,096	6,820	30,076	52,743	74,053	96,429
Purchase discounts	-	-	-	(2,246)	(1,781)	(4,028)	(3,526)	(5,244)	(7,065)	(6,152)	(21,986)	(37,904)	(54,366)	(74,817)
Total cost of goods	-	-	-	318,319	255,548	573,867	458,029	686,896	923,152	799,611	2,867,688	5,168,963	7,547,177	10,601,359
GROSS PROFIT	\$ -	\$ -	\$ -	\$ 89,090	\$ 86,500	\$ 175,590	\$ 204,213	\$ 292,608	\$ 373,205	\$ 262,329	\$ 1,132,355	\$ 2,487,984	\$ 3,939,813	\$ 6,039,460
% margin	nm	nm	nm	21.9%	25.3%	23.4%	30.8%	29.9%	28.8%	24.7%	28.3%	32.5%	34.3%	36.3%

* Cooler rental rate - \$10.00 per month; cooler lease rate - \$7.50 per month with option to buy in two years

Historical and Projected Expenses - Incremental If Acquired

Carolina Springs

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	<u>2002Act.</u>	<u>Q1</u> <u>2003Act.</u>	<u>Q2</u> <u>2003</u>	<u>Q3</u> <u>2003</u>	<u>Q4</u> <u>2003</u>	<u>Total</u> <u>2003</u>	<u>Q1</u> <u>2004</u>	<u>Q2</u> <u>2004</u>	<u>Q3</u> <u>2004</u>	<u>Q4</u> <u>2004</u>	<u>Total</u> <u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
OVERHEAD EXPENSES														
Executive officer salaries	-	-	-	29,624	29,624	59,248	30,513	30,513	30,513	30,513	122,051	125,712	129,484	133,368
Administrative salaries	-	-	-	12,500	12,500	25,000	\$ 12,875	\$ 12,875	\$ 12,875	\$ 12,875	\$ 51,500	\$ 53,045	\$ 54,636	\$ 56,275
HOD sales salaries	-	-	-	-	-	-	-	7,500	7,500	15,000	30,000	92,700	180,000	300,000
Payroll taxes and benefits	-	-	-	7,582	7,582	15,165	7,810	9,160	9,160	10,510	36,639	48,862	65,542	88,136
Sales and marketing	-	-	-	27,222	10,261	37,484	19,867	29,385	38,891	31,858	120,001	229,708	344,610	499,225
Legal and accounting	-	-	-	45,093	4,276	49,368	10,348	15,305	20,256	16,593	62,501	119,640	179,484	260,013
Telephone	-	-	-	1,000	840	1,840	3,252	4,809	6,365	5,214	19,640	37,595	56,401	81,706
Office supplies	-	-	-	2,628	2,206	4,834	8,543	12,635	16,723	13,699	51,600	98,773	148,180	214,663
Repairs and maintenance	-	-	-	2,442	2,051	4,493	3,970	5,872	7,772	6,367	23,981	45,905	68,866	99,764
Insurance	-	-	-	7,095	5,957	13,052	11,533	17,059	22,577	18,495	69,664	133,352	200,055	289,813
Miscellaneous	-	-	-	10,888	9,663	20,551	15,666	21,614	27,554	23,159	87,992	155,551	227,356	323,980
Total overhead expenses	-	-	-	146,075	84,960	231,035	124,376	166,727	200,184	184,281	675,569	1,140,844	1,654,614	2,346,943
OPERATING INCOME				(56,985)	1,540	(55,445)	79,837	125,881	173,021	78,048	456,786	1,347,140	2,285,199	3,692,517
% margin	<i>nm</i>	<i>nm</i>	<i>nm</i>	-14.0%	0.5%	-7.4%	12.1%	12.9%	13.3%	7.3%	11.4%	17.6%	19.9%	22.2%
Depreciation and amortization	-	-	-	848	1,711	2,559	1,714	3,492	8,855	12,433	26,493	67,518	103,163	138,994
Interest expense, net	-	-	-	25,742	24,906	50,648	25,153	25,582	26,033	26,324	103,092	100,765	85,712	58,666
PRE-TAX INCOME	\$ -	\$ -	\$ -	\$ (83,576)	\$ (25,077)	\$ (108,652)	\$ 52,970	\$ 96,807	\$ 138,133	\$ 39,292	\$ 327,202	\$ 1,178,857	\$ 2,096,325	\$ 3,494,857

	2002Act.	Q1 2003Act.	Q2 2003	Q3 2003	Q4 2003	Total 2003	Q1 2004	Q2 2004	Q3 2004	Q4 2004	Total 2004	2005	2006	2007
Revenue														
Branded PET	\$ 173,897	\$ 11,868	\$ 17,641	\$ 18,644	\$ 12,595	\$ 60,747	\$ 12,224	\$ 18,170	\$ 19,204	\$ 12,972	\$ 62,570	\$ 64,447	\$ 66,380	\$ 68,372
Branded gallon	196,043	12,890	19,160	20,250	13,679	65,979	38,301	56,931	60,170	40,646	196,047	201,928	207,986	214,226
Private label PET	23,004	5,832	8,669	200,711	135,584	350,795	127,937	190,167	210,563	142,239	670,907	703,837	738,396	774,663
Private label gallon	2,961,980	771,613	946,175	1,970,021	1,330,785	5,018,593	1,730,870	2,351,948	2,901,467	1,959,993	8,944,278	11,951,968	14,537,779	17,262,556
Refills 5/6 gallon	224,624	34,458	51,219	54,132	36,567	176,377	35,492	52,755	55,756	37,664	181,668	187,118	192,731	198,513
5 Gal. bottle sales	38,030	2,447	3,637	3,844	2,597	12,525	2,520	3,746	3,959	2,675	12,901	13,288	13,687	14,097
5 Gallon home/office	-	-	-	-	68,200	68,200	146,500	212,800	313,200	401,600	1,074,100	2,538,880	4,316,096	7,337,564
Discounts/returns/misc.	(121,262)	(8,097)	(20,930)	(45,352)	(32,000)	(106,379)	(41,877)	(57,730)	(71,286)	(51,956)	(222,849)	(313,229)	(401,461)	(517,400)
TOTAL REVENUE	3,496,316	831,011	1,025,570	2,222,250	1,568,006	5,646,837	2,051,967	2,828,788	3,493,032	2,545,834	10,919,622	15,348,238	19,671,594	25,352,591
Cost of goods sold														
Materials	1,710,156	419,540	512,785	1,115,282	777,793	2,825,400	1,021,116	1,409,839	1,752,044	1,311,153	5,494,153	7,352,927	9,122,770	11,278,713
Direct labor	307,003	66,147	85,843	186,009	134,238	472,237	173,742	243,764	303,359	229,076	949,942	1,393,442	1,827,445	2,409,572
Indirect labor	31,008	-	9,096	19,709	13,906	42,710	18,198	25,088	30,979	22,578	96,844	136,120	174,463	224,846
Plant engineer	55,224	12,962	14,087	14,087	14,087	55,224	14,220	14,220	14,220	14,220	56,881	58,587	60,345	62,155
Payroll taxes and benefits	37,108	10,960	11,317	25,690	19,481	67,449	26,223	36,826	46,163	36,307	145,518	227,152	308,877	419,198
Operating supplies	70,179	18,728	21,849	47,344	33,405	121,326	43,716	60,265	74,417	54,237	232,635	326,984	419,090	540,120
Equipment lease	18,695	1,549	5,484	12,760	10,441	30,233	13,628	19,965	25,608	21,539	80,740	133,545	188,202	264,475
Repairs and maintenance	231,024	43,383	30,767	96,667	46,320	217,138	60,479	83,784	103,351	74,935	322,549	456,415	583,293	748,925
Utilities	56,075	10,859	14,925	32,340	22,470	80,593	29,338	40,643	50,135	36,350	156,466	221,403	282,951	363,297
Freight	161,202	26,921	41,023	76,751	52,510	197,204	62,708	84,828	102,616	72,830	322,982	399,069	465,437	551,902
Other	(60,693)	2,499	4,102	11,417	27,712	45,730	10,851	15,264	18,883	12,756	57,754	83,508	106,792	131,276
Purchase discounts	(13,053)	(5,866)	(5,542)	(12,053)	(8,406)	(31,867)	(11,036)	(15,237)	(18,935)	(14,170)	(59,377)	(79,465)	(98,593)	(121,893)
TOTAL COGS	2,603,928	607,682	745,737	1,626,002	1,143,957	4,123,378	1,463,184	2,019,249	2,502,840	1,871,812	7,857,085	10,709,688	13,441,073	16,872,587
GROSS PROFIT	892,388	223,329	279,833	596,248	424,049	1,523,459	588,783	809,539	990,192	674,022	3,062,536	4,638,549	6,230,521	8,480,004
% margin	25.5%	26.9%	27.3%	26.8%	27.0%	27.0%	28.7%	28.6%	28.3%	26.5%	28.0%	30.2%	31.7%	33.4%
Overhead expenses														
Executive officer salaries	101,857	21,979	26,626	56,250	56,250	161,105	57,938	57,938	57,938	57,938	231,750	238,703	245,864	253,239
Administrative salaries	40,641	9,242	10,466	22,966	22,966	65,641	23,655	23,655	23,655	23,655	94,621	97,460	100,384	103,395
Payroll taxes and benefits	6,805	2,902	3,850	11,433	11,433	29,618	11,776	13,126	13,126	14,476	52,503	65,202	82,371	105,470
Sales and marketing	29,629	5,420	7,690	40,830	19,454	73,394	30,288	50,752	62,862	57,985	201,886	380,080	585,980	864,548
Legal and accounting	7,169	400	2,103	48,814	6,789	58,106	13,197	19,097	24,760	19,635	76,689	135,410	196,266	277,876
Telephone	9,438	1,837	2,518	5,456	3,849	13,660	6,663	9,349	11,758	8,857	36,628	56,477	76,494	103,093
Office supplies	13,766	2,088	3,307	8,481	6,160	20,036	13,025	18,599	23,807	18,484	73,915	123,577	174,575	242,758
Repairs and maintenance	20,961	16,356	6,148	13,323	9,400	45,228	12,302	16,959	20,941	15,263	65,465	92,015	117,935	151,993
Insurance	57,911	15,181	17,861	38,702	27,308	99,052	35,737	49,266	60,834	44,338	190,174	267,301	342,596	441,535
Miscellaneous	134,408	(787)	19,227	44,912	32,647	95,999	41,720	56,284	68,737	50,979	217,719	299,747	380,800	487,307
TOTAL OVER. EXP.	422,585	74,618	99,798	291,167	196,257	661,839	246,300	315,023	368,417	311,609	1,241,349	1,755,972	2,303,264	3,031,214
OPERATING INCOME	469,803	148,711	180,036	305,081	227,792	861,620	342,483	494,516	621,775	362,412	1,821,187	2,882,577	3,927,257	5,448,790
% margin	13.4%	17.9%	17.6%	13.7%	14.5%	15.3%	16.7%	17.5%	17.8%	14.2%	16.7%	18.8%	20.0%	21.5%
Depreciation and amortization	162,900	42,356	42,920	44,616	46,148	176,040	46,854	49,369	55,469	59,783	211,475	264,875	314,132	195,968
Interest expense, net	37,071	4,409	4,543	29,965	28,246	67,163	27,950	28,213	27,999	26,728	110,890	91,342	57,045	6,558
PRE-TAX INCOME	\$ 269,832	\$ 101,946	\$ 132,574	\$ 230,500	\$ 153,398	\$ 618,417	\$ 267,679	\$ 416,934	\$ 538,307	\$ 275,901	\$ 1,498,822	\$ 2,526,361	\$ 3,556,081	\$ 5,246,264

Historical and Projected Statement of Cash Flows - Consolidated/After Acquisition

Carolina Springs

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	2002 Act.	Q1 2003 Act.	Q2 2003	Q3 2003	Q4 2003	Total 2003	Q1 2004	Q2 2004	Q3 2004	Q4 2004	Total 2004	2005	2006	2007
Pre-tax income	\$ 269,832	\$ 101,946	\$ 132,574	\$ 230,500	\$ 153,398	\$ 618,417	\$ - 267,679	\$ 416,934	\$ 538,307	\$ 275,901	\$ 1,498,822	\$ 2,526,361	\$ 3,556,081	\$ 5,246,264
Income taxes @ 40%	-	-	-	(92,200)	(61,359)	(153,559)	(107,072)	(166,774)	(215,323)	(110,361)	(599,529)	(1,010,544)	(1,422,432)	(2,098,506)
Depreciation and amortization	162,900	42,356	42,920	44,616	46,148	176,040	46,854	49,369	55,469	59,783	211,475	264,875	314,132	195,968
Change in operating assets	(170,448)	(8,144)	(183,069)	(366,599)	71,048	(486,765)	(341,437)	(408,727)	(33,240)	(4,258)	(787,662)	(657,166)	(741,157)	(1,069,492)
Change in operating liabilities	(195,665)	(40,446)	72,249	199,284	(114,038)	117,049	70,195	117,427	102,703	(134,255)	156,071	163,138	142,920	178,703
CASH FROM OPERATIONS	\$ 66,619	\$ 95,712	\$ 64,674	\$ 15,600	\$ 95,196	\$ 271,182	\$ (63,779)	\$ 8,229	\$ 447,916	\$ 86,811	\$ 479,176	\$ 1,286,664	\$ 1,849,544	\$ 2,452,937
Purchase of intangible assets	\$ -	\$ -	\$ -	\$ (2,913,560)	\$ -	\$ (2,913,560)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Purchases of PP&E	(70,795)	(2,785)	(28,750)	(66,250)	(19,550)	(117,335)	(20,000)	(120,800)	(220,800)	(20,800)	(382,400)	(339,600)	(350,000)	(361,280)
CASH FROM INVESTING	\$ (70,795)	\$ (2,785)	\$ (28,750)	\$ (2,979,810)	\$ (19,550)	\$ (3,030,895)	\$ (20,000)	\$ (120,800)	\$ (220,800)	\$ (20,800)	\$ (382,400)	\$ (339,600)	\$ (350,000)	\$ (361,280)
Issuance of Common Stock	\$ -	\$ -	\$ -	\$ 2,500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Shareholder distr./purchase adj.	(132,000)	(86,500)	(64,854)	913,560	-	762,206	-	-	-	-	-	-	-	-
Long-term debt	196,655	(5,679)	(5,007)	(33,231)	(22,268)	(66,186)	(44,375)	(33,414)	(33,477)	(45,079)	(156,346)	(182,577)	(186,337)	(190,300)
CASH FROM FINANCING	\$ 64,655	\$ (92,179)	\$ (69,861)	\$ 3,380,329	\$ (22,268)	\$ 696,020	\$ (44,375)	\$ (33,414)	\$ (33,477)	\$ (45,079)	\$ (156,346)	\$ (182,577)	\$ (186,337)	\$ (190,300)
INC./DEC. IN CASH	\$ 60,479	\$ 748	\$ (33,938)	\$ 416,119	\$ 53,378	\$ 436,307	\$ (128,155)	\$ (145,985)	\$ 193,639	\$ 20,932	\$ (59,569)	\$ 764,487	\$ 1,313,207	\$ 1,901,357
Beginning cash	10,542	71,021	71,769	-	416,119	71,021	469,497	341,343	195,358	388,997	469,497	409,928	1,174,415	2,487,622
ENDING CASH	\$ 71,021	\$ 71,769	\$ 37,831	\$ 416,119	\$ 469,497	\$ 469,497	\$ 341,343	\$ 195,358	\$ 388,997	\$ 409,928	\$ 409,928	\$ 1,174,415	\$ 2,487,622	\$ 4,388,979

Repair Maintenance

Except for the items noted in "yellow", most of these expenses are for "cash day labor" special labor related costs and bonuses for the hourly employees.
There is no defined "bonus" program but we typically pay extra for good production months.
George Milner

Hickory Springs Water Company, Inc.
General Ledger

For the Period From Jan 1, 2002 to Mar 31, 2003

Filter Criteria includes: 1) IDs from 51500 to 51500. Report order is by ID. Report is printed with Truncated Transaction Descriptions and in Detail Format.

Account ID Acc Date Reference Trans Description Debit Amt Credit Amt Balance

51500	IND	01/01/2002	Beginning Balance			
		01/03/2002	10829 SKIP GRIMES	32		
		01/04/2002	10831 TERRY MOORER - TERRY MOORER THRU 1-4-02 / 24 HRS @ \$6	144		
		01/04/2002	10832 DON WETHERALL - THRU NOON 1/4/02 19 HRS @ \$6.5	123.5		
		01/04/2002	CASH CASH PAY OUT - JESSICA CLARK - 5 HRS @ \$	32		
		01/04/2002	10830 FAMILY MED OF ELLOREE & SANTEE - DAN'S ELBOW - APPOINTMENT	55		
		01/10/2002	10876 MARY GATES - THRU 1-7-02 6.59 HRS @ \$6	39.54		
		01/11/2002	10877 JEAN PARSONS - JEAN PARSONS - THRU 1-11-02 8 HRS @ \$6	48		
		01/11/2002	5033 2001 PURE SPRING WATER - PIG FOR PLANT CHRISTMAS PARTY	182.98		
		01/11/2002	CASH MISCELLANEOUS EXPENSE - DON WEATHERALL - EXTRA HRS FOR 1-11-02	56		
		01/11/2002	CASH MISCELLANEOUS EXPENSE - JAMES BECK - LAND CLEARING	100		
		01/11/2002	CASH MISCELLANEOUS EXPENSE - DAN - MEALS FOR WEEK-END WORK	50		
		01/16/2002	10902 PAUL SHIVERS - THRU 1-14-02 13.81 HRS @ \$6	82.86		
		01/16/2002	10903 DON WETHERALL - THRU 1-4-02 6.63 HRS @ \$6.5	43.1		
		01/16/2002	10905 ULYSSES LLOYD - ULYSSES LLOYD - THRU 1-16-02 21 HRS @ \$6.	126		
		01/19/2002	10918 CASH PAY OUT - DAVID - WORK ON TRAILER	32		
		01/21/2002	10917 ULYSSES LLOYD - THRU 1-21-02 20 HRS @ \$6	120		
		01/22/2002	10941 JEAN PARSONS - THRU 1-18-02 - 8HRS @ \$6	48		
		01/22/2002	10942 GRAVEL HILL - PAID TO GRAVEL HILL - LAND CLEARING	227.5		
		01/22/2002	2002-01 MOORE'S FLORIST - FLOWERS - JERMAINE'S DAD'S FUNERAL	73.14		
		01/23/2002	10954 JERMAINE GATES	100		
		01/23/2002	250297-C ALLIED PURCHASING - LABOR, LABELS, & PACKAGING IN PACKAGING AND CLEAN-UP (	137.5		
		01/25/2002	10956 LORETTA SUTTON - 5 HRS @ \$7	35		
		01/25/2002	10957 JEAN PARSONS - THRU 1-25-02	24		
		01/25/2002	10959 ULYSSES LLOYD - ULYSSES LLOYD THRU 1-25-02 23 HRS @ \$6	138		
		01/29/2002	10943 CASH - DAVID WILLIAMS (?) 7.5 HRS @ \$6.50 THRU 1-25-02	50		
		01/30/2002	CASH CASUAL LABOR - TYRONE HEYWARD - INCREASE IN PAY	20		

			Current Period Change	1,984.62	137.5	1,847.12
		02/01/2002	Beginning Balance			1,847.12
		02/08/2002	11030 ANGELA DAVIS - ANGELA DAVIS THRU 2-6-02 22.29 HRS @ \$6	133.74		
		02/08/2002	11037 LEANDRA CLARK - 7.5 HR @ \$7	52.5		
		02/13/2002	11093 RICHARD PFEIFFER - RICHARD PFEIFFER THRU 2-9-02 / 31.02 HRS @ \$8	248.16		
		02/13/2002	11094 KENNETH GATES - KENNETH GATES - 2-4-02 - 8 HRS	52		
		02/14/2002	CASH DANIEL K. DANIELS - REIMBURSE FOR PAYMENT TO MARTHA SUMPTER	10		
		02/15/2002	CASH CASH PAY-OUT - KENNETH GATES - BONUS	20		
		02/22/2002	11141 DEBRA HEYWARD - DEBRA HEYWARD THRU 2-2-02	90.66		
		02/22/2002	11142 MAC BENNETT - 15 HR @ \$8	120		
		02/22/2002	11142 MAC BENNETT - 15 HR @ \$10	150		
		02/22/2002	CASH MISCELLANEOUS EXPENSE - LABOR TO CLEAR IN BACK	50		
		02/26/2002	11113 FAMILY MED OF ELLOREE & SANTEE - DAN DANIELS	46		
		02/27/2002	11189 DAMIEN OLIVER - DAMIEN OLIVER THRU 2-25-02 16.48 HRS @ \$6	98.88		
		02/27/2002	11192 MICHELLE LILLY - THRU 2-22-02 8 HRS @ \$8	64		
		02/28/2002	11203 JOHN REDDEN - JOHN REDDEN - 8 HOURS 2-16-02	60		

			Current Period Change	1,195.94		1,195.94
		03/01/2002	Beginning Balance			3,043.06
		03/01/2002	11204 AUDREY AIKEN	75		
		03/01/2002	11205 ANGELA DAVIS	25		
		03/01/2002	11206 ALBERT E. WITHROW II	100		
		03/01/2002	11207 JERMAINE GATES	25		
		03/01/2002	11208 JAMIE GATES	75		
		03/01/2002	11210 JACQUELINE T. BLACKS	100		
		03/01/2002	11211 KENNETH GATES	75		
		03/01/2002	11212 LARRY SNIDER	100		
		03/01/2002	11213 MIKE PARSONS	100		
		03/01/2002	11214 PATSY GRIMES	75		
		03/01/2002	11215 TYRONE HEYWARD	100		
		03/01/2002	11216 TERRY MOORER	75		
		03/01/2002	11217 TAMMY ROSEBERRY	100		
		03/01/2002	11218 ULYSSES LLOYD	25		
		03/01/2002	11219 WILLIE DOWDY	100		
		03/01/2002	11223 SADRA CLARK	100		
		03/01/2002	11225 CASUAL LABOR - DEBRA HEYWARD THRU 3-1-02 / 12.83 HRS @ \$6	76.98		
		03/06/2002	11278 WILLIE DOWDY - VAC DAY	72		
		03/08/2002	11308 MICHELLE LILLY - THRU 3-8-02 24 HRS @ \$8	192		
		03/08/2002	11309 DEBRA HEYWARD - THRU 3-5-02 - 15.84 HRS @ \$6	95.04		
		03/12/2002	CASH CASUAL LABOR - JAMES HAMPTON - PALLET REPAIR	42		
		03/13/2002	11340 DEBRA HEYWARD - THRU 3-12-02 35.08 HRS - LESS .5 HR @ \$5	207.48		



March 02

03/20/2002	11379	MAUREEN HIGGINS - THRU 3-19-02 16.33 @ 6.5	108.15
03/20/2002	11382	TAMMY ROSEBERRY - 4 HRS @ 1.5	49.52
03/20/2002	11383	JACQUELINE T. BLACKS - 4 HRS @ 1.5	45
03/22/2002	11400	MICHELLE LILLY - THRU 3-22-02 32 HRS @ \$8	256
03/28/2002	11440	AUDREY AIKEN - GOOD WORK IN MARCH ! THANKS !!	100
03/28/2002	11441	ALBERT E. WITHROW II - GOOD WORK IN MARCH ! THANKS !!	125
03/28/2002	11442	JERMAINE GATES - GOOD WORK IN MARCH ! THANKS !!	25
03/28/2002	11443	JAMIE GATES - GOOD WORK IN MARCH ! THANKS !!	100
03/28/2002	11444	JOHN REDDEN - GOOD WORK IN MARCH ! THANKS !!	100
03/28/2002	11445	JACQUELINE T. BLACKS - GOOD WORK IN MARCH ! THANKS !!	125
03/28/2002	11446	KENNETH GATES - GOOD WORK IN MARCH ! THANKS !!	100
03/28/2002	11447	KARIN MIZELL - GOOD WORK IN MARCH ! THANKS !!	25
03/28/2002	11448	LARRY SNIDER - GOOD WORK IN MARCH ! THANKS !!	125
03/28/2002	11449	MIKE PARSONS - GOOD WORK IN MARCH ! THANKS !!	125
03/28/2002	11450	REGGIE PARLOR - GOOD WORK IN MARCH ! THANKS !!	100
03/28/2002	11451	SADRA CLARK - GOOD WORK IN MARCH ! THANKS !!	125
03/28/2002	11452	TERRY MOORER - GOOD WORK IN MARCH ! THANKS !!	100
03/28/2002	11453	TAMMY ROSEBERRY - GOOD WORK IN MARCH ! THANKS !!	125
03/28/2002	11454	ULYSSES LLOYD - GOOD WORK IN MARCH ! THANKS !!	25
03/28/2002	11455	WILLIE DOWDY - GOOD WORK IN MARCH ! THANKS !!	125
03/29/2002	11460	JAMES HAMPTON - THRU 3-29 6.28 HRS @ \$6	37.56
03/29/2002	CASH	CASUAL LABOR - DICK CARPENTER THRU 3-29-02 TRAINING & WORK AT S	50
03/31/2002	2002-3	ELLOREE PHARMACY - PREVIOUS BALANCE UPS,ETC.	138.57

April 02

Current Period Change			4,168.30	4,168.30
Beginning Balance				7,211.36
04/01/2002	11462	JAMES HAMPTON - 4-1-02 8 HOURS @ \$6.00/HOUR	48	
04/03/2002	11491	JAMES HAMPTON - THRU 4-3-02 13.18 HRS @ \$6	79.08	
04/05/2002	11498	CYNTHIA WILLIAMS - THRU 4-1-02 7.88 HRS @ \$6.25	48	
04/05/2002	11499	MICHELLE LILLY - THRU 4-5-02 - 37.5 HRS @ \$9	337.5	
04/05/2002	11508	JAMES HAMPTON - THRU 4-5-20 8-62 HRS @ \$6	51.72	
04/08/2002	11522	JAMES HAMPTON - THRU 4-8 10.14 HRS @ \$6	60.84	
04/10/2002	11551	KARIN MIZELL - CORRECT PAY RATE TO DATE - 72.41 REG HRS - 3.84 OT H	39.09	
04/10/2002	11552	LARRY SNIDER - PAINTING, ETC	150	
04/10/2002	#####	ELLOREE PHARMACY	6.21	
04/11/2002	11550	DEBRA HEYWARD - THRU 4-11-02 / 16.29 HRS @ \$6	97.74	
04/11/2002	CASH	CASH PAY-OUT - FOOD FOR KELLY SERVICES WORKERS	40	
04/11/2002	#####	ELLOREE PHARMACY	7.38	
04/12/2002	11579	JAMES HAMPTON - THRU 4/11/02 (24.30 HRS X \$6.00)	145.8	
04/12/2002	CASH	CASH PAY-OUT - LEON CHEESEBORO	35.75	
04/12/2002	CASH	DANIEL K. DANIELS - DAN - SATURDAY WORK & MEALS	100	
04/16/2002	11611	JAMES HAMPTON - THRU 4-16-02 8.25 HRS @ \$600 - CLEANING UP OUTSIC	49.5	
04/16/2002	11612	CASH - THRU 4-16-02 8.25 HRS @ \$600 - CLEANING UP OUTSIDE	49.5	
04/16/2002	CASH	CASUAL LABOR - OUTSIDE CLEANING	20	
04/17/2002	11615	REGGIE PARLOR - 2 DAYS	112	
04/19/2002	11624	JAMES HAMPTON - 4-17 4 HRS @ \$6	24	
04/19/2002	11625	MICHELLE LILLY - THRU 4-19-02 37 HRS @ \$9	333	
04/22/2002	CASH	CASUAL LABOR - OUTSIDE CLEANUP	28	
04/22/2002	CASH	KENNETH GATES - REPAY 5-1-02 PAYROLL	50	
04/22/2002	CASH	MISCELLANEOUS EXPENSE - PER DAN	148	
04/23/2002	11651	JAMES HAMPTON - THRU 4-23-02 17.25 HRS @ \$6	103.5	
04/26/2002	11703	JAMES HAMPTON - THRU 4-26-02 9.06 HRS @ \$6	54.36	
04/26/2002	11704	ELLEN JEFFERSON - THRU 4-26-02 9.41 HRS @ \$6.50	61.17	
04/26/2002	11705	SADRA CLARK	100	
04/26/2002	CASH	TERRILL FOYE - BONUS - WORKING LATE ON 5 GAL LINE	30	

May 02

Current Period Change			2,412.12	2,412.12
Beginning Balance				9,623.48
05/01/2002	11759	LARRY SNIDER - GOOD JOB !!	180.8	
05/02/2002	11760	TAMMY ROSEBERRY - GOOD JOB !!	173.12	
05/02/2002	11761	JACQUELINE T. BLACKS - GOOD JOB !!	157.28	
05/02/2002	11762	WILLIE DOWDY - GOOD JOB !!	151.2	
05/02/2002	11763	KARIN MIZELL - GOOD JOB !!	138.72	
05/02/2002	11764	JAMIE GATES - GOOD JOB !!	136.8	
05/02/2002	11765	KENNETH GATES - GOOD JOB !!	136.16	
05/02/2002	11766	REGGIE PARLOR - GOOD JOB !!	136	
05/02/2002	11767	TERRY MOORER - GOOD JOB !!	132.16	
05/02/2002	11768	AUDREY AIKEN - GOOD JOB !!	117.6	
05/02/2002	11769	CHRIS TAVOLACCI - GOOD JOB !!	83.84	
05/02/2002	11770	BARBARA SUTTLE - GOOD JOB !!	47.52	
05/02/2002	11771	JERMAINE GATES - GOOD JOB !!	60	
05/02/2002	11772	JOHN BRANTLEY - GOOD JOB !!	60	
05/02/2002	11773	MAUREEN HIGGINS - GOOD JOB !!	60	
05/02/2002	11774	SADRA CLARK - GOOD JOB !!	190.56	
05/02/2002	11775	JAMES HAMPTON - THRU 5-2-02 31.78 HRS @ \$6	190.68	
05/02/2002	CASH	CASH - LABOR AND FOOD FOR PAINTING FLOOR 5-4 & 5-5	120	
05/02/2002	CASH	JACQUELINE T. BLACKS - EXTRA BONUS	40	

May 02

05/03/2002	11778 MICHELLE LILLY - THRU 5-3-02 39 HRS @ \$9	351	
05/03/2002	11782 ELLEN JEFFERSON - THRU 5-3-02 36.89 HRS @ \$6.50	239.79	
05/03/2002	11783 CYNTHIA WILLIAMS - THRU 5-3-02 16.57 HRS @ \$6.25	103.56	
05/03/2002	11784 DAVID SIKES - THRU 5-3-02 20.25 @ \$17.50	354.38	
05/06/2002	11786 WOLFE'S WELL DRILLING - FINAL BILL ON WELL DRILLING #1 & #2	3,525.00	Installed new well. Miscclassification.
05/08/2002	11787 MAC BENNETT - THRU 5-3-02 24.29 HRS @ \$10	242.9	
05/08/2002	11789 LARRY SNIDER - PAINTING 5-4, 5-5	100	
05/08/2002	11814 HEATHER BALL - HEATHER BALL THRU 5-3-02 / 14.44 HRS @ \$7	101.08	
05/08/2002	11815 JIM MOORE - JIM MOORE THRU 5-3-02 / 10.51 HRS @ \$10	105.1	
05/10/2002	11842 ELLEN JEFFERSON - THRU 5-8-02 20.59 HRS @ \$6.5	133.84	
05/10/2002	11844 JAMES HAMPTON - THRU 5-10-02 11.76 HRS @ \$6	70.56	
05/13/2002	11848 CYNTHIA WILLIAMS - THRU 5-9-02 2.34 HRS @ \$6.25	14.63	
05/13/2002	11849 JAMES HAMPTON - THRU 5-13 8 HRS @ \$6	48	
05/17/2002	11904 MICHELLE LILLY - THRU 5-17-02	310.5	
05/17/2002	CASH CASH - WEEK-END WORK AND FOOD	60	
05/18/2002	CASH CASH - PAID TO PATSEY FOR TRIP TO STATESVILLE TO PICK UP TRUCK	60	
05/19/2002	CASH DANIEL K. DANIELS - SUNDAY 5-19-02	40	
05/21/2002	CASH JIM MOORE - THRU 5-21-02	20	
05/22/2002	11959 MELVIN COOK - MELVIN COOK THRU 5-15-02 / 11 HRS @ \$10	110	
05/23/2002	11962 DEBRA HEYWARD - THRU 5-20-02 / 5.15 HRS @ \$6	30.9	
05/28/2002	CASH JAMES HAMPTON - 6-28-02 5.85 HRS @ \$6	35.1	
05/30/2002	12007 JAMES HAMPTON - THRU 5-30-02 16.27 HRS @ \$6	97.62	
05/31/2002	12013 MICHELLE LILLY - THRU 5-31-02 32 HRS @ \$9	288	

June 02

06/01/2002	Current Period Change	8,754.40	8,754.40
	Beginning Balance		18,377.88
06/04/2002	12086 LARRY SNIDER - BONUS - PER DAN	100	
06/07/2002	12091 CYNTHIA WILLIAMS - 6-7-02 8.56 @ 6.25	53.5	
06/07/2002	12092 DEBRA HEYWARD - 6-7-02 8.52 HRS @ \$6	51.12	
06/07/2002	12093 SHIRLEY GOODWIN - 6-7-02 8.58 HRS @ \$6.30	55.77	
06/07/2002	12094 JAMES HAMPTON - 6-7-02 8.58 HRS @ \$6	49.74	
06/14/2002	12146 MICHELLE LILLY - THRU 6-14-02	333	
06/14/2002	12148 CYNTHIA WILLIAMS - THRU 6-14 / 8.41 @ \$6.25	52.56	
06/14/2002	12149 SHIRLEY GOODWIN - THRU 6-14-02 18.03 HRS @ \$6.5	117.2	
06/17/2002	12150 KELLEY SERVICES	3,350.00	These "Kelly Services" are for contract equipment installations.
06/21/2002	12203 CYNTHIA WILLIAMS - THRU 6-21-02 / 51.34 HRS @ 6.25	320.88	
06/21/2002	CASH CASH - HOWARD MCKELVIE	50	
06/21/2002	12204 DEBRA HEYWARD - THRU 6-21-02 45.56 HRS @ 6.	273.36	
06/21/2002	12205 JAMES HAMPTON - THRU 6-21-02 / 28.21 HRS @ \$6 / LESS \$20	169.26	
06/22/2002	12208 KELLEY SERVICES - THRU 6-22-02	2,218.00	
06/22/2002	CASH CASUAL LABOR - DAVID GIDRON THRU 6-22-02	60	
06/26/2002	CASH LARRY SNIDER - CORRECT ERROR ON PR (SHORT 2 HRS)	20	
06/26/2002	CASH DANIEL K. DANIELS - FOOD FOR NIGHT CREW	50	
06/27/2002	CASH DANIEL K. DANIELS - FOOD FOR 11 EMPLOYEES	50	
06/28/2002	12253 MIKE DANIELS	50	
06/28/2002	12259 MICHELLE LILLY - THRU 6-28-02	324	
06/28/2002	12264 SHIRLEY GOODWIN - THRU 6-28- AM / 26.09 HRS @ \$6.5	169.59	
06/28/2002	12265 CYNTHIA WILLIAMS - THRU 6-28 55.75 HRS @ 6.25	348.44	
06/28/2002	12266 DEBRA HEYWARD - THRU 6-28 44.48 HRS @ \$6	266.28	
06/28/2002	12267 HOWARD MCKELVIE - HOWARD MCKELVIE THRU 6-28-02 / 21.74 HRS @ \$6	130.44	
06/28/2002	12268 JAMES HAMPTON - THRU 6-28 8.13 HRS @ \$6.	48.78	
06/28/2002	12266 DANIEL K. DANIELS - FOOD FOR 10 PEOPLE	40	
06/29/2002	12271 KELLEY SERVICES - PRODUCTION	2,545.75	
06/30/2002	##### ELLOREE PHARMACY	28.4	

July 02

07/01/2002	Current Period Change	11,326.07	11,326.07
	Beginning Balance		29,703.95
07/01/2002	12272 JAMES HAMPTON - THRU 6-29-02 - 5.31 HRS @ \$6	31.88	
07/03/2002	12321 SHIRLEY GOODWIN - THRU 7-3-02 8.16 HRS @ \$6.50	53.04	
07/03/2002	12326 HOWARD MCKELVIE - THRU 7-3-02	64.8	
07/04/2002	12331 KENNETH GATES - HOLIDAY PAY	56	
07/04/2002	12332 LARRY SNIDER - BONUS FOR 4 WEEK PERIOD ENDED 6-18-02	100	
07/04/2002	12333 ELLOREE GENERAL FOOD STORE - FOOD FOR EMP FOURTH OF JULY COX	242.91	
07/08/2002	12335 HOWARD MCKELVIE - THRU 7-5-02 16 HRS @ \$7	98	
07/08/2002	12336 PAULINE MCALLISTER - 7-3-02 5 HRS @ \$6.5	32.5	
07/10/2002	12370 MICHELLE LILLY - 8 HRS THRU 7-3-02	72	
07/10/2002	12371 PAULINE MCALLISTER - 6-28 LEFT OFF TIME CARD 8.5 HRS @ \$6.50	55.25	
07/12/2002	12391 JESSICA CLARK - THRU 7-12-02 26 HRS @ \$8	208	
07/15/2002	CASH CASUAL LABOR - JESSICA CLARK 7 HRS @ \$8	56	
07/17/2002	12441 CYNTHIA WILLIAMS - THRU 7-16-02 - 10.54 HRS @ \$6.25	65.88	
07/17/2002	12442 DEBRA HEYWARD - THRU 7-16-02 - 10.08 HRS @ \$6	60.48	
07/17/2002	CASH REGGIE PARLOR - PAYROLL CORRECTION - 4 HRS @ 7.5	30	
07/17/2002	ADJ CORRECT POSTING OF CK #12431		25.23
07/19/2002	12467 CYNTHIA WILLIAMS - THRU 7-19-02 22.49 HRS @ \$6.25	140.56	
07/19/2002	12469 DEBRA HEYWARD - THRU 7-20-02 7.74 HRS @ \$6	46.44	
07/19/2002	12470 PATRICK DUBOIS - PATRICK DUBOIS 7-19-02	50	
07/23/2002	12502 THE REGIONAL MEDICAL CENTER - TAMMY ROSEBERRY 6-8-02	772	

July 02

07/28/2002	12530 CYNTHIA WILLIAMS - THRU 7-28-02 40.58 HRS @ \$6.25	253.63	
07/28/2002	12531 JAMES HAMPTON - THRU 7-28-02 22.34 HRS @ \$6	134.04	
07/31/2002	12569 WILLIE DOWDY, JR		2.93
07/31/2002	12570 JAMIE GATES		11.14
07/31/2002	12571 PATRICIA A. GRIMES		20.36
07/31/2002	12572 TERRY MOORER		1.74
07/31/2002	12575 BARBARA ANN SUTTLE		6.47
07/31/2002	12499 MISCELLANEOUS EXPENSE - PAUL ROUSE - MOVING 2 TRAILERS	692.6	Purchased trailers. This pays for moving them to the plant.
07/31/2002	12500 MISCELLANEOUS EXPENSE - BILLY RAY DAVID - MOVING 4 TRAILERS	547.2	
07/31/2002	2002-7 ELLOREE PHARMACY	43	

Aug 02

	Current Period Change	3,908.19	67.87	3,838.32
08/01/2002	Beginning Balance			33,542.27
08/01/2002	12589 CYNTHIA WILLIAMS - THRU 8-1-02 - 27.24 HRS @ \$6.25	170.25		
08/02/2002	12607 MISCELLANEOUS EXPENSE - PAUL ROUSE - MOVING TRAILERS	1,189.25		
08/02/2002	12608 MISCELLANEOUS EXPENSE - BILLY RAY DAVID - MOVING TRAILERS	532.42		
08/05/2002	12612 SADRA CLARK - 7-22 THRU 8-2 - 20 OVERTIME HOURS AT REGULAR RATE	335		
08/09/2002	12683 ADRAIN GETHERS - ADRAIN GETHERS THRU 8-2-02 - 8.05 HRS @ \$7	56.35		
08/09/2002	12671 ULYSSES LLOYD - THRU 8-9-02 - 34.51 HRS @ \$6.00	207.06		
08/16/2002	12737 ULYSSES LLOYD - THRU 8-16-02 / 43.94 HRS @ \$6	263.64		
08/18/2002	12712 MISCELLANEOUS EXPENSE - WEEK-END CLEANUP	360		
08/21/2002	12775 JOHN ROSS - JOHN ROSS THRU 8-13-02 / 31.47 HRS @ \$9	283.23		
08/22/2002	12788 MARTIN RODRIGUEZ - MARTIN RODRIGUEZ - CORRECT RATE OF PAY - 50.	25.24		
08/22/2002	12789 MICHAEL LAWRENCE - MICHAEL LAWRENCE - CORRECT PAY RATE - 85.16	42.6		
08/22/2002	12782 MISCELLANEOUS EXPENSE - TIM HANCOCK THRU 8-22-02 - 21.52 HRS @ \$	258.24		
08/23/2002	12806 ULYSSES LLOYD - THRU 8-23-02(12:34) 36.74 HRS @ \$6	220.44		
08/23/2002	12807 RADIOLOGY ASSOCIATES, P.A. - RADIOLOGY ASSOCIATES - TAMMY ANK	37		
08/28/2002	12840 JOHN ROSS - THRU 8-20-02 - 40.19 HRS @ \$9	361.71		
08/28/2002	12858 MARTIN RODRIGUEZ - CORRECT FOR HOURLY WAGE - 34.49 HRS @ \$50	17.26		
08/30/2002	12859 JOHN ROSS - 48.42 HRS THRU 8-28-02 @ \$9	435.78		
08/30/2002	12876 ULYSSES LLOYD - THRU 8-30-02 LUNCH- 30.80 HRS @ \$6	184.8		

Sept 02

	Current Period Change	4,980.26		4,980.26
09/01/2002	Beginning Balance			38,522.53
09/08/2002	12953 ULYSSES LLOYD - THRU NOON 9-8-02 / 31.46 HRS @ \$6	188.78		
09/10/2002	12993 THE REGIONAL MEDICAL CENTER - REGGIE PARLER	74		
09/13/2002	13014 ULYSSES LLOYD - THRU 9-13-02 40.96 HRS @ \$6	245.88		
09/14/2002	13022 MISCELLANEOUS EXPENSE - 8 PEOPLE CLEANING	500		
09/16/2002	13025 ELLOREE GENERAL FOOD STORE - 2 WORKERS X 8 HRS X \$7	112		
09/20/2002	CASH MISCELLANEOUS EXPENSE - PAID FOR DAY LABOR	21		
09/20/2002	CASH MISCELLANEOUS EXPENSE - PAID FOR DAY LABOR	25		
09/26/2002	13170 WILLIAM JONES - BONUS	25		
09/27/2002	CASH MISCELLANEOUS EXPENSE - PAID 2 MEN X 4.25 HRS @ \$6	51		

Oct 02

	Current Period Change	1,242.64		1,242.64
10/01/2002	Beginning Balance			39,765.17
10/11/2002	13305 MICHAEL STROMAN - INDIRECT LABOR COSTS	28.62		
10/11/2002	13307 BANDY SUMPTER - INDIRECT LABOR COSTS	30		
10/18/2002	13364 MICHAEL STROMAN - INDIRECT LABOR COSTS	26.82		
10/18/2002	13365 VANDY SUMPTER - INDIRECT LABOR COSTS	26.82		
10/18/2002	13366 WILL SNIDER - INDIRECT LABOR COSTS	64		
10/19/2002	13368 WILL SNIDER - WORKING WITH RALPH 8 HRS @ \$8	64		
10/23/2002	13370 WILL SNIDER - INDIRECT LABOR COSTS	64		
10/24/2002	13369 WILL SNIDER - INDIRECT LABOR COSTS	64		
10/27/2002	13431 WILL SNIDER	88		

Nov 02

	Current Period Change	456.26		456.26
11/01/2002	Beginning Balance			40,221.43
11/01/2002	13500 VANDY SUMPTER - INDIRECT LABOR COSTS	15.66		
11/04/2002	13527 FAMILY MED OF ELLOREE & SANTEE - TAMMY ROSEBERRY - 6/13/02 OFFIC	38		
11/20/2002	13605 CHRISTOPHER TAVOLACCI		1.25	
11/20/2002	13607 WILLIE DOWDY, JR		9.42	
11/20/2002	13608 LARRY SNIDER		16.61	
11/20/2002	13615 KENNETH GATES		6.52	
11/27/2002	13548 PIGGLY WIGGLY OF SANTEE - 15 TURKEYS FOR EMPLOYEES	157.13		

Dec 02

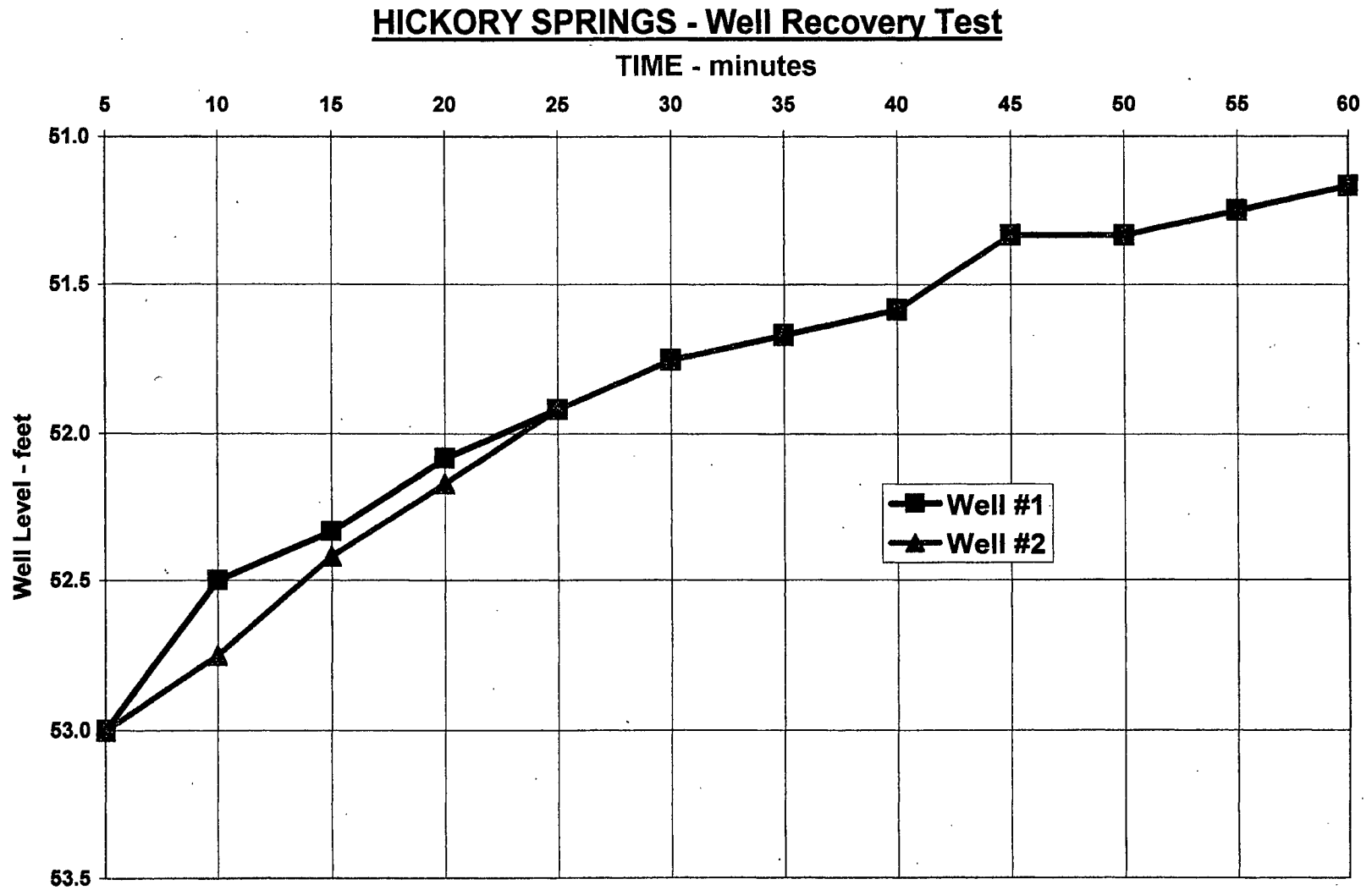
	Current Period Change	210.79	33.8	176.99
12/01/2002	Beginning Balance			40,398.42
12/20/2002	13855 AUDREY AIKEN - MERRY CHRISTMAS	300		
12/20/2002	13856 BENJAMIN ROBINSON - MERRY CHRISTMAS	150		
12/20/2002	13857 CHRIS TAVOLACCI - MERRY CHRISTMAS	300		
12/20/2002	13858 CYNTHIA WILLIAMS - MERRY CHRISTMAS	200		
12/20/2002	13859 GREG DRUM - MERRY CHRISTMAS	300		
12/20/2002	13860 JACQUELINE T. BLACKS - MERRY CHRISTMAS	400		
12/20/2002	13861 JAMIE GATES - MERRY CHRISTMAS	300		
12/20/2002	13862 KENNETH GATES - MERRY CHRISTMAS	300		
12/20/2002	13863 LARRY SNIDER - MERRY CHRISTMAS	400		

12/20/2002 13864 PATSY GRIMES - MERRY CHRISTMAS 200
 12/20/2002 13865 TAMMY ROSEBERRY - MERRY CHRISTMAS 400
 12/20/2002 13866 WILLIE DOWDY - MERRY CHRISTMAS 300
 12/20/2002 13867 TIM DANYOW - MERRY CHRISTMAS 200
 12/20/2002 13868 CAROLINE SHULER - MERRY CHRISTMAS 100
 12/20/2002 13869 ALBERT E. WITHROW II - MERRY CHRISTMAS 500
 12/20/2002 13870 MIKE PARSONS - MERRY CHRISTMAS 450
 12/20/2002 13871 MIKE KILGUS - MERRY CHRISTMAS 200
 12/20/2002 13872 SADRA CLARK - MERRY CHRISTMAS 450
 12/20/2002 13883 TYRONE HEYWARD - MERRY CHRISTMAS 75
 12/20/2002 CASH JESSICA CLARK - INDIRECT LABOR COSTS 25
 12/20/2002 13850 CLARK'S RESTAURANT - INDIRECT LABOR COSTS 230

 11 Current Period Change 5,780.00 5,780.00
 01/01/2003 Beginning Balance
 02/01/2003 Beginning Balance
 02/21/2003 14383 CASH - INDIRECT LABOR COSTS 350
 02/21/2003 CASH CASH - INDIRECT LABOR COSTS 80

 Current Period Change 430 430
 03/01/2003 Beginning Balance 430
 03/21/2003 CASH EMPLOYEE BONUSES - INDIRECT LABOR COSTS 150

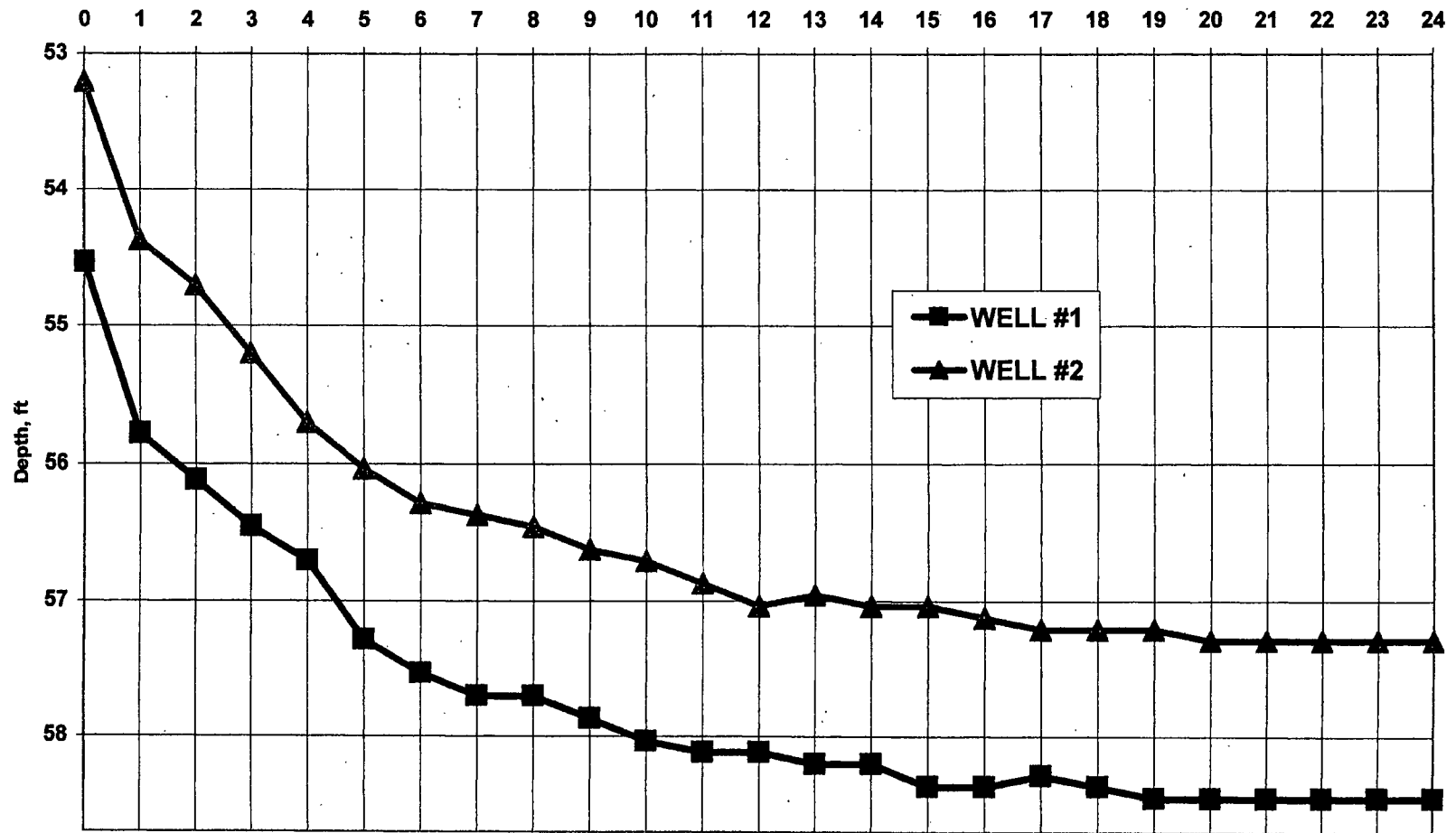
 Current Period Change 150 150
 03/31/2003 Ending Balance 580



PLAINTIFF'S
EXHIBIT
10 - I
09-2333

HICKORY SPRINGS

Well Water Level - 24 Hour Test



HOUR	total	decimal	
0	54.3	53.0	1.3
1	55.6	54.2	1.4
2	55.9	54.5	1.4
3	56.3	55.0	1.3
4	56.5	55.5	1.0
5	57.1	55.8	1.3
6	57.3	56.1	1.3
7	57.5	56.2	1.3
8	57.5	56.3	1.3
9	57.7	56.4	1.3
10	57.8	56.5	1.3
11	57.9	56.7	1.3
12	57.9	56.8	1.1
13	58.0	56.8	1.3
14	58.0	56.8	1.2
15	58.2	56.8	1.3
16	58.2	56.9	1.3
17	58.1	57.0	1.1
18	58.2	57.0	1.2
19	58.3	57.0	1.3
20	58.3	57.1	1.2
21	58.3	57.1	1.2
22	58.3	57.1	1.2
23	58.3	57.1	1.2
24	58.3	57.1	1.2
5	53.0	53.0	
10	52.5	52.8	
15	52.3	52.4	
20	52.1	52.2	
25	51.9	51.9	
30	51.8	51.8	
35	51.7	51.7	
40	51.6	51.6	
45	51.3	51.3	
50	51.3	51.3	
55	51.3	51.3	
60	51.2	51.2	

Hickory Springs Water Company, Inc.

Item Costing Report

For the Period From Jan 1, 2002 to Dec 31, 2002

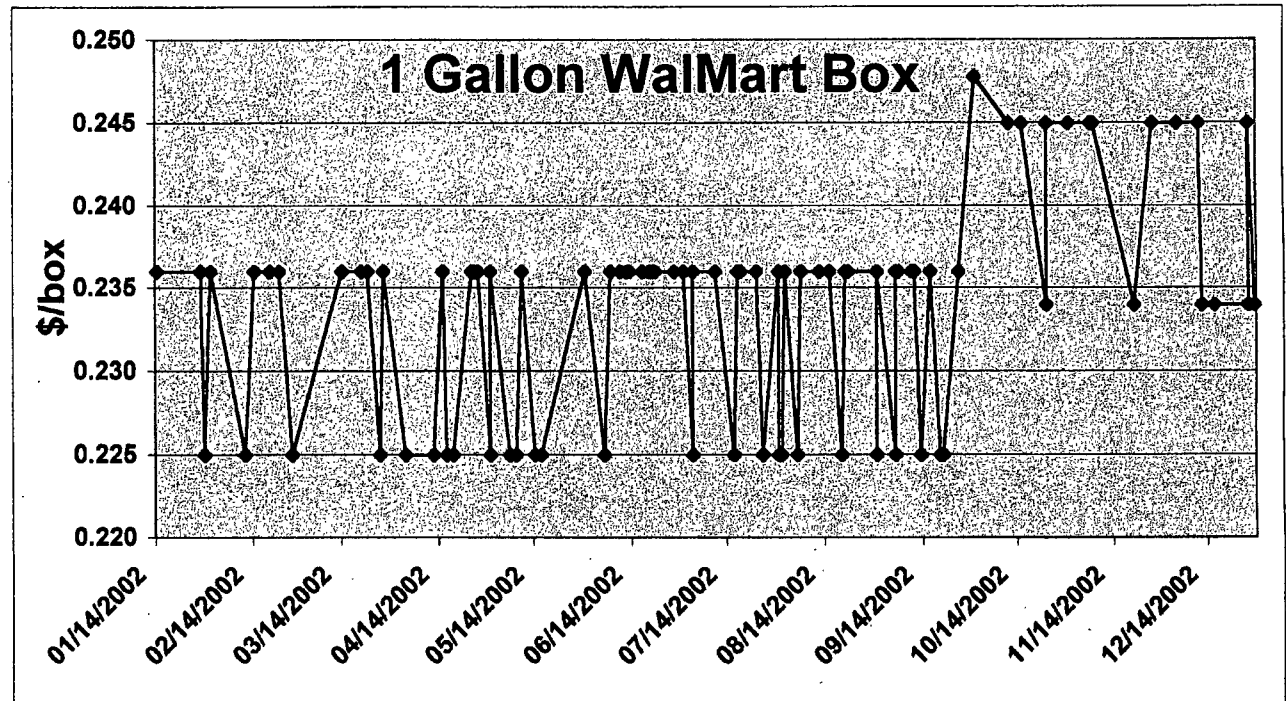
Filter Criteria includes: 1) IDs from 00011.1 to 00011.3. Report order is by ID.

Item Descr Qty Rece Item Cc Actual Cos Quantity Sold

WM 3/1 SPRING BOX *Cost* *Qty Sold*

24,697	0.236	5,828.49
25,071	0.236	5,916.76
26,399	0.236	6,230.16
25,083	0.236	5,919.59
24,569	0.225	5,528.03
25,262	0.236	5,961.83
25,198	0.225	5,669.55
25,982	0.236	6,131.75
25,581	0.236	6,037.12
24,464	0.236	5,773.50
24,803	0.225	5,580.68
25,045	0.236	5,910.62
25,807	0.236	6,090.45
25,001	0.236	5,900.24
25,359	0.236	5,984.72
25,018	0.225	5,629.05
26,100	0.236	6,159.60
24,326	0.225	5,473.35
24,896	0.225	5,601.60
24,000	0.236	5,664.00
2,871	0.225	645.98
24,447	0.225	5,500.58
24,000	0.236	5,664.00
24,000	0.236	5,664.00
230	0.236	54.28
2,347	0.236	553.89
21,979	0.236	5,187.04

Qty Rec'd



1,000	0.225	225
24,000	0.236	5,664.00
23,077	0.225	5,192.33
1,915	0.225	430.88
27,943	0.236	6,594.55
24,000	0.225	5,400.00
25,072	0.225	5,641.20
23,240	0.236	5,484.64
24,507	0.225	5,514.08
21,635	0.236	5,105.86
29,876	0.236	7,050.74
24,523	0.236	5,787.43
22,900	0.236	5,404.40
24,376	0.236	5,752.74
31,200	0.236	7,363.20
4,000	0.236	944
5,500	0.236	1,298.00
18,345	0.236	4,329.42
22,000	0.236	5,192.00
19,484	0.236	4,598.22
28,700	0.236	6,773.20
4,500	0.236	1,062.00
26,000	0.236	6,136.00
1,302	0.236	307.27
1,033	0.225	232.43
22,037	0.225	4,958.33
26,000	0.236	6,136.00
25,681	0.236	6,060.72
31,100	0.236	7,339.60
25,150	0.225	5,658.75
28,300	0.236	6,678.80
26,000	0.236	6,136.00
909	0.236	214.52

24,876	0.236	5,870.74
26,000	0.225	5,850.00
1,904	0.236	449.34
25,228	0.225	5,676.30
884	0.225	198.9
28,406	0.236	6,703.82
3,000	0.225	675
1,511	0.236	356.6
29,400	0.236	6,938.40
23,186	0.236	5,471.90
22,247	0.236	5,250.29
23,591	0.225	5,307.98
24,984	0.236	5,896.22
26,000	0.236	6,136.00
1,023	0.236	241.43
23,088	0.236	5,448.77
4,168	0.236	983.65
18,000	0.225	4,050.00
24,298	0.236	5,734.33
22,500	0.225	5,062.50
24,109	0.236	5,689.72
23,747	0.236	5,604.29
24,000	0.236	5,664.00
3,307	0.236	780.45
23,044	0.225	5,184.90
23,083	0.236	5,447.59
23,825	0.225	5,360.63
3,692	0.225	830.7
22,198	0.225	4,994.55
25,000	0.236	5,900.00
26,385	0.248	6,538.20
23,343	0.245	5,719.04
23,500	0.245	5,757.50

24,522	0.245	6,007.89
18,849	0.234	4,410.67
22,100	0.245	5,414.50
23,500	0.245	5,757.50
23,226	0.245	5,690.37
22,566	0.245	5,528.67
23,846	0.234	5,579.96
12,139	0.245	2,974.06
12,431	0.245	3,045.60
21,968	0.245	5,382.16
24,849	0.245	6,088.01
24,176	0.234	5,657.18
11,051	0.234	2,585.93
11,841	0.234	2,770.79
24,327	0.234	5,692.52
26,000	0.245	6,370.00
23,542	0.234	5,508.83
#####	0.235	521,166

Hickory Springs Water Company, Inc.
General Ledger

For the Period From Jan 1, 2002 to Dec 31, 2002

Filter Criteria Includes: 1) IDs from 53000 to 53000. Report order is by ID. Report is printed with Truncated Transaction Descriptions and in Detail Format.

Account Dr Date Reference Trans Description Debit Amt Credit Amt Balance Trans Amount

EQUIPMEI ##### Beginning Balance

#####	11765	AMTEC	562.71		562.71
#####	680510	CARLTON-BATES COMPANY	472.55		472.55
#####	109254	F & H FOOD EQUIPMENT CO	81.2		81.2
#####	11008	HESS MACHINE INTERNATIONAL	167.45		167.45
#####	28718	PALMETTO PACKAGING	1,327.60		1,327.60
#####	110899	F & H FOOD EQUIPMENT CO	99		99
#####	162125	HARTNESS INTERNATIONAL	73.99		73.99
#####	50424932	MCMASER-CARR	107.38		107.38
#####	10913	DANIEL K. DANIELS - REIMBURSE FOR LANDIN	353.51		353.51
#####	RL271340	DILLON/ORANGEBURG SUPPLY	215.64		215.64
#####	10952	MIKE PARSONS - THANKS FOR CASE WRAPPE	100		100
#####	2950292	HACH COMPANY	42.98		42.98
#####	17525	B W CLARK INC	98.3		98.3
#####	483-08044	W. W. GRAINGER INC	105.86		105.86
#####	10997	CAPITAL WINE AND BEVERAGE	3,000.00		3,000.00
#####	975685	BEARING DISTRIBUTORS, INC.	912.8		912.8
#####	2002-1	ELLOREE AUTO PARTS	621.44		621.44
#####	2002-1	ELLOREE BUILDERS SUPPLY INC	278.15		278.15
#####	2002-1	SANTEE ACE HARDWARE	134.12		134.12
#####	05S56102	SOUTHEAST INDUSTRIAL EQUIPMENT	541.41		541.41

Adjusted Equipment

Repair and Mtce

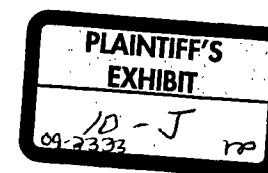
A:
Here is the detailed General Ledger itemizing the Equipment Repair and Mtce that you had asked about. I have taken a stab at adjusting OUT one time items better caegorized as "capital". You will see the items that one could categorize as one time events in yellow and the "green" column is the Total less the yellow items. I believe this better represents on-going Eqpt Repair and Mtce.

Please note - also included in Eqpt Repair and Mtce (which I did not know) are the lease charges on the box erectors which are charged as a premium on the boxes purchased from Weyerhaeuser. These charges amount to ~ \$12,500 running Sept-Dec and do not represent "one time" events. I have asked our accountant to recategorize these to Lease Expenses in 2003 (I do not plan on correcting 2002).

Also, one must ask how much annual capital is appropriate? Cliff and Dan will have to decide on how much they would want to spend. However, to

#####		Current Period Change	9,296.09	9,296.09	6,296.09
#####		Beginning Balance		9,296.09	
#####	3281	EPS SALES INC.	1,007.73		1,007.73
#####	RL273560	DILLON/ORANGEBURG SUPPLY	97.36		97.36
#####	21035	B W CLARK INC	97.5		97.5
#####	11135	HESS MACHINE INTERNATIONAL	438.8		438.8
#####	11138	HESS MACHINE INTERNATIONAL	402.05		402.05
#####	21110	B W CLARK INC	102.78		102.78
#####	120	TIMMONS ENGINEERING	1,705.50		1,705.50
#####	11054	KELLEY SERVICES - REBUILDING 5 GALLON L	3,000.00		3,000.00
#####	21328	B W CLARK INC	95.08		95.08
#####	11137	BEVERAGE INDUSTRIES - MISC PARTS	4,170.00		4,170.00
#####	11138	BRANTEC - MOTOR AND CONVEYOR	250		250
#####	21425	B W CLARK INC	92.46		92.46
#####	21426	B W CLARK INC	99.81		99.81
#####	2002-2	SANTEE ACE HARDWARE	192.33		192.33
#####	2002-2	ELLOREE BUILDERS SUPPLY INC	1,004.26		1,004.26
#####	2002-2	ELLOREE AUTO PARTS	101.96		101.96

#####		Current Period Change	12,857.62	12,857.62	4,883.36
#####		Beginning Balance		22,153.71	
#####	2002-3	BILLY JOHNSON - REPAIRS TO PURCHASED TF	115		115



#####	184864 EAST PENN MANUFACTURING CO - BATTERIE	8,300.00	8,300.00	
#####	21637 B W CLARK INC	206.71	206.71	
#####	118-4394E W. W. GRAINGER INC	232.14	232.14	
#####	1208 LAKE ELECTRIC, INC.	265	265	
#####	11285 CASH - PAID TO KELLEY SERVICES FOR INST	1,700.00	1,700.00	
#####	21691 B W CLARK INC	103.84	103.84	
#####	8908 CAROLINA PROPANE GAS CORP	2,214.70	2,214.70	
#####	11330 VICUS MANUFACTURING - VICUS MANUFACTU	70.55	70.55	
#####	23463 FEDERAL MFG CO	545.8	545.8	
#####	3002976 HACH COMPANY	302.6	302.6	
#####	05S57281 SOUTHEAST INDUSTRIAL EQUIPMENT	97.18	97.18	
#####	3005488 HACH COMPANY	56.28	56.28	
#####	11345 MISCELLANEOUS PURCHASE - ACCUMULATO	1,500.00	1,500.00	
#####	3006399 HACH COMPANY	353.46	353.46	
#####	OR183087 DILLON/ORANGEBURG SUPPLY	244.92	244.92	
#####	CASH CASH PAY OUT - FOOD FOR 5 GAL LINE REPAI	70	70	
#####	988259 BEARING DISTRIBUTORS, INC.	333.97	333.97	
#####	CASH CASH PAY OUT - MEALS FOR WORKERS - 5 GA	50	50	
#####	11456 KELLEY SERVICES - WORK ON 5 GAL LINE	2,000.00	2,000.00	
#####	1451064-C MOREHOUSE-HUBER, INC	60.65	60.65	
#####	2002-3 ELLOREE BUILDERS SUPPLY INC	257.12	257.12	
#####	2002-3 SANTEE ACE HARDWARE	212.27	212.27	
#####	2002-3 ELLOREE AUTO PARTS	213.68	213.68	
	Current Period Change	19,505.87	19,505.87	8,005.87
#####	Beginning Balance		41,659.58	
#####	11461 SANDERS DEEP WELL DRILLING - WELL # 1 - C	1,500.00	1,500.00	
#####	OR183363 DILLON/ORANGEBURG SUPPLY	111.37	111.37	
#####	11492 KELLY SERVICES - KELLY SERVICES - FINAL I	500	500	
#####	11492 KELLY SERVICES - WIRING AND INSTALLATIO	1,700.00	1,700.00	
#####	CASH CASH PAY-OUT - CRANE WORK AT WELL HOU	40	40	
#####	11546 CABLE CONVEYOR SYSTEMS - PAYMENT 2 OF	2,016.00	2,016.00	
#####	11546 CABLE CONVEYOR SYSTEMS	1,872.00	1,872.00	
#####	13049-B CABLE CONVEYOR SYSTEMS - 3RD PAYMENT	3,888.00	3,888.00	
#####	3313 EPS SALES INC.	322.65	322.65	
#####	11549 GREGORY ZEIGLER - LAWN SERVICE	75	75	
#####	992112 BEARING DISTRIBUTORS, INC.	542.51	542.51	
#####	931-03683 W. W. GRAINGER INC	91.98	91.98	
#####	11342 KELLEY SERVICES - WRAPPER #2	2,500.00	2,500.00	
#####	11342 KELLEY SERVICES - LABOR ON WRAPPER	1,500.00	1,500.00	
#####	118-1521E W. W. GRAINGER INC	212.26	212.26	
#####	C044409 HACH COMPANY		28.09	-28.09
#####	C044408 HACH COMPANY		97.46	-97.46
#####	2808 MISCELLANEOUS RECEIPT - LONDONDERRY SCHOOL - /		150	-150
#####	1.6E+08 CROWN PACKAGING CORP.	405.05		405.05
#####	54399206 MCMASTER-CARR	100.59		100.59
#####	931-0128E W. W. GRAINGER INC	108.44		108.44
#####	201354 BEARING DISTRIBUTORS, INC.	123.56		123.56

#####	2002-04	ELLOREE AUTO PARTS	142.9		142.9
#####	2002-4	ELLOREE BUILDERS SUPPLY INC	890.14		890.14
#####	2002-4	SANTEE ACE HARDWARE	588.52		588.52
		Current Period Change	19,230.97	275.55	18,955.42
#####		Beginning Balance		60,615.00	3,784.97
#####	931-4734C	W. W. GRAINGER INC	149.53		149.53
#####	001-4734C	W. W. GRAINGER INC	145.09		145.09
#####	21948	SANTEE ACE HARDWARE	120.67		120.67
#####	3054829	HACH COMPANY	91.77		91.77
#####	202871	BEARING DISTRIBUTORS, INC.	58.55		58.55
#####	11813	KELLEY SERVICES - RUNNING ADDITIONAL LII	1,650.00		1,650.00
#####	22866	B W CLARK INC	76.33		76.33
#####	1454273-C	MOREHOUSE-HUBER, INC	122.08		122.08
#####	931-17375	W. W. GRAINGER INC	158.66		158.66
#####	22101	SANTEE ACE HARDWARE	7.58		7.58
#####	22160	SANTEE ACE HARDWARE	8.76		8.76
#####	168-46094	W. W. GRAINGER INC	68.2		68.2
#####	5941	COMPRESSED AIR SYSTEMS	307.74		307.74
#####	HSWC051	MARTIN ENTERPRISES - FIELD SERVICE - COL	1,260.00		1,260.00
#####	HSWC051	MARTIN ENTERPRISES - HOTEL EXPENSE	222.86		222.86
#####	22256	SANTEE ACE HARDWARE	4.89		4.89
#####	286144-01	PAUL MUELLER COMPANY	120		120
#####	118-75917	W. W. GRAINGER INC	212.26		212.26
#####	118-8998E	W. W. GRAINGER INC	42.35		42.35
#####	11813	AMTEC	255		255
#####	22334	SANTEE ACE HARDWARE	5.32		5.32
#####	HSWC-05	MARTIN ENTERPRISES	270		270
#####	147	STILL-WATER TOOL & MFG CO	28		28
#####	11816	AMTEC	13.4		13.4
#####	2002-5	ELLOREE BUILDERS SUPPLY INC	775.64		775.64
#####	2002-05	ELLOREE AUTO PARTS	350.17		350.17
#####	12012	TIM DANYOW - REIMBURSE FOR R&M TO HS2	343.8		343.8
		Current Period Change	6,868.65	6,868.65	3,735.79
#####		Beginning Balance		67,483.65	
#####	001-45362	W. W. GRAINGER INC - CENTRIFUGAL PUMP	739.26		739.26
#####	ORG 22/6:	COUNTY ELECTRIC SUPPLY	418.49		418.49
#####	D345119	ELLOREE AUTO PARTS		68.87	-68.87
#####	D345121	ELLOREE AUTO PARTS	191.37		191.37
#####	6775	LONE STAR ENTERPRISES	272		272
#####	211696	BEARING DISTRIBUTORS, INC.	44.59		44.59
#####	931-3253C	W. W. GRAINGER INC	156.81		156.81
#####	4156	COASTAL AIR COMPRESSOR & EQPT	421.2		421.2
#####	212343	BEARING DISTRIBUTORS, INC.	350.85		350.85
#####	29991	AMCO PRODUCTS COMPANY	164.47		164.47
#####	931-7650E	W. W. GRAINGER INC	22.9		22.9
#####	5.86E+08	SOUTHEAST INDUSTRIAL EQUIPMENT	495.26		495.26

#####	12200 BROWN & MORRISON, L.L.P. - BROWN & MORF	200.54		200.54	
#####	931-27484 W. W. GRAINGER INC	35.16		35.16	
#####	2002-6 ELLOREE BUILDERS SUPPLY INC	520.43		520.43	
#####	2002-6 SANTEE ACE HARDWARE	96.19		96.19	
#####	2002-6 ELLOREE AUTO PARTS	237.64		237.64	
	Current Period Change	4,367.16	68.87	4,298.29	4,298.29
#####	Beginning Balance			71,781.94	
#####	356700 MISCELLANEOUS RECEIPT - PAUL MUELLER - RETURN		120	-120	
#####	627827 CARLTON-BATES COMPANY	1,380.78		1,380.78	
#####	0197547-II JOHN EDWARDS COMPANY, INC	207.25		207.25	
#####	3112667 HACH COMPANY - OZONE REAGENT	91.77		91.77	
#####	128-10496 W. W. GRAINGER INC	313.23		313.23	
#####	12374 MISCELLANEOUS EXPENSE - BEN ARAGONA / I	75		75	
#####	12373 MISCELLANEOUS EXPENSE - K&L TRUCKING -	630		630	
#####	53094 INTERGRATED PEST MANAGEMENT, I		170	-170	
#####	12445 FIRST CITIZENS BANK	749.17		749.17	
#####	932-80804 W. W. GRAINGER INC	120.98		120.98	
#####	12393 MISCELLANEOUS EXPENSE - RICK HAMBY - W	680		680	
#####	072402-2 TRIAD SUPPLY		380.53	-380.53	
#####	072402-2 TRIAD SUPPLY	380.53		380.53	
#####	12529 MISCELLANEOUS EXPENSE - 18.5 HRS @ \$12 -	222		222	
#####	382668 COLUMBIA MACHINE		171.25	-171.25	
#####	382668 COLUMBIA MACHINE	171.25		171.25	
#####	2572630 REID TOOL SUPPLY COMPANY	43.34		43.34	
#####	0038538-II MARKING SOLUTIONS, INC		380.86	-380.86	
#####	2071915 COLUMBIA ANALYTICAL LAB		79.8	-79.8	
#####	3136334 HACH COMPANY	134.94		134.94	
#####	2002-7 ELLOREE AUTO PARTS	58.31		58.31	
#####	2002-7 ELLOREE BUILDERS SUPPLY INC	104.18		104.18	
#####	2002-7 SANTEE ACE HARDWARE	311.45		311.45	
	Current Period Change	5,674.18	1,302.44	4,371.74	4,371.74
#####	Beginning Balance			76,153.68	
#####	12585 SOUTHEAST BELT - FASTSEAL - NUTS AND BO	31.58		31.58	
#####	12498 SOUTHEAST BELT - SOUEAST BUET - BELT AN	182		182	
#####	6757 2001 PURE SPRING WATER - FINDERS FEE ON	1,000.00		1,000.00	
#####	12610 SOUTHEAST BELT - QUALITY TIRES AND SERV	124.88		124.88	
#####	12611 TIMMONS ENGINEERING - INV #0120-3	1,518.51		1,518.51	
#####	2002-8 FIRST CITIZENS BANK	5,874.76		5,874.76	
#####	12619 INTERGRATED PEST MANAGEMENT, I - Invoice:	170		170	
#####	12648 FIELDS ORNAMENTAL IRON & WELD - METAL	1,433.67		1,433.67	
#####	223707 BEARING DISTRIBUTORS, INC.	291.7		291.7	
#####	12673 KELLEY SERVICES - CONVEYOR LINE FOR NE	2,500.00		2,500.00	
#####	30802 PALMETTO PACKAGING	279.59		279.59	
#####	25519 FEDERAL MFG CO	158.01		158.01	
#####	11842 AMTEC	440		440	
#####	12675 TRIAD SUPPLY - INV #070802-2	1,318.43		1,318.43	

#####	12675 TRIAD SUPPLY - INV #062502-6	244.25	244.25
#####	12677 COLUMBIA ANALYTICAL LAB - Invoice: 02071915	79.8	79.8
#####	OR187246 DILLON/ORANGEBURG SUPPLY	137.24	137.24
#####	12723 KELLEY SERVICES - SERVICES THRU 8-14-02	2,180.00	2,180.00
#####	931-81195 W. W. GRAINGER INC	100.14	100.14
#####	12717 TRIAD SUPPLY - Invoice: 072402-2	380.53	380.53
#####	12728 MISCELLANEOUS EXPENSE - FIELD'S WELDING	81.74	81.74
#####	2584946 REID TOOL SUPPLY COMPANY	16.64	16.64
#####	3164350 HACH COMPANY	151.16	151.16
#####	12785 COLUMBIA MACHINE - Invoice: 382668	171.25	171.25
#####	931-55274 W. W. GRAINGER INC	111.8	111.8
#####	228060 BEARING DISTRIBUTORS, INC.	135.66	135.66
#####	12841 MARKING SOLUTIONS, INC - Invoice: 0038538-IN	380.86	380.86
#####	328-80573 W. W. GRAINGER INC	23.44	23.44
#####	229029 BEARING DISTRIBUTORS, INC.	155.98	155.98
#####	2002-8 ELLOREE AUTO PARTS	397.8	397.8
#####	2002-8 ELLOREE BUILDERS SUPPLY INC	1,329.83	1,329.83
#####	2002-8 SANTEE ACE HARDWARE	153.69	153.69
	Current Period Change	21,554.94	21,554.94
#####	Beginning Balance		7,048.00
#####	0198513-II JOHN EDWARDS COMPANY, INC	1,378.50	1,378.50
#####	118-80574 W. W. GRAINGER INC	128.83	128.83
#####	11852 AMTEC	220	220
#####	931-16356 W. W. GRAINGER INC	53.16	53.16
#####	44874908 WEYERHAEUSER - BOX ERECTOR	482.18	482.18
#####	44874907 WEYERHAEUSER - BOX ERECTOR	450	450
#####	12917 WILLIAM WOODBERRY - WILLIAM WOODBERRY	140	140
#####	12915 BILL'S TOWING - BILL'S TOWING - WAL-MART T	150	150
#####	2002-9 FIRST CITIZENS BANK	575.6	575.6
#####	44874944 WEYERHAEUSER - BOX ERECTOR	474.94	474.94
#####	11853 AMTEC	160	160
#####	12986 PAUL MUELLER COMPANY - DEPOSIT ON 3 HE 10,000.00	10,000.00	10,000.00
#####	4-390-027 FEDERAL EXPRESS	23.32	23.32
#####	44875144 WEYERHAEUSER - BOX ERECTOR	460.88	460.88
#####	26123 FEDERAL MFG CO	752.53	752.53
#####	OR187357 DILLON/ORANGEBURG SUPPLY	160.25	160.25
#####	931-99744 W. W. GRAINGER INC	175.11	175.11
#####	44875193 WEYERHAEUSER - BOX ERECTOR	461.66	461.66
#####	232920 BEARING DISTRIBUTORS, INC.	38.37	38.37
#####	4-390-421 FEDERAL EXPRESS	102.97	102.97
#####	337-16063 W. W. GRAINGER INC	90.89	90.89
#####	3193549 HACH COMPANY	132.16	132.16
#####	13077 WILLIAM WOODBERRY - WILLIAM WOODBERRY - I	50	50
#####	WIRE PAUL MUELLER COMPANY - BALANCE DUE OI 10,669.60	10,669.60	10,669.60
#####	44875290 WEYERHAEUSER - BOX ERECTOR	476.5	476.5
#####	13086 HAYNES & SON GARAGE - HAYNES & SON GAR	583.7	583.7
#####	44875326 WEYERHAEUSER - BOX ERECTOR	517.8	517.8

#####	13090 STEVENS AIR TRANSPORT - STEVENS AIR TR	880		880
#####	13023 PEPSI OF FLORENCE - PEPSI OF FLORENCE -	135		135
#####	13024 CONWAY SOUTHERN EXPRESS - FREIGHT ON	178.94		178.94
#####	13091 ENGLEWOOD - ENGLEWOOD - FUSES AND BR	226.06		226.06
#####	44875455 WEYERHAEUSER - BOX ERECTOR	500		500
#####	CM168-28 W. W. GRAINGER INC		12.54	-12.54
#####	CASH MISCELLANEOUS EXPENSE - GREG - FOR GAS	2		2
#####	CM118-90 W. W. GRAINGER INC		75.9	-75.9
#####	2002-9 ELLOREE AUTO PARTS	171.81		171.81
#####	2002-9 ELLOREE BUILDERS SUPPLY INC	722.82		722.82
#####	236047 BEARING DISTRIBUTORS, INC.	722.55		722.55
#####	2002-9 SANTEE ACE HARDWARE	164.96		164.96
	Current Period Change	32,593.09	88.44	32,504.65
#####	Beginning Balance		#####	8,011.09
#####	13092 MISCELLANEOUS EXPENSE - BACK HOE WOR	50		50
#####	4-391-202 FEDERAL EXPRESS	173.27		173.27
#####	931-12925 W. W. GRAINGER INC	146.88		146.88
#####	9146 SOUTHERN LIFT TRUCK	301.41		301.41
#####	13228 KELLEY SERVICES - EXPANSION WORK	2,236.80		2,236.80
#####	CASH MISCELLANEOUS EXPENSE - 2 MEN / 9 HR @ \$	54		54
#####	2002-10 FIRST CITIZENS BANK	1,679.12		1,679.12
#####	6893 LONE STAR ENTERPRISES	55		55
#####	44875765 WEYERHAEUSER/WILLAMETTE - EQUIPMENT	454.12		454.12
#####	9148 SOUTHERN LIFT TRUCK	589.82		589.82
#####	ORG 22/6! COUNTY ELECTRIC SUPPLY	231.99		231.99
#####	13277 R W EVANS AND ASSOCIATES - EQUIPMENT RI	1,043.41		1,043.41
#####	WIRE PAUL MUELLER COMPANY - HEAT EXCHANGE	47,240.00		47,240.00
#####	9154 SOUTHERN LIFT TRUCK	596.42		596.42
#####	292720-01 PAUL MUELLER COMPANY	108		108
#####	13279 KELLEY SERVICES - EQUIPMENT REPAIRS & A	2,792.32		2,792.32
#####	291634 PAUL MUELLER COMPANY	1,873.60		1,873.60
#####	44875915 WEYERHAEUSER/WILLAMETTE - EQUIPMENT	470		470
#####	44875916 WEYERHAEUSER/WILLAMETTE - EQPT SALES	466.86		466.86
#####	44876021 WEYERHAEUSER/WILLAMETTE - EQUIPMENT	490.44		490.44
#####	118-2138 W. W. GRAINGER INC	274.49		274.49
#####	CM168-31 W. W. GRAINGER INC		232.14	-232.14
#####	168-31913 W. W. GRAINGER INC	482.48		482.48
#####	PROPOSAL CULLIGAN OF LEXINGTON - 15% DEPOSIT ON	1,422.00		1,422.00
#####	97671 PROHEAT INC.	218.4		218.4
#####	13367 KELLEY SERVICES - 18 HRS @ \$50	900		900
#####	13367 KELLEY SERVICES - MOTEL	36		36
#####	13367 KELLEY SERVICES - TRAVEL EXPENSE 450 @	144		144
#####	44876171 WEYERHAEUSER/WILLAMETTE - EQUIPMENT	442		442
#####	44876172 WEYERHAEUSER/WILLAMETTE - EQUIPMENT	376.98		376.98
#####	3371 EPS SALES INC.	705.43		705.43
#####	ORG 22/6! COUNTY ELECTRIC SUPPLY	162.18		162.18
#####	13430 KELLEY SERVICES	2,000.00		2,000.00

#####	44876283 WEYERHAEUSER/WILLAMETTE	500		500
#####	44876348 WEYERHAEUSER/WILLAMETTE - EQUIPMENT	507.26		507.26
#####	44876349 WEYERHAEUSER/WILLAMETTE - EQUIPMENT	288		288
#####	13469 CULLIGAN OF LEXINGTON - FILTER REBEN	7,661.32		7,661.32
#####	2002-10 SANTEE ACE HARDWARE	241.27		241.27
#####	2002-10 ELLOREE AUTO PARTS	94.9		94.9
#####	2002-10 ELLOREE BUILDERS SUPPLY INC	2,176.39		2,176.39
	Current Period Change	79,486.56	232.14	79,254.42
#####	Beginning Balance		#####	9,044.72
#####	13480 VI-CAS - EQUIPMENT REPAIRS & MAINT.	37.13		37.13
#####	13481 K & L SALES - EQUIPMENT REPAIRS & MAINT.	3,897.12		3,897.12
#####	931-60561 W. W. GRAINGER INC	126.35		126.35
#####	931-60561 W. W. GRAINGER INC	42.72		42.72
#####	2002-11 FIRST CITIZENS BANK	1,415.05		1,415.05
#####	13428 MISCELLANEOUS EXPENSE - EQUIPMENT REP	300		300
#####	13429 MISCELLANEOUS EXPENSE - EQUIPMENT REP	400		400
#####	44876552 WEYERHAEUSER - EQUIPMENT	464.52		464.52
#####	13534 KELLEY SERVICES - EQUIPMENT REPAIRS & MAINT.	2,400.00		2,400.00
#####	44876585 WEYERHAEUSER - EQUIPMENT	451.32		451.32
#####	3251298 HACH COMPANY	132.16		132.16
#####	1197546 JOHN CRANE INC.	303.33		303.33
#####	349502 CARLTON-BATES COMPANY	357.31		357.31
#####	168-53604 W. W. GRAINGER INC	42.32		42.32
#####	1198209 JOHN CRANE INC.	10.77		10.77
#####	13549 DANIEL K. DANIELS - DELIVERY TRUCK	50		50
#####	931-66761 W. W. GRAINGER INC	260.33		260.33
#####	26995 B W CLARK INC	119.23		119.23
#####	90241798 OSMONICS INC	909.58		909.58
#####	2002-5127 TUCKER OIL COMPANY, INC. - LARRY	10		10
#####	44876878 WEYERHAEUSER - BOX ERECTOR	476.92		476.92
#####	2002-5127 TUCKER OIL COMPANY, INC. - CHIP	20		20
#####	44877037 WEYERHAEUSER	491.4		491.4
#####	7190 CULLIGAN OF LEXINGTON	54.44		54.44
#####	2002-11 ELLOREE AUTO PARTS	228.59		228.59
#####	2002-11 SANTEE ACE HARDWARE	29.04		29.04
#####	2002-11 ELLOREE BUILDERS SUPPLY INC	538.09		538.09
	Current Period Change	13,567.72	13,567.72	5,386.44
#####	Beginning Balance		#####	
#####	39204 TUCKER OIL COMPANY, INC.	425.06		425.06
#####	44877187 WEYERHAEUSER	439.36		439.36
#####	2002-12 FIRST CITIZENS BANK	218.92		218.92
#####	6944 LONE STAR ENTERPRISES - REPLACE FAN RE	71.8		71.8
#####	ORG 22/61 COUNTY ELECTRIC SUPPLY	314.07		314.07
#####	44877389 WEYERHAEUSER	483.52		483.52
#####	44877454 WEYERHAEUSER	221.02		221.02
#####	44877454 WEYERHAEUSER	236.82		236.82

#####	13848 DANIEL K. DANIELS - REPAIR FLAT TIRE ON TR	35	35	
#####	3289683 HACH COMPANY	242.1	242.1	
#####	253364 BEARING DISTRIBUTORS, INC.	263.2	263.2	
#####	RL310183 DILLON/ORANGEBURG SUPPLY	435.65	435.65	
#####	44877648 WEYERHAEUSER - EQUIPMENT	513.08	513.08	
#####	44877689 WEYERHAEUSER - EQUIPMENT	486.54	486.54	
#####	44877728 WEYERHAEUSER - EQUIPMENT	470.84	470.84	
#####	2002-12 ELLOREE AUTO PARTS	253.94	253.94	
#####	2002-12 ELLOREE BUILDERS SUPPLY INC	168.71	168.71	
#####	2002-13 FIRST CITIZENS BANK	608.79	608.79	
	Current Period Change	5,888.42	5,888.42	3,037.24
#####	Ending Balance		#####	65,673.60

Hickory Springs Water Company, Inc.

Income Statement

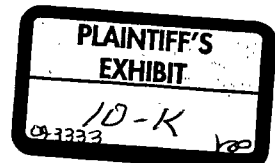
PERLIMINARY - UNAUDITED - MANAGEMENT PURPOSES ONLY

For the Eleven Months Ending November 30, 2003

Revenues	NovYTD03	NovYTD02
BRAND-PET SALES	76,892	172,096
BRAND-GALLON SALES	72,115	189,363
BRAND SALES DISCOUNTS	(11,412)	(37,120)
PRIVATE LABEL-PET SALES	72,022	21,060
PRIVATE LABEL-GALLON SALES	3,115,410	2,726,917
PRIVATE LABEL-SALES DISCOUNTS	(70,484)	(71,565)
REFILLS-5/6 GALLON	102,614	212,970
5 GALLON BOTTLE SALES	15,394	37,186
SALES RETURNS/DAMAGES	(7,074)	(19,915)
SALES CASH DISCOUNTS	(107)	(1,600)
MISCELLANEOUS INCOME	10,512	10,225
Total Revenues	3,375,884	3,239,618
Cost of Sales		
COST OF GOODS SOLD	1,766,708	1,593,197
DIRECT LABOR COSTS	304,247	277,404
INDIRECT LABOR COSTS	11,641	40,398
OPERATING SUPPLIES	51,405	65,133
PAYROLL TAX EXPENSE	37,931	34,070
WATER ANALYSIS TESTS	12,274	13,416
EQUIPMENT LEASE	52,304	5,679
EQUIPMENT REPAIRS & MAINT.	95,876	223,035
PEST CONTROL	1,085	1,689
UTILITIES EXPENSE	48,474	48,594
COST OF SALES-PLANT PROD.	48,442	45,300
COST OF SALES-FREIGHT	103,645	151,016
COST OF SALES-OTHER	0	1,745
PURCHASE DISCOUNTS	(24,653)	(11,461)
Total Cost of Sales	2,509,378	2,489,217
Gross Profit	866,505	750,402
Expenses		
ADVERTISING EXPENSE	1,335	745
AMORTIZATION EXPENSE	0	0
AUTO EXPENSE	5,021	6,521
BAD DEBT EXPENSE	0	2,811
BANK FEES	522	0
CHARITABLE CONTRIBUTION	4,447	1,694
COMMISSIONS AND FEES	546	6,372
DEPRECIATION	0	0
DUES AND SUBSCRIPTIONS	1,050	1,960
INSURANCE- GENERAL	43,241	40,052
INSURANCE- WORKERS' COMP.	20,180	15,740
INTEREST EXPENSE	17,556	31,534
LEGAL AND ACCOUNTING	2,500	7,173
MEALS AND ENTERTAINMENT	10,667	5,296
OFFICE EXPENSE	10,291	5,480
TAXES-BUSINESS AND PROPERTY	13,949	24,408
PAYROLL TAX EXPENSE	7,469	6,479
REPAIR & MAINTENANCE EXPENSE	26,710	20,573
SALARIES- OFFICERS	112,689	81,467
SECURITY	396	396
SUPPLIES EXPENSE	3,313	5,681
TELEPHONE EXPENSE	9,223	7,812
TRAVEL EXPENSE	12,015	13,326
WAGES - OFFICE	39,248	35,071
OTHER EXPENSE	1,550	0
PURCHASE DISCOUNTS	0	(112)
Total Expenses	343,915	320,480
Net Income	522,590	\$ 429,922
ADD: Interest Expense	17,556	31,534
EBITDA	540,146	461,456

For Management Purposes Only

HansenNovYTD03EBITDA1[1]12/19/2003



Hickory Springs Water Company, Inc.

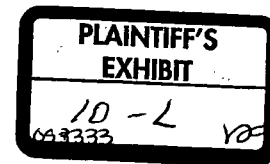
Income Statement - Year-to-Date September 2003

FOR MANAGEMENT PURPOSES ONLY-PRELIMINARY*UNAUDITED

	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	YTD-03
REVENUES										
BRAND-PET SALES	3,750	2,742	5,338	7,523	4,894	5,540	5,063	10,795	27,094	72,537
BRAND-GALLON SALES	2,710	5,124	5,056	11,818	10,033	7,338	11,973	5,858	7,176	67,086
BRAND SALES DISCOUNTS	(755)	(682)	(465)	(1,910)	(645)	(1,039)	(2,305)	(635)	(1,750)	(10,187)
PRIVATE LABEL-PET SALES	2,592	1,296	1,944	9,642	18,619	7,216	4,138	8,285	11,413	65,145
PRIVATE LABEL-GALLON SALES	262,081	256,344	253,189	284,389	304,112	293,122	353,706	281,547	426,326	2,714,815
PRIVATE LABEL-SALES DISCOUNTS	(1,727)	(3,163)	(3,288)	(13,840)	(4,065)	(4,113)	(16,618)	(4,743)	(3,029)	(54,586)
REFILLS 5/6 GALLON	12,738	10,834	10,886	8,357	9,532	10,135	9,115	9,812	6,543	89,750
5 GALLON BOTTLE SALES	638	1,442	368	1,165	2,614	1,795	3,253	288	1,640	13,201
SALES RETURNS/DAMAGES	(218)	(173)	(1,859)	(839)	(1,019)	634	(1,515)	(683)	(858)	(6,332)
MISCELLANEOUS INCOME	155	(756)	4,748	520	1,241	619	1,095	1,678	632	9,932
TOTAL REVENUES	281,962	273,008	275,913	306,824	345,116	321,247	387,904	312,001	477,396	2,961,361
COST OF SALES										
COST OF GOODS SOLD	148,257	145,360	130,951	178,900	182,145	166,320	196,935	145,672	262,614	1,557,155
DIRECT LABOR COSTS	15,481	23,058	27,607	35,814	27,294	27,550	38,394	26,935	31,367	253,501
INDIRECT LABOR COSTS	0	430	150	386	220	56	281	2,825	6,296	10,644
OPERATING SUPPLIES	6,024	4,093	8,055	8,550	4,261	4,348	7,288	2,032	3,648	48,297
PAYROLL TAX EXPENSE	3,610	3,561	3,789	4,743	3,345	2,997	4,015	2,873	3,333	32,267
WATER ANALYSIS TESTS	554	1,027	612	662	658	4,752	603	595	1,680	11,143
EQUIPMENT LEASE	3,284	2,785	6,036	5,516	5,147	5,516	5,516	5,074	4,628	43,504
EQUIPMENT REPAIRS & MAINT.	6,296	15,683	8,029	5,002	10,262	16,414	6,032	8,996	4,353	81,066
PEST CONTROL	95	95	115	115	95	95	95	95	95	895
UTILITIES EXPENSE	2,000	4,435	4,424	4,221	4,146	8,538	11	4,962	5,700	38,456
COST OF SALES-PLANT PROD.	4,962	4,000	4,000	5,000	4,120	4,160	5,120	4,080	4,000	39,442
COST OF SALES-FREIGHT	9,358	9,439	8,520	10,788	9,701	9,281	10,751	11,375	14,962	94,175
PURCHASE DISCOUNTS	(1,757)	(1,870)	(2,238)	(2,637)	(1,931)	(1,743)	(3,225)	(2,686)	(3,198)	(21,285)
TOTAL COST OF SALES	198,165	212,096	200,050	257,060	249,463	248,281	271,816	212,850	339,479	2,189,259
GROSS PROFIT	83,798	60,912	75,863	49,763	95,653	72,966	96,088	99,151	137,907	772,102
EXPENSES										
ADVERTISING EXPENSE	250	0	0	0	85	0	0	0	0	335
AUTO EXPENSE	500	210	387	358	759	304	636	317	817	4,287
CHARITABLE CONTRIBUTION	0	50	50	0	271	78	20	100	0	568
COMMISSIONS AND FEES	351	300	0	0	0	0	(105)	0	0	546
DUES AND SUBSCRIPTIONS	370	0	0	0	0	150	0	500	30	1,050
INSURANCE- GENERAL	933	8,611	974	3,169	5,648	3,845	4,041	4,096	4,052	35,370
INSURANCE- WORKERS COMP	1,554	1,554	1,554	1,554	1,554	0	0	4,139	1,839	13,749
INTEREST EXPENSE	1,529	1,372	1,508	1,448	1,486	1,372	1,689	1,753	1,809	13,967
LEGAL AND ACCOUNTING	400	0	0	0	1,363	0	0	0	300	2,563
MEALS AND ENTERTAINMENT	218	1,138	189	791	383	902	969	1,378	1,142	7,109
OFFICE EXPENSE	445	183	394	1,246	501	896	342	431	2,675	7,114
TAXES-BUSINESS AND PROPERTY	(2,529)	69	226	0	0	90	0	282	0	(1,863)
PAYROLL TAX EXPENSE	1,579	479	843	750	600	800	750	1,468	114	7,184
REPAIR & MAINTENANCE EXPENSE	53	303	5,063	10,279	1,624	577	1,188	2,434	1,883	23,403
SALARIES- OFFICERS	4,695	6,260	11,024	9,810	7,848	7,848	9,850	27,848	7,848	93,031
SECURITY	99	0	0	99	0	0	99	0	0	297
SUPPLIES EXPENSE	115	604	346	261	286	590	258	377	21	2,858
TELEPHONE EXPENSE	167	959	711	738	894	1,826	0	1,910	173	7,378
TRAVEL EXPENSE	792	1,422	830	1,338	766	901	954	865	1,705	9,574
WAGES - OFFICE	2,480	3,328	3,434	4,209	3,374	3,412	4,468	3,422	4,006	32,134
OTHER EXPENSE	81	(38)	39	61	0	247	394	81	2,357	3,222
TOTAL EXPENSES	14,082	26,805	27,571	36,110	27,941	23,640	25,554	51,399	30,772	263,875
NET INCOME	69,716	34,107	48,291	13,653	67,712	49,326	70,535	47,752	107,135	508,227



Carolina Springs Organizational Structure



Roles & Responsibilities - President / CEO Clifford Hansen

• Role

- Serves as general corporate coordinator.
- Responsible for creation and implementation of new account channels and sales.
- Creating new revenue streams.

• Compensation Basis

- Base salary
- Sales Incentive
 - 1% existing sales
 - 2% new sales

• Responsibilities

- Achieving sales targets
- Maintain existing accounts
- Open new accounts
- Oversee the day-to day operations.
- Procure equipment when & where needed.

Roles & Responsibilities: VP Operations

Doug Braun

- Role
 - Transitioning the workforce from Hickory to Carolina
 - Quality Control (microbiologist)
 - Day-today plant operations.
- Responsibilities
 - Hourly testing on each line of production.
 - Overseeing the workforce in the plant.
- Compensation Basis
 - Base Salary
 - Bonus

Roles & Responsibilities: VP Sales

Carol Willis

- Role

- creating and landing new sales accounts and maintaining and expanding existing accounts.

- Compensation Basis

- Base salary
- Sales Incentive
 - 2% new sales

- Responsibilities

- Creating and establishing new accounts
- Procurement
- Controller
- Order Entry
- HR Manager

Roles & Responsibilities: VP Engineering

** Existing Employee*

- Roles

- Service and maintain company equipment

- Compensation Basis

- Salary

- Responsibilities

- Day-to-day equipment maintenance.
- Change maintenance from reactive to proactive

Roles & Responsibilities: Controller

- Roles
 - Maintain company accounts.
- Compensation Basis
 - Temporary (3 days a week)
 - Hourly contract
- Responsibilities
 - Maintain the company's accounts and financial records
 - Prepare the company's books for quarterly review by accountants.
- Will be hired when needed

Roles & Responsibilities: Shipping & Receiving

- Roles
 - Maintain inventory
- Compensation Basis
 - Hourly Contract
- Responsibilities
 - Handle outgoing product and incoming inventory.
 - Procurement
- Will be hired when needed

Hickory Springs Water Company, Inc.

Lease agreements

Per conversations with George, Dan and Sadra and a review of certain agreements and invoices

April 10, 2004

Toyota

Customer service (800)541-2315

P.O. Box 3457

Torrance, CA 90510

2 forklift leases

Hourly overtime rate applies to each hour of use in excess of 500 hours in any calendar quarter

"This agreement shall be binding on, and will inure to the benefit of, the parties hereto and their respective permitted successors and assigns."

Toyota Model 7FGCU15

Serial #62151

Monthly rent: \$243.53

Term: 60 months

Hourly overtime rate: \$0.45

Lease date: 6/14/01

Lease number: LA4937

Account number: 24038-001-0001

Toyota Model 7FGCU15

Serial #62122

Monthly rent: \$243.53

Term: 60 months

Hourly overtime rate: \$0.45

Lease date: 6/14/01

Lease number: LA4937

Account number: 24038-002-0001

Liqui-Box Corporation

Date of lease: September 27, 1999

Refurbished 250 Handi Tap Filler

Term: 5 years

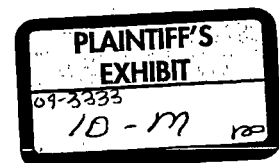
Consideration: Lessee agreed to purchase from the Lessor the items below in each 12 month period following the date of execution during the term of this lease.

Quantity: 100,000

Type: 2.5 gallons

Item: Handi-Tap

Price/m: \$593.00 FOB



Filler is being purchased by a \$0.10 per bottle up-charge over a period not to exceed 5 years. Sales price \$40,000, no interest.

Leasor retains title to leased equipment.
Equipment to be returned at the end of lease.

Lessee agrees not to part with or assign this Lease, or the property hereby leased, nor any interest in said Lease except with the written consent of the Lessee or its assigns.

Liqui-Box invoices reviewed in April 2003 indicated a \$0.11 up-charge on 2½ gallon and a \$0.21 up-charge on 5 gallon.

Weyerhaeuser

Equipment leases – box erectors
Lease agreements were not located
Up-charge: 4 cents per box

Subsequently George Milner located a copy of an agreement with Weyerhaeuser
Equipment sales agreement for Model CE-900-STD Bottom Sealer:

Agreement unsigned dated August 1st (year not stated) shows a total purchase price, including warranty & installation, of \$56,640. Interest of 3.375% will be applied to monthly declining balance for the period 9/1/02 – 8/31/03. A new interest rate will be computed annually based on the Wells Fargo Bank prime rate plus 2% divided by 2. Payment method: a \$0.02 per box will be added to the invoice price of all boxes purchased up to 125,000 cartons per month. Payments will continue for a period not to exceed 24 months.

The baseline for price will be \$430 per ton with pricing adjustments tracked with *Pulp and Paper Weekly*. The adjustment will be a 1.8% decrease with every \$10 per ton decrease and a 2% increase with every \$10 per ton increase.

If Weyerhaeuser opts to quit supplying Hickory Springs, Hickory Springs will pay \$2,360 per month until the end of the contract. If Hickory Springs opts to terminate the supply arrangement for a reason other than price, quality and availability of product, payment will be due in full in 60 days.

George states that he's sure this is the final agreement.

*Hydrogeologist report**Clifford
FYI 5.28.03
lyll*

Hickory Springs: an evaluation of hydrologic evidence regarding the identity of groundwater discharged from Hickory Springs and that extracted from a nearby well used by the bottling plant.

Background

Bottled water from springs is a popular product. Springs, however, are somewhat troublesome to protect hygienically to the degree required for public water supplies and thus it is often desired to install a well somewhat upflow in the ground water system to extract the same water that would eventually discharge from the spring itself, but with the inherent sanitary protection afforded by a well. Truth-in-labeling requirements then require that the well tap water that would have discharged from a spring if it is to be labeled "spring water." This in turn requires an evaluation of the hydrologic relationship between well and spring.

Several closeby springs discharge from the exposed upper part of the Tertiary limestone aquifer in "Cave Hill" near and northeast of Elloree, SC. The exposure occurs in a shallow side valley that drains into the nearby Santee River Valley (now impounded Lake Marion). Elsewhere (outside these valleys) the limestone is buried by younger sediment.

One spring mouth is covered for sanitary purposes and is tapped for spring-water bottling; the others flow freely. A well located on higher ground farther from the river valley is used to supplement the discharge from the one spring. Whether the water extracted from this well is from the same local mass of water that feeds the springs and more particularly would otherwise have discharged from these springs are the questions of interest.

Available hydrogeologic evidence allow quite strong inferences to be made regarding the likely original fate of the ground water extracted from the well, that is if pumping were not occurring. These data include aquifer stratigraphy, regional aquifer potentiometric geometry (essentially indicating underground flow directions), local topography (mainly the effect of the river and side valley on uppermost aquifer flow), well depth and construction, and to a supporting degree, aspects of water chemistry. Additionally, basic hydraulic principles are used in the interpretation.

Well location and construction

The well lies not far from the springs (ca. 1000 m roughly SW) and, more importantly, upslope from them (i.e., away from the axis of the Santee River valley, a main hydrologic influence on the Tertiary limestone aquifer).

The depth of the intake zone of the well (95-145 ft), converted to approximate elevation (ca. 20-25 m msl at the top), lies only slightly lower than the elevation of the nearby springs and the uppermost limestone from which the springs discharge (with most



elevation uncertainty associated with the 10 m contour interval on the USGS topographic quad map). The limestone bedding and its surface is generally flat lying (horizontal) and approximate correlations by elevation are safely founded but undulations on the surface of a few meters would not be surprising. The open-hole (below casing) construction of the well and the driller's log indicate that limestone is being tapped (as the water chemistry also clearly reflects, e.g., Ca, 40 mg/L). The Black Mingo sands that occur directly below the limestone (and are slightly penetrated by the well) undoubtedly also contribute a small portion of the discharge but these two geologic formations act as one hydrologic unit or aquifer in South Carolina.

Regional and local ground-water flow regimes

Regional ground-water flow in the Tertiary limestone aquifer has been mapped (using potentiometric data) and any local flow peculiarities for the uppermost part can be very reasonably inferred on hydraulic principles from the effects of drainage into topographic low spots (i.e., the river and side valleys and the small mini-"cave" systems that feed the springs.

Regional flow in this vicinity near Lake Marion is distinctly toward that lake, it being a topographic and potentiometric depression that drains both surface and shallow ground water toward it, including that in the Tertiary limestone aquifer which is partially exposed in the valley. (Note: on Fig. 4 in Aucott and Speiran, 1985, though there appears to be no data controlling the important curvature inland of the potentiometric contours in the area of interest [most importantly the 100 and 125 ft. msl contours, which roughly parallel the southern lake shoreline] instead the lake itself is the potentiometric control [ca. 75 ft msl] because the aquifer outcrops in the river valley walls and floor.)

The natural direction of flow in the limestone aquifer tapped by the well and drained by the springs is generally (given the limited detail of the regional maps) from the location of the well to that of the several springs. Even without this confirmation from regional data, this is what would be very safely interpreted by the local topography of the spring and well area, the outcropping of the limestone in the valley wall, and the elevation of the static water level in the well being high above the level of the spring (by at least 10 m). (Each of these independently implies the condition of flow passing from the area of the well toward the river valley in general and the nearest low-lying side-extension of the valley specifically, but the conclusion is especially strong with all factors considered.)

An additional important processes is operating that must be evaluated by means of firmly established hydraulic principles. Springs flowing from porous materials such as the upper limestone act much like pumping wells in drawing aquifer flowlines to them: they are points of concentrated discharging of water, in this case compared to the more diffuse seeping that must also be occurring inconspicuously in the valley walls and bottoms. (Note that even that more diffuse discharge helps to draw the flowlines toward the side valley containing the springs.) The horizontal mini-"caves" that yield the abundant flow to the valley-wall springs act exactly like pumped wells (though in this case horizontal). Thus flowlines that are even generally pointed (by the regional flow

system) toward the springs, as they pass the supply well, will tend to be drawn directly to the springs as they approach nearer them.

Conclusions

Several lines of evidence indicate that the same very local body of ground water feeds both the springs and the supply well. Several lines strongly suggest that a large proportion if not all of the water that is extracted from the well would have in-fact discharged from the springs.

The first conclusion is likely sufficient for labeling purposes in that this strength of evidence is probably that presented in most similar evaluations offered elsewhere (outside SC).

The second conclusion may seem tentative (as the scientifically trained are loath to come to absolute conclusions barring a mountain of converging evidence, in nearly all cases unattainable) but it is in fact quite strong evidence comparatively. The oft-suggested "ultimate" test of pumping the well and measuring a reduction of flow or drop in potentiometric head at the spring, to demonstrate a hydraulic connection, is actually a little weaker in inference. A hydraulic connection does not in-and-of-itself rigorously imply that the water discharged from the well would have discharged from the spring (though with other data—usually locational—it may often be a safe conclusion). What it does prove is that the same local body of ground water contributes to both (similar to conclusion one, above).

Selected data (from site maps, topo maps, and permit-file reports)

Well elevation, slightly above 50 m msl on topo map, 53 m declared in permit file records

Static level 27 feet depth (conservatively, say 10 m)

Lake slightly below 25 meters at flood stage (100 year flood stage thought to be ca. 74 ft msl)

Spring at ca. 25-30 m (from topo)

Well to spring ca. 3000 ft (conservatively ca. 1000 m)

(Significance: Static water level in well is at least 10 m higher than the discharge of the spring lying only about 1000 m away. A 1:100 minimum gradient is steep, and in a very permeable upper limestone can only occur with prodigious flow of ground water toward the lake. The nearest other low ground near lake is twice as far away (to the north) so flow will be strongly biased toward the general vicinity of nearer Cave Hall, the location of the springs.)

Well open 95-145 ft (top ca. 30 m down)

Limestone 95-135



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ANALYTICAL REPORT

PAGE 1 OF 1 SAMPLE CODE: 59851

Date: 03/03/03 Report #: 59851 Laboratory ID #: 81002001

Client: HICKORY SPRINGS WATER
347 OLD RIVER RD
ELLOREE, SC 29047-Date Collected: SEE OPENING INFO
Time Collected: SEE OPENING INFO
SOURCE: SPRING - SPRING
SPRING PRODUCT
FINISHED PRODUCT
1 GAL/ PROD CODE: 2/24/03 11:00AM

Date received at lab: 02/25/03 Time received at lab: 12:45
 OPENED 02/24/03 @ 11:00 BY C.W. Collected by : C. WITHROW
 The results herein conform to NELAC standards, where applicable, unless
 otherwise narrated in the body of the report. Test results were
 calculated on a wet weight basis. The uncertainty of the test results
 are available upon request.
 PLEASE NOTE: HOLDING TIME EXCEEDED FOR SPC. RESULTS ARE NOT ACCEPTABLE
 FOR COMPLIANCE PURPOSES.

NOTE: ** The MCL (Maximum Contaminant Level) or an established
 guideline has been exceeded for this contaminant.
 ND This contaminant was not detected at or above our lower
 reporting limit (LRL).
 BD Bacteria destroyed due to lack of collection information
 or because the sample has exceeded the 30-hour holding time.
 TNTC: Too Numerous To Count NBS: No Bacteria sample submitted
 TNTC-NC: Too Numerous To Count Non-Coliform. Sample is invalid
 for Total Coliform determination.
 FA = Fecal Coliform Absent FP = Fecal Coliform Present
 EST = Estimated Value

Fed Id #	Analysis Performed	Method	MCL (mg/l)	LRL	Level (Detected)	Anal Date	Anal Time
3000	Total coliform (CFU/100ML)	9222B	0	0	ND	02/25/03	13:45
3001	SPC (CFU/ML)	9215B	500	1	<1	02/25/03	13:25

Note: The MCL's shown above were derived from the USEPA National
 Primary and Secondary Drinking Water Regulations.

James C. Bahen, Lab Director

BSK ANALYTICAL LABORATORIES

Chip Withrow
Hickory Springs Water Company
347 Old River Rd.
Elloree, SC 29047

Certificate of Analysis ELAP Certificate #1180

Report Issue Date: 02/26/2003

BSK Submission #: 2003021208

BSK Sample ID #: 294973

Project ID:

Project Desc: Bromate

Submission Comments:

Sample Type: Liquid

Date Sampled: 02/03/2003

Sample Description: Final Product Spring

Time Sampled: 1130

Sample Comments:

Date Received: 02/21/2003

Inorganics

Analyte	Method	Result	Units	Dilution	DLR	MCL	Prep Date	Analysis Date
Bromate (BrO3)	EPA 317.0	1.7	µg/L	1	1.0	10	02/24/2003	02/24/2003
Bromate (BrO3) with Ag/Na Clean Up	EPA 300.1	ND	mg/L	1	0.005	0.01	02/24/2003	02/25/2003
Bromide (Br)	EPA 300.1	0.011	mg/L	1	0.005		02/24/2003	02/24/2003

mg/L: Milligrams/Liter (ppm)
mg/Kg: Milligrams/Kilogram (ppm)
µg/L: Micrograms/Liter (ppb)
µg/Kg: Micrograms/Kilogram (ppb)
%Rec: Percent Recovered (surrogates)

MCL: Maximum Contaminant Level
DLR: Detection Limit for Reporting
PQL: PQL x Dilution
ND: None Detected at DLR

H: Analyzed outside of hold time
P: Preliminary result
S: Suspect result. See Cover letter for comments.
E: Analysis performed by External laboratory.
See External Laboratory Report attachments.

Report Authentication Code:

1 2 3 4 5 6 7 8 9 0 A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

Page 1 of 1

1414 Stanislaus Street Fresno, CA 93706-1623 Phone 559-497-2888, In CA 800-877-8310 Fax 559-485-0935

Black Mingo sand 135-145
Spring at least 23 m below well site

(Significance: Well intake and springs at roughly the same elevation. The slight difference may be undulation on top of limestone.)

Far more importantly, well construction (from records) and direct observation of the springs show that both tap the limestone aquifer.

Main chemical parameters from one spring (#3)
Alkalinity 120 mg/L
pH 7.3
TDS 130 mg/L

(Significance: Clearly this is limestone aquifer water.)

References

Aucott, W.R., and Speiran, G.K., 1985, Potentiometric surfaces of November 1982 and declines in the potentiometric surfaces between the period prior to development and November 1982 for the coastal plain aquifers of South Carolina: US Geological Survey Water-Resources Investigations Report 84-4215 (sheet 2: Potentiometric surface of the Floridan aquifer system and aquifer (Eocene age formations) November 1982).

Environmental Health Laboratories, 1995, Laboratory report, Cave Hall / spring water / site #3: Report 151706-08(07-08): Environmental Health Laboratories, South Bend, IN.

Siple, G.E., 1975, Ground-water resources of Orangeburg County, South Carolina: South Carolina Division Bulletin 36, 59 p.

Timmons, W.A., 2002, Construction permit applications for construction of proposed new well, existing well improvements for potable use and chlorination of raw water SCDHEC system ID 0973001, Hickory Springs Water Co., Inc., in Calhoun County, South Carolina (1/15, 2002): Timmons Engineering, Manning, SC

Peter A. Stone
Hydrogeologist
Bureau of Water
South Carolina Department of Health and Environmental Control
Columbia, SC 29201

5/28/03

Registered Professional Geologist (South Carolina)

National Testing Laboratories, Ltd.

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6555 Wilson Mills Rd., Suite 102, Cleveland, OH 44143
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SPRING SOURCE A
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ANALYTICAL REPORT

PAGE 1 OF 5 SAMPLE CODE: 57544

Date: 01/06/03 Report #: 57544 Laboratory ID #: 81002001

Client: HICKORY SPRINGS WATER
347 OLD RIVER RD
ELLOREE, SC 29047-Date Collected: 12/16/02
Time Collected: 13:00
SOURCE: HICKORY SPRING - SOURCE A
SOURCE WATER
TEMP=62F / pH=7.2Date received at lab: 12/17/02 Time received at lab: 09:30
Collected by: C. WITHROW

The results herein conform to NELAP standards, where applicable, unless otherwise narrated in the body of the report. Test results were calculated on a wet weight basis. The uncertainty of the test results are available upon request.

NOTE: ** The MCL (Maximum Contaminant Level) or an established guideline has been exceeded for this contaminant.

ND This contaminant was not detected at or above our lower reporting limit (LRL).

NA Not Analyzed.

Fed Analysis Performed Id #	Method	MCL (mg/l)	LRL	Level Detected	Anal Date
Inorganic chemicals - metals:					
1002 Aluminum	200.7	0.2**	0.05	ND	12/23/02
1074 Antimony	200.8	0.005	0.001	ND	12/23/02
1003 Arsenic	200.8	0.010	0.002	ND	12/23/02
1010 Barium	200.8	2	0.10	ND	12/23/02
1075 Beryllium	200.8	0.004	0.001	ND	12/23/02
1079 Boron	200.7	---	0.10	ND	12/23/02
1015 Cadmium	200.8	0.005	0.001	ND	12/23/02
1016 Calcium	200.7	---	2.0	53	12/23/02
1020 Chromium	3113B	0.1	0.001	ND	12/24/02
1022 Copper	200.8	1.3**	0.002	ND	12/23/02
1028 Iron	200.7	0.3**	0.020	ND	12/23/02
1030 Lead	200.8	0.015	0.001	ND	12/23/02
1031 Magnesium	200.7	---	0.10	1.0	12/23/02
1032 Manganese	200.8	0.05**	0.004	ND	12/23/02
1035 Mercury	200.8	0.002	0.0002	ND	12/23/02
1036 Nickel	200.8	---	0.002	ND	12/23/02
1042 Potassium	200.7	---	1.0	ND	12/23/02
1045 Selenium	200.8	0.05	0.002	ND	12/23/02
1050 Silver	200.8	0.1**	0.002	ND	12/23/02
1052 Sodium	200.7	---	1.0	2	12/23/02
1085 Thallium	200.8	0.002	0.001	ND	12/23/02
1095 Zinc	200.8	5**	0.004	0.011	12/23/02

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ANALYTICAL REPORT

PAGE 3 OF 5 SAMPLE CODE:

57544

Fed Analysis Performed Id #	Method	MCL (mg/l)	LRL	Level Detected	Anal Date
Organic chemicals - trihalomethanes:					
2942 Bromoform	524.2	---	0.0005	ND	12/20/02
2943 Bromodichloromethane	524.2	---	0.0005	ND	12/20/02
2941 Chloroform	524.2	---	0.0005	ND	12/20/02
2944 Dibromochloromethane	524.2	---	0.0005	ND	12/20/02
2950 Total THMs	524.2	0.080	0.0005	ND	12/20/02

Organic Chemicals-Volatiles:

2990 Benzene	524.2	0.005	0.0005	ND	12/20/02
2993 Bromobenzene	524.2	---	0.0005	ND	12/20/02
2430 Bromochloromethane	524.2	---	0.0005	ND	12/20/02
2214 Bromomethane	524.2	---	0.0005	ND	12/20/02
2422 n-Butylbenzene	524.2	---	0.0005	ND	12/20/02
2428 sec-Butylbenzene	524.2	---	0.0005	ND	12/20/02
2426 tert-Butylbenzene	524.2	---	0.0005	ND	12/20/02
2982 Carbon Tetrachloride	524.2	0.005	0.0005	ND	12/20/02
2989 Chlorobenzene	524.2	0.1	0.0005	ND	12/20/02
2216 Chloroethane	524.2	---	0.0005	ND	12/20/02
2210 Chloromethane	524.2	---	0.0005	ND	12/20/02
2965 2-Chlorotoluene	524.2	---	0.0005	ND	12/20/02
2966 4-Chlorotoluene	524.2	---	0.0005	ND	12/20/02
2408 Dibromomethane	524.2	---	0.0005	ND	12/20/02
2968 1,2-Dichlorobenzene	524.2	0.6	0.0005	ND	12/20/02
2967 1,3-Dichlorobenzene	524.2	0.6	0.0005	ND	12/20/02
2969 1,4-Dichlorobenzene	524.2	0.075	0.0005	ND	12/20/02
2212 Dichlorodifluoromethane	524.2	---	0.0005	ND	12/20/02
2978 1,1-Dichloroethane	524.2	---	0.0005	ND	12/20/02
2980 1,2-Dichloroethane	524.2	0.005	0.0005	ND	12/20/02
2977 1,1-Dichloroethene	524.2	0.007	0.0005	ND	12/20/02
2380 cis-1,2-Dichloroethene	524.2	0.07	0.0005	ND	12/20/02
2979 trans-1,2-Dichloroethene	524.2	0.1	0.0005	ND	12/20/02
2983 1,2-Dichloropropane	524.2	0.005	0.0005	ND	12/20/02
2412 1,3-Dichloropropane	524.2	---	0.0005	ND	12/20/02
2416 2,2-Dichloropropane	524.2	---	0.0005	ND	12/20/02
2410 1,1-Dichloropropene	524.2	---	0.0005	ND	12/20/02
2228 cis-1,3-Dichloropropene	524.2	---	0.0005	ND	12/20/02
2224 trans-1,3-Dichloropropene	524.2	---	0.0005	ND	12/20/02
2992 Ethylbenzene	524.2	0.7	0.0005	ND	12/20/02

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ANALYTICAL REPORT

PAGE 4 OF 5 SAMPLE CODE:

57544

Ref Analysis Performed Id #	Method	MCL (mg/l)	LRL	Level Detected	Anal Date

Organic chemicals - volatiles					

2246 Hexachlorobutadiene	524.2	---	0.0005	ND	12/20/02
2994 Isopropylbenzene	524.2	---	0.0005	ND	12/20/02
2030 4-Isopropyltoluene	524.2	---	0.0005	ND	12/20/02
2964 Dichloromethane	524.2	0.005	0.0005	ND	12/20/02
2248 Naphthalene	524.2	---	0.0005	ND	12/20/02
2998 Propylbenzene	524.2	---	0.0005	ND	12/20/02
2996 Styrene	524.2	0.1	0.0005	ND	12/20/02
2986 1,1,1,2-Tetrachloroethane	524.2	---	0.0005	ND	12/20/02
2988 1,1,2,2-Tetrachloroethane	524.2	---	0.0005	ND	12/20/02
2987 Tetrachloroethene	524.2	0.005	0.0005	ND	12/20/02
2991 Toluene	524.2	1	0.0005	ND	12/20/02
2420 1,2,3-Trichlorobenzene	524.2	---	0.0005	ND	12/20/02
2378 1,2,4-Trichlorobenzene	524.2	0.07	0.0005	ND	12/20/02
2981 1,1,1-Trichloroethane	524.2	0.2	0.0005	ND	12/20/02
2985 1,1,2-Trichloroethane	524.2	0.005	0.0005	ND	12/20/02
2984 Trichloroethene (TCE)	524.2	0.005	0.0005	ND	12/20/02
2218 Trichlorofluoromethane	524.2	---	0.0005	ND	12/20/02
2904 Trichlorotrifluoroethane	524.2	---	0.0005	ND	12/20/02
2414 1,2,3-Trichloropropane	524.2	---	0.0005	ND	12/20/02
2410 1,2,4-Trimethylbenzene	524.2	---	0.0005	ND	12/20/02
2424 1,3,5-Trimethylbenzene	524.2	---	0.0005	ND	12/20/02
2976 Vinyl Chloride	524.2	0.002	0.0005	ND	12/20/02
2231 Methyl-Tert-Butyl-Ether	524.2	---	0.002	ND	12/20/02
2247 Methyl Ethyl Ketone	524.2	---	0.005	ND	12/20/02
2997 o-Xylene	524.2	---	0.0005	ND	12/20/02
2995 m-Xylene(1)	524.2	---	0.0005	ND	12/20/02
2962 p-Xylene(1)	524.2	---	0.0005	ND	12/20/02
2955 Xylenes (Total)	524.2	10			

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NATIONAL TESTING LABORATORIES, LTD.

336 South Mansfield, Ypsilanti, MI 48197-5166
(440) 449-2525 • Fax (440) 449-8585



ANALYTICAL REPORT

PAGE 5 OF 5 SAMPLE CODE: 57544

Fed Analysis Performed Id #	Method	MCL (mg/l)	LRL	Level Detected	Anal Date
Organic chemicals-herbicides, pesticides, & pcb's					
2005 Endrin	505	0.002	0.00001	ND	12/19/02
2010 Lindane	505	0.0002	0.00002	ND	12/19/02
2015 Methoxychlor	505	0.04	0.0001	ND	12/19/02
2383 PCBs	505	0.0005	0.0001	ND	12/19/02
2020 Toxaphene	505	0.003	0.001	ND	12/19/02
2110 Silvex (2, 4, 5-TP)	515.2	0.05	0.0002	ND	01/01/03
2105 2, 4-D	515.2	0.07	0.0001	ND	01/01/03
2051 Alachlor	508.1	0.002	0.0002	ND	12/24/02
2356 Aldrin	505	---	0.00007	ND	12/19/02
2050 Atrazine	508.1	0.003	0.0001	ND	12/24/02
2959 Chlordane	505	0.002	0.0001	ND	12/19/02
2031 Dalapon	515.3	0.2	0.001	ND	12/30/02
2440 Dicamba	515.2	---	0.001	ND	01/01/03
2933 Dichloran	505	---	0.001	ND	12/19/02
2364 Dieldrin	505	---	0.00002	ND	12/19/02
2041 Dinoseb	515.2	0.007	0.0002	ND	01/01/03
2065 Heptachlor	505	0.0004	0.00001	ND	12/19/02
2067 Heptachlor Epoxide	505	0.0002	0.00001	ND	12/19/02
2274 Hexachlorobenzene	505	0.001	0.0001	ND	12/19/02
2042 Hexachlorocyclopentadiene	505	0.00	0.0001	ND	12/19/02
2934 Pentachloronitrobenzene	505	---	0.00010	ND	12/19/02
2326 Pentachlorophenol	515.2	0.001	0.00004	ND	01/01/03
2040 Picloram	515.2	0.5	0.0001	ND	01/01/03
2037 Simazine	508.1	0.004	0.00007	ND	12/24/02
2055 Trifluralin	505	---	0.001	ND	12/19/02

Volatile Organic Chemicals - method 504.1

2931 1,2-Dibromo3chloropropane	504.1	0.0002	0.00001	ND	12/24/02
2946 1,2-Dibromoethane	504.1	0.00005	0.00001	ND	12/24/02

504.1- Date Extracted: 12/23/02

505 - Date Extracted: 12/19/02

508.1- Date Extracted: 12/23/02

515.2- Date Extracted: 12/20/02

515.3- Date Extracted: 12/18/02

These test results may be used for compliance purposes as required.

(1) DUE TO THE LIMITATIONS OF EPA METHOD 524.2, m AND p ISOMERS OF
XYLENE ARE REPORTED AS AN AGGREGATE.

James C. Bahen, Lab Director

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BROWARD TESTING LABORATORY, LTD.

4416 N.E. 11TH AVE., FORT LAUDERDALE, FLORIDA 33334
(440) 449-2525 FAX (440) 449-8585



ANALYTICAL REPORT

PAGE 1 OF 2 SAMPLE CODE: 73579

Date: 01/06/03 Report #: 73579 Laboratory ID #: 96030001

Client: HICKORY SPRINGS WATER
347 OLD RIVER RD
ELLOREE, SC 29047-

Date Collected: 12/16/02
Time Collected: 13:00
SOURCE: HICKORY SPRINGS SOURCE A
SOURCE WATER
TEMP=62F pH=7.2

Date received at lab: 12/17/02 Time received at lab: 10:00
Collected by: C. WITHROW

The results herein conform to NELAP standards, where applicable, unless otherwise narrated in the body of the report. Test results were calculated on a wet weight basis. The uncertainty of the test results are available upon request.

NOTE: "*" The MCL (Maximum Contaminant Level) or an established guideline has been exceeded for this contaminant.
"ND" This contaminant was not detected at or above our lower reporting limit (LRL).

Fed Id #	Analysis Performed	Method	MCL (ug/l)	LRL	Level Detected	Anal Date
1024	Cyanide	4500CNF	200	15	ND	12/27/02
2910	T. Phenols	420.1	---	1	ND	12/20/02
2021	Carbaryl	531.1	---	0.69	ND	12/20/02
2022	Methomyl	531.1	---	0.47	ND	12/20/02
2043	Aldicarb sulfoxide	531.1	7	0.45	ND	12/20/02
2044	Aldicarb sulfone	531.1	7	0.65	ND	12/20/02
2047	Aldicarb	531.1	7	0.5	ND	12/20/02
2066	3-Hydroxycarbofuran	531.1	3	0.77	ND	12/20/02
2036	Oxamyl	531.1	200	0.63	ND	12/20/02
2046	Carbofuran	531.1	40	0.67	ND	12/20/02
2045	Metolachlor	525.2	---	0.09	ND	12/20/02
2076	Butachlor	525.2	---	0.08	ND	12/20/02
2077	Propachlor	525.2	---	0.06	ND	12/20/02
2356	Aldrin	525.2	---	0.02	ND	12/20/02
2070	Dieldrin	525.2	---	0.03	ND	12/20/02
2595	Metribuzin	525.2	---	0.12	ND	12/20/02
2035	Di(2-ethylhexyl)adipate	525.2	400	0.06	ND	12/20/02
2274	Hexachlorobenzene	525.2	1	0.07	ND	12/20/02
2039	Di(2-ethylhexyl)phthalate	525.2	6	0.08	ND	12/20/02
2306	Benzo(A)pyrene	525.2	0.2	0.02	ND	12/20/02
2037	Simazine	525.2	4	0.11	ND	12/20/02

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(440) 449-2525 FAX (440) 449-8585

ANALYTICAL REPORT

Page 2 of 2 Sample Code: 73579

Fed Id #	Analysis Performed	Method	MCL (ug/l)	LRL	Level Detected	Anal Date
2034	Glyphosate	547	700	1.81	ND	12/26/02
2033	Endothall	548.1	100	8.95	ND	12/26/02
2032	Diquat	549.2	20	0.40	ND	12/27/02
525.2	DATE EXTRACTED	12/18/02				
548.1	DATE EXTRACTED	12/19/02				
549.2	DATE EXTRACTED	12/18/02				

These test results may be used for compliance purposes as required.

Gary J. Meyer, Lab Director



NATIONAL TESTING LABORATORIES, LTD.

556 South Mansfield, Ypsilanti, MI 48197-5166
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ANALYTICAL REPORT

PAGE 1 OF 1 SAMPLE CODE: 57494

Date: 12/23/02 Report #: 57494 Laboratory ID #: 81002001

Client: HICKORY SPRINGS WATER
347 OLD RIVER RD
ELLUREE, SC 29047-

Date Collected: 12/16/02
Time Collected: 13:00
SOURCE: HICKORY SPRINGS - SOURCE A
SOURCE WATER
TEMP=62F / pH=7.2

Date received at lab: 12/17/02 Time received at lab: 09:30
Collected by: C. WITHROW

The results herein conform to NELAC standards, where applicable, unless otherwise narrated in the body of the report. Test results were calculated on a wet weight basis. The uncertainty of the test results are available upon request.

NOTE: "•" The MCL (Maximum Contaminant Level) or an established guideline has been exceeded for this contaminant.
"ND" This contaminant was not detected at or above our lower reporting limit (LRL).
"BD" Bacteria destroyed due to lack of collection information or because the sample has exceeded the 30-hour holding time.
TNTC: Too Numerous To Count NBS: No Bacteria sample submitted
TNTC-NC: Too Numerous To Count Non-Coliform. Sample is invalid for Total Coliform determination.
FA = Fecal Coliform Absent FP = Fecal Coliform Present
EST= Estimated Value-plate could not be counted due to excessive levels of bacteria.

TNTC-FA: The total number of bacteria colonies (coliforms and non-coliforms) exceeds 200. Coliform bacteria confirm positive and fecal coliform bacteria confirm negative.

Fed Analysis	Performed Method	MCL	LRL	Level	Anal	Anal
Id #		(mg/l)		(Detected)	Date	Time
3000	Total coliform (CFU/100ML)	9222B	0	0	7-FA*	12/17/02 13:30
3001	SPC (CFU/ML)	9215B	500	1	>5700*EST	12/17/02 11:00

Note: The MCL's shown above were derived from the USEPA National Primary and Secondary Drinking Water Regulations.

James C. Bahen

James C. Bahen, Lab Director



Pace Analytical Services, Inc.
1700 Elm Street, Suite 200
Minneapolis, MN 55414
Phone: 612.607.1700
Fax: 612.607.6444

Source

Company Name: Hickory Springs Water
Company City and State: Elloree, SC
Sample ID: 57544
Source Name: Hickory spring-Source A
Source Location: Elloree, SC
PWS ID: NA
Date & Time Sample Collected: December 16, 2002 @ 1:00 PM
Collected By: C. Wishrow
Laboratory Sample ID: 4130521

REPORT OF LABORATORY ANALYSIS

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Pace Analytical Services, Inc.
1700 Elm Street, Suite 200
Minneapolis, MN 55414
Phone: 612.607.1700
Fax: 612.607.6444

DETERMINATION OF 2,3,7,8-TCDD

Prepared for:
National Testing Laboratories
Attn: Susan Henderson
6555 Wilson Mills Road
Suite 102
Cleveland, OH 44143



This report contains 8 pages.

The results reported herein conform to the most current NELAC standards, where applicable, unless otherwise narrated in the body of the report.

Prepared by:

Name: Dan Hoseck
Title: Project Manager, Dioxins
Date: December 27, 2002

REPORT OF LABORATORY ANALYSIS

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Pace Analytical Services, Inc.
1700 Elm Street, Suite 200
Minneapolis, MN 55414
Phone: 612.607.1700
Fax: 612.607.6444

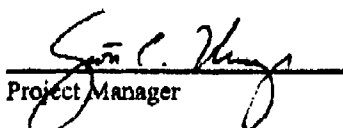
JOB NARRATIVE

Client Project Number: 57544
Pace Project Number: 1066946

Date Received: 12/18/02
Number of Samples: 1

Method 1613 Drinking Water Analysis:

The results for the sample and related quality control samples for this project were all within the acceptance ranges for this method.


Project Manager

REPORT OF LABORATORY ANALYSIS

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Pace Analytical Services, Inc.
1700 Elm Street, Suite 200
Minneapolis, MN 55414
Phone: 612.607.1700
Fax: 612.607.8444

Sample Information Sheet
Date: December 27, 2002

Pace Project Number: 1066946
Customer Project ID: 57544
Description: 1613 Drinking Water
Customer: National Testing Lab
Attn: Ms. Susan Henderson

Lab Sample ID	Customer Sample ID	Sample Matrix	Date Sampled	Time Sampled	Date Received	Time Received
4130521	57544	Drinking Water	12/16/02	13:00	12/18/02	12:30

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Pace Analytical Services, Inc.
1700 Elm Street - Suite 200
Minneapolis, MN 55414

Drinking Water Analysis Results
2,3,7,8-TCDD - USEPA Method 1613B

Tel: 612-607-1700
Fax: 612-607-6444

Sample ID.....57544 Date Collected.....12/16/2002 Spike..... 200 pg
Client.....Hickory Springs Water Date Received.....12/18/2002 IS Spike.....2000 pg
Lab Sample ID.... 104130521 Date Extracted.....12/19/2002 CS Spike..... 200 pg

	Sample 57544	Method Blank	Lab Spike	Lab Spike Dup
[2,3,7,8-TCDD]	ND	ND	--	--
PRL	5 pg/L	5 pg/L	--	--
2,3,7,8-TCDD Recovery	--	--	80%	79%
pg Recovered	--	--	159 pg/L	159 pg/L
Spike Recovery Limit	--	--	73-146%	73-146%
RPD	0.3%			
IS Recovery	73%	78%	100%	78%
pg Recovered	1464 pg/L	1568 pg/L	2000 pg/L	1569 pg/L
IS Recovery Limits	31-137%	31-137%	25-141%	25-141%
CS Recovery	95%	97%	110%	88%
pg Recovered	191 pg/L	193 pg/L	221 pg/L	177 pg/L
CS Recovery Limits	42-164%	42-164%	37-158%	37-158%
Filename	X21223B_20	X21223B_5	X21223B_3	X21223B_4
Analysis Date	12/24/2002	12/23/2002	12/23/2002	12/23/2002
Analysis Time	01:23	16:38	15:28	16:03
Analyst	CMP	CMP	CMP	CMP
Volume	1.013L	0.979L	1.005L	1.028L
Dilution	NA	NA	NA	NA
ICAL Date	11/14/2002	11/14/2002	11/14/2002	11/14/2002
CCAL Filename	X21223B_2	X21223B_2	X21223B_2	X21223B_2

I - Outside the Control Limits
ND = Not Detected
PRL = Pace Reporting Limit
Limits = Control Limits from Method 1613 (10/94 Revision), Tables 6A and 7A
RPD = Relative Percent Difference of Lab Spike Recoveries
IS = Internal Standard [2,3,7,8-TCDD-¹³C₁₂]
CS = Cleanup Standard [2,3,7,8-TCDD-³⁷Cl₄]

Project No.....1066946



Hazen Research, Inc.
 4801 Indiana Street
 Golden, CO 80403 USA
 Tel: (303) 279-1501
 Fax: (303) 278-1528

DATE January 10, 2003
 HRI PROJECT 009-205
 HRI SERIES NO. L270/02
 DATE REC'D 12/18/2002
 CUST. P.O.# 14346

National Testing Laboratories, Inc.
 Susan Henderson
 6565 Wilson Mills Road, #102
 Cleveland, OH 44143

REPORT OF ANALYSIS

SAMPLE NO. L270/02-1

SAMPLE IDENTIFICATION: 57544
 Hickory Springs Water
 Ellore, SC
 Source Water - Hickory Spring - Source A, Ellore, SC
 sampled on 12/16/2002 @ 1300 by Chip Withrow

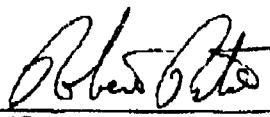
PARAMETER	RESULT	DETECTION LIMIT	METHOD	ANALYSIS DATE	ANALYST
Gross Alpha (+-Precision*), nCi/l (T)	0.0(+/-1.1)	1.2	EPA 900.0	01/03/2003 @ 0832	EH
Gross Beta (+-Precision*), pCi/l (T)	0.5(+/-2.0)	1.9	EPA 900.0	01/03/2003 @ 0832	EH

*Variability of the radioactive decay process (counting error) at the 95% confidence level, 1.96 sigma.
 Certification ID's: CO/EPA - C000008; CT - PH-0152; KY - 90076; KS - E-10285; NH - 232801-A;
 NY ELAP - 11417; PA DEP 88551; WI - 8883/8810

CODES:

(T) = Total (D) = Dissolved
 (S) = Suspended (R) = Total Recoverable
 (PD) = Potentially Dissolved
 < = Less Than

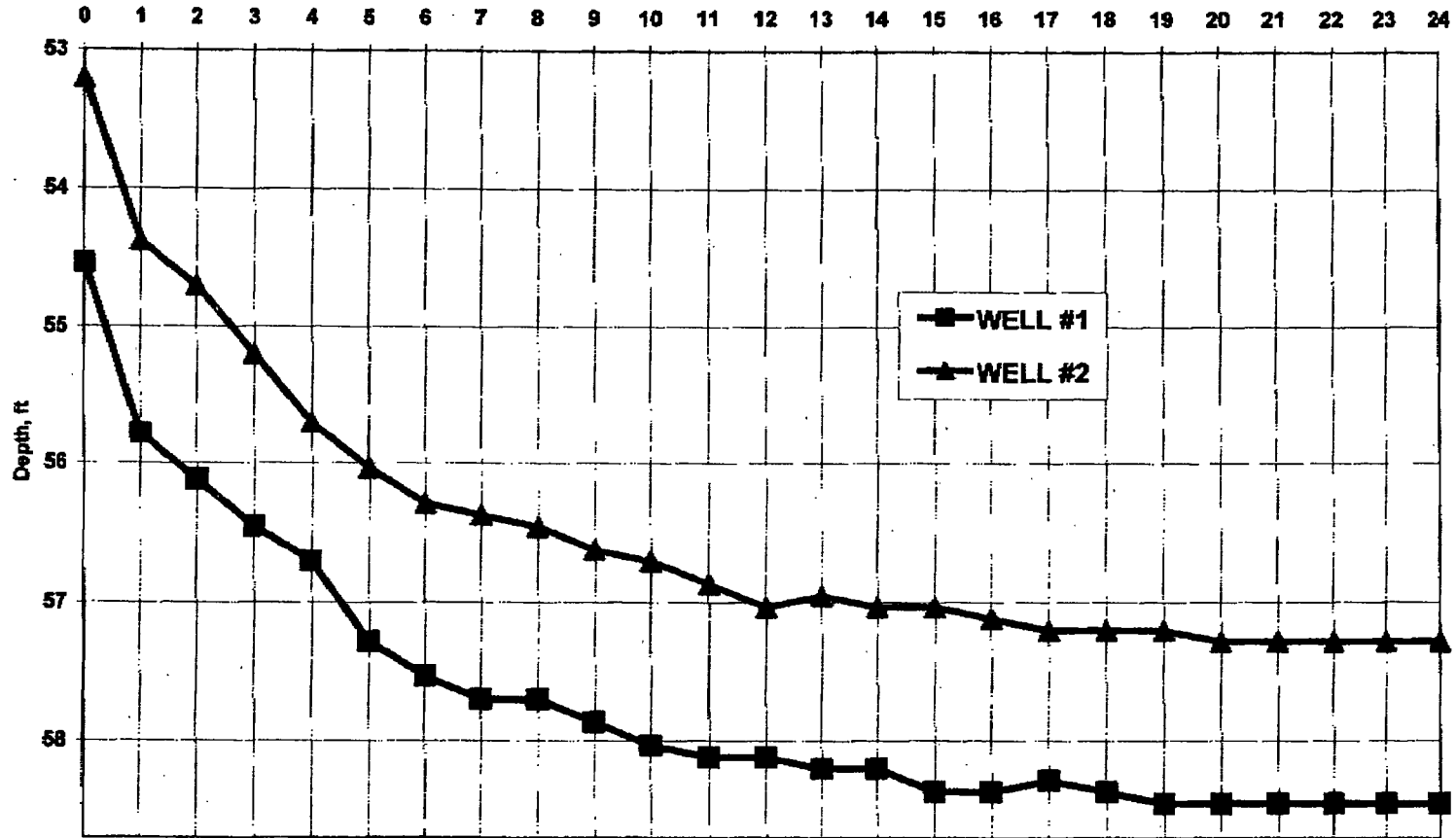
By:


 Robert Rostad
 Laboratory Manager

An Employee-Owned Company

HICKORY SPRINGS

Well Water Level - 24 Hour Test



Redacted Info.

Fieldslc@aol.com wrote:

From: Fieldslc@aol.com
Date: Thu, 4 Mar 2004 19:00:05 EST
Subject: RE Hunt meeting
To: cliffordhansensc@yahoo.com

We had a great meeting. He is very sharp, runs rings around Pickens. The basic terms he wants to buy on are as follows:

1,000,000 from Hunt
500,000 from Beechwood
500,000 owner financing
1,500,000 debt financing on R/E

3,500,000 total.

Fees in the deal are 100,000 split between Hunt and Beechwood. W/C will be 120,000.

He thinks the purchase is 3,280,000. We need to work George down to 2,880,000 and carry 500,000 owner financing. That is only 50,000 reduction.

Hunt has 60%, Beechwood has 30% and Clifford gets to earn-in 10% with no money in the deal, gets his salary and his management team. Hunt wants to be in for 2-3 years with the sales going to 10,000,000 and business value of 18,000,000 when we all get out. He wants a book with these terms in it and proformas showing the increase in sales from each new contract. A short market analysis and why this deal will work.

Robert Fields
Partner
Beechwood Advisory Group, Inc.
Charleston Office
182 East Bay Street Suite 302
Charleston, SC 29401

843-813-4221
843-817-6766 fax
800-614-2070 voice mail
rfields@beechwoodgroup.com

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8/16/2004



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8/16/2004

LOU

Whereas Clifford Hansen (Buyer) desires to purchase the assets of Hickory Springs, Inc. and Beechwood Advisory Group Inc. (Beechwood) will assist the Potential Buyer in securing and financing of said purchase

Outline

Cash on closing due to seller	\$ 2.93mm
Buyer's debt assumption	\$538K
Closing settlement costs	\$ 200K

An additional 250K will be required for working capital & certain capital projects

Structure

Rescheduled debt	\$ 2.2mm
Outside equity inv.	\$ 1.1mm

INITIAL BE

INITIAL CH



This LOU also serves to stipulate that any agreement with David Hunt will result in the following

1. David Hunt will be owner of 75% of Carolina Springs Bottling, LLC which owns 100% of the common stock of Carolina Springs Bottling, Inc.
2. Clifford Hansen will own 25% of Carolina Springs Bottling, LLC, which owns 100% of Carolina Springs Bottling, Inc.
3. No agreements shall be made with David Hunt or any of his affiliates, heirs or assignees without prior agreement by Clifford Hansen.

Beechwood Scope of Work

- Advise buyer on negotiations with seller
- Assist buyer in renegotiating to + rescheduling existing bank debt and negotiating new bank debt.
- Beechwood to assist in securing capital from David Hunt.

INITIAL

RSTP

INITIAL

CH

Beechwood Enumeration

#102k

Statement of intent

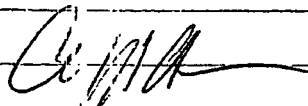
This letter is meant to clarify & detail certain understandings & responsibilities between potential buyer (LH) & service provider Beechwood Advisory Group, Inc.

It is Agreed & Understood that the general terms of this document and the proposed agreements will be used as the basis of preparing a legal and binding agreement ~~until that time this letter is in force~~

Until such time this letter serves as agreement between buyer & ~~proposed~~ service provider.

Agreed

Agreed



CLIFFORD HANSEN


ROBERT FIELDS
BEG, INC. PARTNER

Redacted Info.

From: Fieldsllc@aol.com
Date: Wed, 17 Mar 2004 15:04:10 EST
Subject: Fwd: Water Co.
To: cliffordhansensc@yahoo.com

Robert Fields
Partner
Beechwood Advisory Group, Inc.
Charleston Office
182 East Bay Street Suite 302
Charleston, SC 29401

843-813-4221
843-817-6766 fax
800-614-2070 voice mail
rfields@beechwoodgroup.com

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> ATTACHMENT part 2 message/rfc822
Date: Tue, 16 Mar 2004 14:25:35 -0500
From: Fieldsllc@aol.com
To: GMilner@sc.rr.com
Subject: RE: Water Co.

George,
This is the last and final term sheet we hope. We are partnering with Hunt and Beechwood on a 60/40 basis. Beechwood will operate the company and hire the new team. We want to buy it on the following basis.

Total price 2,930,000

Owner financing for one year 500,000

8/16/2004



Bank financing 1,500,000
Additional cash to seller 930,000

What terms do you want on the one year owner note?

What do you want for deposit?

Please set a closing date and we would like to have Doug work with Dan for at least two weeks before the close of the sale if possible. If OK then we will immediately formalize the agreement.

Robert Fields
Partner
Beechwood Advisory Group, Inc
Charleston Office
182 East Bay Street Suite 302
Charleston, SC 29401

843-813-4221
843-817-6766 fax
rfields@beechwoodgroup.com

Do you Yahoo!?

Yahoo! Mail - 50x more storage than other providers!

8/16/2004

To: tokboss@swbell.net
From: rfields@beechwoodgroup.com  View Contact Details
Subject:  RE: Water Company
Date: Sat, 03 Apr 2004 10:29:54 -0500 (EST)

Pat,

This the executive summary for the project. I will forward the financials later. Coke Corp. made more profit on Water last year than Coke. The market is expanding each week. The current manager and part owner's attitude has directly caused the loss of business in the past. All of the companies they lost have confirmed they will give Clifford and the new company their business at change of ownership. Sales will go from \$3,600,000 to \$7,000,000 next year. Go Cowboys and Blue Devils!!

Robert Fields

Partner
Beechwood Advisory Group, Inc
182 East Bay Suite 302
Charleston, SC 29401

843-813-4221
843-817-6766 fax
rfields@beechwoodgroup.com

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Carolina Springs Bottling, Inc.

Executive Summary

April 3, 2004

**Prepared for
Pat Cobb**

Contact:
Clifford C. Hansen
Phone: 843.577.7965
cliffordhansenc@yahoo.com

Robert Fields
Beechwood Advisory Group
Phone: 843.813.4221
rfields@beechwoodgroup.com

1-BAG000001

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- Exit Strategy	8
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 Projected Financial Information	 24

EXECUTIVE SUMMARY

The Company

Carolina Springs Bottling, Inc. ("Carolina Springs" or the "Company") bottles and distributes drinking water for retail and wholesale customers in the Carolina region of the U.S. The Company's principal products are PET¹, one-gallon and five-gallon bottles of spring and distilled water sold under the Carolina Springs brand and on a private-label basis. The Company owns three natural springs producing approximately 685 gallons of water per minute ("gpm") and two wells producing approximately 70 gpm of water that has been certified as spring water. The Company's springs, wells and bottling operation are situated on thirty acres in Elloree, South Carolina, in close proximity to the distribution centers and regional trucking routes of the leading supermarket and retail chain stores in the South.

Carolina Springs' sales grew from \$1.9 million in 2001 to \$3.5 million in 2002 and reached \$3.9 million in 2003, primarily as a result of the rapid growth in the Company's private-label business. Principally, in mid-2001, the Company acquired Wal-Mart as a private-label gallon customer, and it expects to acquire Food Lion, MilkCo. Dairies and Southern Beverage as private label gallon/PET customers in 2004.

Market Opportunity

The bottled water industry is considered by many to be the fastest growing major market in the beverage industry. According to Beverage Marketing Corporation ("BMC"), the U.S. bottled water market grew from approximately \$3.6 billion in 1995 to approximately \$7.0 billion in 2002, representing a compound annual growth rate of 10.0%. BMC expects the U.S. bottled water market to grow approximately 7.8% per year through 2005. In 2000, bottled water represented 10.0% of total U.S. beverage consumption, versus 1.8% in 1981, and per capital water consumption in the U.S. has risen from approximately 1.5 gallons in 1976 to approximately 19.5 gallons in 2001.

The rapid growth in sales of bottled water is being driven by a number of factors including: i) *increased interest in health and fitness*; ii) *increased concerns about water safety*, including recent fears about bio-terrorism; iii) *single-serve packaging supported by aggressive marketing*; iv) *innovative product introductions* such as enhanced mineral waters that can compete in the sports drink category; and v) *economic growth*, which has resulted in increased disposable income.

¹ "PET" refers to single-serve bottles, which typically range from eight ounces up to one-and-a-half liters.

Carolina Springs' Competitive Advantage

Superior Access to Water – Paralleling the rapid increase in the demand for bottled water has been the enactment of numerous regulations by state and municipal authorities affecting the availability and use of water, serving to limit supply and drive up prices. Companies such as Carolina Springs that have access to large amounts of high quality water are well positioned to take advantage of this trend and realize substantially increased value over time. Based on current flow rates, the Company estimates that its total annual water capacity is approximately 87 million gallons per year, significantly greater than any other bottled water company in the Southeast.

Water Quality – The Company's water is superior to that from competing springs in the Carolinas with respect to its content of sodium, total dissolved solids, fluoride and other water quality parameters. The Company's water is also very low in bromide and bromates, hazardous chemicals whose concentration in bottled water has just recently begun to be regulated by the federal government.

Geographic Location – The Company is located within 300 miles of the distribution centers and regional trucking routes of the leading supermarket and retail chain stores in the South, such as Wal-Mart, Target, Piggly Wiggly, Harris Teeter, Winn Dixie, Bi-Lo and Food Lion to name a few. The Company has excellent access to all of the major highways in South Carolina, and can service four states (SC, NC, GA and FL) from its current facility. As a result, the Company can offer retail and private-label customers and beverage distributors a significant transportation cost advantage versus other suppliers of bottled water in the region.

Low Cost Producer – Due to its "small town" location and the fact that its springs are located on the same site as its bottling plant, the Company has low direct labor and transportation costs. The Company also has ample space and capacity for current production and future expansion, which should enable it to benefit from significant economies of scale as production volumes grow. This attractive fixed and variable cost structure enables the Company to be a low cost producer of bottled water in the Carolinas and to price all of its products very competitively.

Clear Exit Strategy – In the last several years, the bottled water industry has undergone significant consolidation, with multi-national beverage companies acquiring small regional bottled water companies in order to procure new customer bases and sources of water. A likely exit for investors would therefore be a sale of the Company in three to five years to a large bottled water company, diversified beverage company, supermarket chain or mass merchandise retailer. Historically, bottled water companies have been sold for 1.0 times retail sales, 3.0 to 4.0 times home/office delivery sales and 5.0 to 8.0 times EBITDA. The Company expects to generate annual sales and EBITDA of \$10.9 million and \$1.8 million, respectively, in 2004, increasing to \$25.4 million and \$5.4 million, respectively, in 2007.

Growth and Operating Strategy

The Company's objective is to become the leading supplier of bottled water in the Carolinas. Key elements of the Company's strategy to achieve this objective include:

Expanding Its Private-Label Business by marketing to supermarkets, mass merchandisers and convenience stores that have a significant presence in the Carolinas and that have, or are expected to build within several years, regional distribution centers within 300 miles of the Company.

Entering the Home/Office Delivery Market by marketing five-gallon bottles of water to households, businesses and independent beverage distributors in the major cities and coastal communities of the Carolinas. Once the Company has penetrated these markets and validated its revenue model, it will seek to franchise its home/office business to third parties in more distant cities in the Carolinas and Florida.

Penetrating the Regional Military Market by marketing five-gallon bottles to homes and offices at U.S. military installations, and PET and gallon products to military commissaries. Installations to be targeted include, but are not limited to, Fort Jackson and Fort Bragg; Shaw, Charleston, Seymour Johnson and Pope Air Force Bases; and Parris Island, Beaufort, Cherry Point, New River and Camp Lejeune Marine bases.

Completing Onsite Facility Improvements in order to improve production efficiencies and effectively penetrate new product and geographic markets as outlined above.

Maintaining Superior Water Quality by ensuring that its bacteriological and chemical testing procedures exceed all federal and state guidelines.

MANAGEMENT

Executive Officers

Name	Age	Position
Clifford C. Hansen	31	CEO
Douglas G. Braun	55	VP Operations
Carol A. Willis	45	VP Sales

Clifford C. Hansen previously served as Senior Vice President in the Middle-Market Division of Jeffries & Co., where he serviced high net worth clients and institutions (\$5 million to \$3 billion in assets). From 1997 until 2001, Clifford served as Vice President in the Private Client Group of Morgan Stanley, where his duties included executing trades for portfolio managers, hedge funds and money managers, configuring portfolios for high net worth individuals, and building and maintaining global relationships. From 1996 until 1997, Clifford was a junior broker/trader at PaineWebber. Prior to his career in finance, Clifford worked for two different water companies. Firstly, the Great Artesian Water Company, where he worked on every aspect of the production line and secondly, the Old Saratoga Water Company, which he helped start from the ground up, assisted in both purchasing and marketing and ran production. Clifford holds a B.A. in History from the College of Charleston. *(See Resume)*

Douglas G. Braun previously served as President and sole owner of Simply Bisque, a ceramics manufacturing business in Mooresville, North Carolina. From 1998 until 1999, Doug served as Production and Materials Manager for Fisher Scientific (previously Pacific Hemostatis) in Huntersville, North Carolina. From 1988 until 1997, Doug served in various capacities at Haemonetics Corporation (previously DHL Laboratories) in Union, South Carolina, including Vice President of Regulatory Compliance, Manager of Quality Assurance and Regulatory Affairs, Production/Plant Manager and Staff Microbiologist. From 1984 until 1988, Doug served as Assistant Superintendent/Administrative Supervisor for Baxter Healthcare in Marion, North Carolina, where he managed biological control operations in the world's largest intravenous solutions plant. Doug holds a B.A. in Biology from St. Andrews Presbyterian College and a M.S. in Biology from Emory University. *(See Resume)*

Carol A. Willis previously provided payroll, insurance and accounting consulting services to several small companies in South Carolina. From 1993 until 1998, Carol served as Sales and Office Manager for Old Saratoga, Inc., a bottled water company in Wilson, North Carolina, where she was responsible for hiring and training employees in the company's bottling operation. From 1986 until 1992, Carol served as Director of Operations for the Great Artesian Water Co., a water bottling company in Union, South Carolina, where she was responsible for production, shipping, sales, product safety and employee training. From 1976 until 1986, Carol managed the Production, Inventory Control and Purchasing departments of Conso Products.

**Carolina Springs Bottling, Inc.
Projected Financials**

Refer to the balance sheet in the financial projections

Proposed Capital Requirements and Use of Proceeds

- Carolina Springs Bottling LLC will be incorporated in the State of Delaware in 2004. Also, in 2004, Carolina Springs LLC will buy 100% of the Common Stock of Carolina Springs Bottling, Inc., a C Corporation to be incorporated in the State of South Carolina, in order to affect the purchase of certain assets of Hickory Springs Water Company. George M. Milner solely owns Hickory Springs, an S Corporation formed in South Carolina in 1995. Mr. Milner is a nuclear and electrical engineer who has owned and operated several businesses over the last ten years, including a polymer conversion business and a real estate development business. Mr. Milner has agreed to sell the non-cash assets of Hickory Springs to Carolina Springs Bottling, Inc. for approximately \$3.28 million.

Carolina Springs LLC has raised \$500,000.00 and is seeking to raise \$1 million to fund the balance of the acquisition of Hickory Springs by Carolina Springs Bottling, Inc. \$1.5 million of this capital will be in the form of bank debt from a commercial lender. The Company is seeking to raise such funds in the form of equity, and has retained The Beechwood Group to serve as its placement agent in such endeavor.

Exit Strategy

A likely exit for investors would be a sale of the Company in 2007 or beyond to a large bottled water or diversified beverage-company. Potential acquirers include large conglomerates like Cadbury-Schweppes or Aquafina, large supermarket chains, water company syndicates and mass merchandise retailers such as Wal-Mart, Target or Food Lion. Carolina Springs will be a highly attractive candidate for acquisition in four to five years for the following reasons:

- **Ideal Geographic Location** – Due to its favorable geographic location, Carolina Springs will have lower transportation and operating costs than any other water bottling company in the Carolinas, thus enabling it to offer the most competitive prices in the region;
- **Private-Label Customer Base** – Carolina Springs will have acquired a valuable private-label customer base comprised of leading supermarket and retail chains. Private-label customers can each utilize millions of gallons of water per year and typically pay their bills within 25 days;
- **Home/Office Market Leader** – Carolina Springs will be the predominant supplier of five-gallon home/office water delivery in the Carolina region of the U.S. (SC, NC, GA and northern Florida);
- **Rapid Sales Growth** – Carolina Springs expects to generate compound average annual sales growth of 48% over the next five years; and
- **Attractive Margins and Cash Flow²** – Carolina Springs expects to generate EBITDA margins in excess of 20% beginning in fiscal 2006 due to significant economies of scale and higher gross margins associated with the home/office delivery market. The Company also expects to generate annual EBITDA in excess of \$2.8 million beginning in fiscal 2006.

² Founder estimates. See "Projected Financial Information"

BUSINESS

General

Carolina Springs bottles and distributes drinking water for retail and wholesale customers in the Carolina region of the U.S. The Company's principal products are PET, one-gallon and five-gallon bottles of spring and distilled water sold under the Carolina Springs brand and on a private-label basis. The Company owns two natural springs producing approximately 685 gpm of water and two wells producing approximately 70 gpm of water that has been certified as spring water. The Company's springs, wells and bottling operation are situated on thirty acres in Elloree, South Carolina, in close proximity to the distribution centers and regional trucking routes of the leading supermarket and retail chain stores in the South.

Industry Overview

The Food and Drug Administration ("FDA") regulates the bottling and sale of water as a food and has established the following product definitions:

Artesian Water – Bottled water taken from a well that taps a confined aquifer (a water-bearing underground layer of rock or sand), which stands at some height above the normal water table.

Mineral Water – Bottled water originating from a geologically and physically protected underground water source. Mineral water must contain minerals and/or trace elements that make it clearly distinguishable from other types of water. This content must remain constant in the water's original state at the point of emergence from the source.

Sparkling Water – Bottled water containing carbon dioxide, which occurs naturally or is added following emergence from the source. Soda water, seltzer water and tonic water are not considered bottled waters; rather, they are regulated separately as soft drinks and may contain sugar and calories.

Well Water – Bottled water collected from an aquifer through a hole bored, drilled or otherwise constructed in the ground.

Purified Water – Bottled water produced by distillation, deionization, reverse osmosis or another process that meets the definition of purified water in the U.S. Pharmacopoeia.

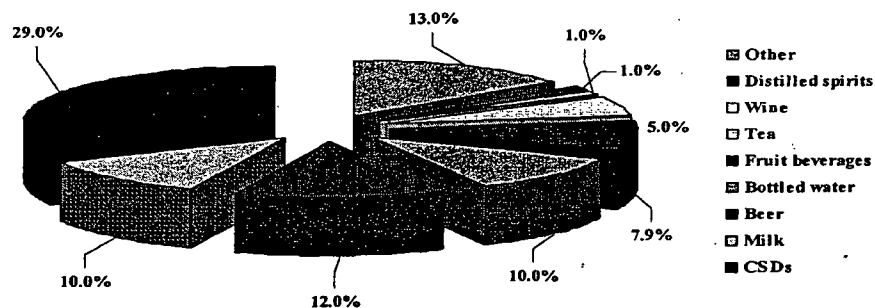
Spring Water – Bottled water that flows naturally from an underground source to the surface of the earth. Spring water must be collected directly from the spring or from a borehole that is adjacent to the water's natural point of emergence. Spring water collected by pump, or any other device applying external force, must retain all properties

of, and be of the same composition and quality as, the water flowing naturally to the surface. **It is estimated that only 0.02% of the world's water is natural spring water.**

Size and Growth – The bottled water industry is considered by many to be the fastest growing major market in the beverage industry. According to Beverage Marketing Corporation (“BMC”)³, the U.S. bottled water market grew from approximately \$3.6 billion in 1995 to approximately \$7.0 billion in 2002, representing a compound annual growth rate of 10.0%. BMC expects the U.S. bottled water market to grow approximately 7.8% per year through 2005⁴. In contrast, over the past several years, sales of beer, milk and coffee were flat, sales of bottled juices grew approximately 1% per year, and sales of soft drinks grew between 2% and 6% per year.

In 2000, bottled water represented 10.0% of total U.S. beverage consumption, versus 1.8% in 1981, and U.S. per capital water consumption has risen from approximately 1.5 gallons in 1976 to approximately 19.5 gallons in 2001. Bottled water consumption in the South, West and Central regions of the U.S. has been below the national average historically, while consumption in the Pacific Northwest (the largest domestic bottled water market in 2001), Southwest and Northeast regions has been higher than the national average.

Share of Stomach by Beverage Segment - 2000



Source: Beverage Marketing Corporation

³ As cited in Janney Montgomery Scott's Cott Corporation equity research report dated February 14, 2003.

⁴ The International Bottled Water Association (“IBWA”) estimates growth at approximately 7% per year over the same period.

The rapid growth in sales of bottled water is being driven by a number of factors:

Increased interest in health and fitness – Increased consumer awareness and concern about artificial additives, caffeine, alcohol, calories, salt and fat content in food and drink is causing an increasing number of individuals to choose water over soda, coffee, alcohol and artificially flavored and milk-based beverages.

Increased concerns about water safety – The Center for Disease Control and Prevention has never determined or confirmed a contamination outbreak or health problem in the U.S. of an illness linked to spring water, but it has, on multiple occasions, linked it to tap water. In fact, according to the EPA, hundreds of municipal tap water sources through the U.S. fail to meet minimum human consumption safety standards. Contamination due to rusty pipes, leaks and stagnant water are key concerns, as well as the presence of lead, nitrates, microorganisms, toxic waste, chlorine by-products⁵, bromide and bromates. More recent fears about bioterrorism have caused many consumers to rethink drinking directly from their tap. As a result, a recent IBWA consumer usage survey of approximately 3000 Americans in 14 states concluded that the consumption of spring water would surpass tap water in the year 2004.

Innovative product introductions – The bottled water market continues to expand as certain mineral waters, enriched with “stylish” additives like electrolytes, can now compete among the sports drink category.

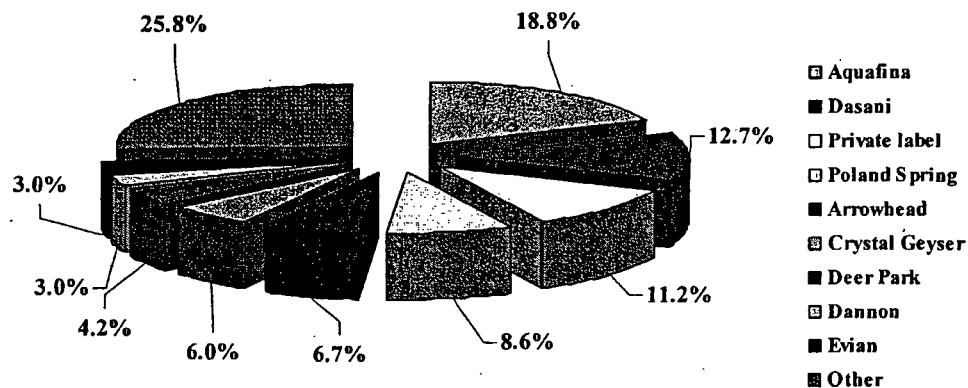
Economic growth – Similar to the recent rapid growth in specialty coffee drinks and sports drinks, higher average disposable incomes in the U.S. have encouraged individuals to spend up to \$3.00 and \$4.00 for a bottle of spring water.

Competitive Environment – Companies that command a significant share of the U.S. bottled water market are Nestlé’s Perrier Group (Poland Spring, Arrowhead, Deer Park and Great Bear brands), Danone Group (Evian, Dannon, Volvic, Naya and Sparkletts brands) and Suntory Water Group (Great Pines and Georgia Mountain Water brands). Beverage conglomerates such as Pepsi (Aquafina brand) and Coca Cola (Dasani brand) are also enormous players; offering bottled purified tap water with added minerals to compete with bottled spring waters. BMC estimates that in 2002, these five companies accounted for approximately 75% of total bottled water sales in the U.S. The Founder believes that the entrance of leaders such as Coca Cola and Pepsi into the retail bottled water market confirm that it is a viable and mainstream beverage option indicative of a long-term shift in customer preferences away from soft drinks and towards healthier beverage alternatives.

⁵ Municipal tap water typically utilizes chlorine as a final disinfectant, while bottled water is most commonly disinfected with ozone or ultraviolet light.

Due to recent federal and state regulations, it is becoming increasingly difficult to permit new springs, thus gaining access to adequate springs is a natural barrier to entry in the bottled water market. As a result, there has been significant industry consolidation in the last several years, with multi-national beverage companies acquiring small regional bottled water companies in order to procure new customer bases and sources of water.

2001 Bottled Water Market Share



Source: Beverage Digest

Distribution Channels – According to BMC, in 2000, 60% of bottled water was sold through branded and private-label retail channels, with the remainder being sold through the home and office delivery market.

Private-label – According to Beverage Digest, private-label water sales in the U.S. grew 32% in 2002, versus 9.6% for the bottled water market as a whole. This growth is being driven by numerous factors, including marketing support from the increasing number of retailers implementing private-label programs. Private-label products generate higher retail gross margins than branded products, a key incentive for retailers facing margin pressure due to price competition among national brands. At the same time, private-label manufacturers have limited marketing and advertising expenses, and lower delivery costs, thus enabling them to be extremely price competitive, particularly when they have adequate retailer support. According to the Private Label Manufacturers Association (“PLMA”), private-label products now account for nearly \$50 billion in annual sales, or one out of every five items purchased by U.S. consumers in supermarkets, drug stores and mass merchandisers.

Home/Office Delivery ("HOD" or "home/office") – The HOD market has been impacted by the sluggish economy, as it is closely correlated to employee headcount and economic trends. However, as the economy recovers, this segment stands to benefit most from an upturn. According to industry experts, the slower growth rate in this segment (4% in 2002) versus the bottled water market as a whole is primarily a result of smaller order sizes and not decreasing customer counts. The HOD segment is less seasonal, generates significantly higher gross margins (45% to 60% versus 25% to 30% in the retail segment), and boasts a more stable customer base than the retail segment. According to Swiss private banking firm Pictet & Cie, home water buyers typically remain loyal to one supplier for three to five years, while office customers typically remain loyal for five to seven years. Furthermore, in addition to selling and delivering five-gallon bottles of water, HOD vendors can earn incremental revenue renting or selling water coolers, coffee machines and other beverage-related products. Nonetheless, barriers to entry in the HOD market are high due to the labor-intensive nature of acquiring customers, i.e. one at a time. As a result, production scale is no longer an advantage for the top HOD companies; rather, it is a battle for customers and territory.

Carolina Springs Advantages

Carolina Springs is positioned to become the leading supplier of bottled water in the Carolina region of the U.S. for the following reasons:

Superior Access to Water – State and municipal regulations affecting the availability and use of water are becoming increasingly restrictive. Many states have imposed inflow rules that curtail the use of municipal wells near rivers, while many cities and towns have limited the use of wells and springs to conserve water for future use. Practically all states and municipalities require the initial and ongoing testing of water sources. The net effect of these regulations is to limit supply and drive up the price of water. Companies such as Carolina Springs that have access to large amounts of high quality water are well positioned to take advantage of this trend and realize substantially increased value over time.

Water Quality – Heightened public concern over the safety of drinking water has greatly increased the level of scrutiny under which bottled water suppliers are examined by retail and private-label customers. Based on the results of recent chemical analyses, the Company strongly believes that Carolina Springs water is superior to that from competing springs in the region with respect to its content of sodium, total dissolved solids, fluoride and other water quality parameters. The Company's water is also very low in bromide and bromates, hazardous chemicals whose concentration in bottled water has just recently begun to be regulated by the federal government.

Geographic Location – The Company is within 300 miles of the distribution centers and regional trucking routes of the leading supermarket and retail chain stores in the South.

The Company has excellent access to all of the major highways in South Carolina, and can service four states (SC, NC, GA and FL) from its current facility. As a result, the Company can offer retail and private-label customers and beverage distributors a significant transportation cost advantage versus other suppliers of bottled water in the region, all of which are less conveniently located than the Company.

Low Cost Producer – The Company operates in one of the poorest regions in the U.S., thus its direct labor costs are very low. Operating costs are also very low, particularly transportation costs, due to the fact that the Company's springs are located on the same site as its bottling plant (*unlike many of its competitors in the region*). Furthermore, the Company has ample space and capacity for current production and future growth, which should enable it to benefit from significant economies of scale as production volumes grow. This attractive fixed and variable cost structure enables the Company to be a low cost producer of bottled water in the Carolinas and to price all of its products very competitively. The Company's status as a low cost producer is key when marketing to potential private-label customers. These customers are increasingly subject to pricing pressures from the multi-national bottled water companies and are beginning to turn to local and regional producers for their private-label water needs.

Growth and Operating Strategy

The Company's objective is to become the leading supplier of bottled water in the Carolina region of the U.S. Key elements of the Company's strategy to achieve this objective include:

Expanding Private-Label Business – The Company will leverage the contacts of its President and VP of Sales in order to increase its business with existing private-label customers and acquire new private-label customers. The Company will focus on supermarkets, mass merchandisers and convenience stores that have a significant presence in the Carolinas and that have, or are expected to build within several years, regional distribution centers within 300 miles of the Company, particularly along Interstate Highways 95, 26, 77 and 20 and Route 17. (*See Exhibit A*) Besides Wal-Mart and Target, these companies include Bi-Lo, Giant, Food Lion, Winn Dixie, K-Mart, Superfresh/A&P, Eckerd's, Piggly Wiggly, Harris Teeter, Walgreens, Publix, 7-11 and Weis Markets. When marketing to private-label customers, the Company will emphasize the significant transportation cost advantage it offers versus other suppliers of bottled water in the region, as well as its status as a low cost producer of bottled water, both of which enable it to price its products very competitively.

Entering the Home/Office Delivery Market – In the fourth quarter of 2004, the Company will begin marketing five-gallon bottles of water to households, businesses and independent beverage distributors in the Carolinas. Initial target markets include Charlotte (NC), Columbia (SC), Charleston (SC), North Charleston (SC), Spartanburg (SC), Greenville (SC) and Raleigh (NC). The Company will also target coastal communities such as Hilton Head (SC), Folly Beach (SC), James Island (SC), Kiawah (SC), Seabrook (SC), Mount Pleasant (SC), Sullivan's Island (SC) and Myrtle Beach

(SC). Once the Company has penetrated these markets and validated its revenue model in the home/office business, it will seek to franchise this business (utilizing Carolina Springs water) to third parties in more distant cities and coastal communities such as Jacksonville (FL), Tallahassee (FL), Wilmington (NC) and Morehead City (NC). The Company will also consider marketing its branded and home/office water products in Bermuda, as there is no natural source of fresh water on the island and it is easily accessible from Charleston (SC), the second largest container port on the East Coast.

Flavored Waters – Beverage companies that sell specialty sports drinks like Oceanspray, Veryfine, Snapple, Welch's, Gatorade, and Powerade typically outsource the bottling of these products. The Company has extensive experience bottling private-label product, and would be able to accommodate most existing flavored water products. The only capital expenditure that would have to be made to enter this business would be the purchase of a mixing machine capable of siphoning specialty drink ingredients into the Company's existing PET filling machine.

One Liter and One-and-a-Half Liter Bottles – The Company's existing PET bottling line can easily accommodate one liter and one-and-a-half liter bottles, which is the product of choice for international beverage companies such as Nestlé and Group Danone.

Regional Restaurants – The Founder has extensive contacts in the restaurant industry in the Charleston (SC) area, and believes that Carolina Springs has the opportunity to serve as the exclusive bottled water for many of these establishments.

Penetrating the Regional Military Market – The Company is ideally located to sell bottled water to the numerous military facilities located in the Carolinas and Georgia. The Company will utilize its in-house sales team to market five-gallon bottles to homes and offices at U.S. military installations, and will utilize its President and VP of Sales to market PET and gallon products to military commissaries. Military installations to be targeted include, but are not limited to, Fort Jackson and Fort Bragg; Shaw, Charleston, Seymour Johnson and Pope Air Force Bases; and Parris Island, Beaufort, Cherry Point, New River and Camp Lejeune Marine bases.

Completing Onsite Facility Improvements – The Company intends to spend approximately \$30,000.00 for repairs and maintenance and \$47,500.00 for capital expenditures (new filling and labeling machines) immediately post-acquisition. These expenditures will enable the Company to double the efficiency of its one-gallon bottling lines and greatly increase its private-label gallon business, which should lead to significant economies of scale as production volumes grow. In order to effectively penetrate new product and geographic markets as outlined above, the Company intends to spend an additional \$1.0 million over the next five years to purchase and install three additional one-gallon bottling lines, two additional PET bottling lines and one additional five-gallon bottling line.

Maintaining Superior Water Quality – The Company is committed to providing the highest quality water available to the public, and will expand the existing 300 square foot

testing lab on-site in order to ensure that its testing procedures exceed all federal and state guidelines. The Company conducts hourly bacteriological tests and yearly tests for inorganic chemicals, nitrates, nitrites, radium, synthetic organic compounds and volatile organic compounds. The Company also has its water tested regularly by the leading independent certified testing laboratories, such as National Testing Laboratories, Broward Testing Laboratory, Pace Analytical Services, BSK Analytical Laboratories and Hazen Research.

Products

The Company produces a range of branded and private-label water products that are sold through retail and wholesale channels in South Carolina, North Carolina, Florida and Georgia. The Company's branded products will be sold under the trade name *Carolina Springs*. The primary products currently offered by the Company (pre-acquisition) are as follows:

<u>Product/Pricing</u>	<u>Market</u>	<u>Key Customers</u>
Branded PET/gallons (Approx. \$4.95/case PET/ \$2.47/4-case gallon)	- Supermarkets	Piggly Wiggly
	- Convenience store/ grocery distributors	Colberg Dairy, McLane Company
	- Home/office distributors	The Source, American Pure
Private-label PET/gallons (Approx. \$3.95/case PET \$1.29/3-case gallon)	- Supermarkets	Piggly Wiggly
	- Convenience store/ grocery distributors	McClane Company
	- Mass merchandisers	Wal-Mart
Five/six gallon refills (Approx. \$1.10/refill)	- Home/office distributors	The Source, American Pure
Five-gallon bottles (Approx. \$6.25/ bottle)	- Home/office distributors	The Source, American Pure

The Company intends to introduce several new products during the next twelve months, including:

- *Five-gallon bottles for home/office delivery* – The Company will market this product to households and businesses in under served major markets such as Charleston (SC), Columbia (SC) and Charlotte (NC), and to small and mid-size towns and coastal regions of the Carolinas. Additional revenue will be generated from the sale and/or

rental of water coolers. Revenues will also be generated by refilling five-gallon bottles of water for other suppliers who buy their water in bulk from as far away as Arkansas and have it shipped to the area. The Company estimates that a five-gallon bottle of water can be sold into the home/office delivery market for \$6.50, versus \$1.29 for a case of three (3) one-gallon bottles in the private label market.

- **Marketing Water Products In Bermuda** – The Company will also market its branded, private label, and its home/office water products in Bermuda, as there is no natural source of fresh water on the island and it is easily accessible from Charleston (SC), the second largest container port on the east coast.

Sales and Marketing

The Company sells its branded and private-label water products to retail outlets, beverage distributors and private-label customers in South Carolina, North Carolina, Georgia and Florida and is licensed to sell bottled water in Alabama, Virginia, New York and New Hampshire⁶.

Private-Label – A key part of the Company's growth strategy is to leverage the contacts of the Company's President and VP of Sales to acquire additional private-label customers. The Company will focus on supermarkets, mass merchandisers and convenience stores that have a significant presence in the Carolinas and that have, or are expected to build within several years, regional distribution centers within 200 to 300 miles of the Company, particularly along Interstate Highways 95, 26, 77 and 20 and Route 17. (See Exhibit A) These companies currently include:

- **Bi-Lo** - distribution center in Greenville (SC);
- **Winn Dixie** – distribution centers in Greenville/Spartanburg (SC), Raleigh (NC) and Jacksonville (FL);
- **Southern Beverage** – distribution center in Augusta (GA);
- **MilkCo Dairies** – distribution center in Rock Hill (SC);
- **Sysco Foods** – distribution centers in Walterboro (SC), Columbia (SC) and High Point (NC);
- **US Foods** – distribution center in Columbia (SC);
- **Walgreens** – distribution center currently being built in Anderson (SC);
- **Sam's Club** – distribution center in Charleston (SC);
- **Food Lion** – distribution center in Elloree (SC) and Dunn (NC);
- **Eckerd's** – distribution center in the Charlotte (NC) metropolitan area;
- **Piggly Wiggly** – distribution centers in Summerville (SC) and Lumberton (NC) – the Company currently sells approximately 3,700 gallons of water per day to this customer; and
- **Harris Teeter** – distribution centers in Indian Trails (NC) and Greensboro (NC).

⁶ The Company has sold bottled water to these markets in the past.

Other potential private label customers include Giant, Publix, K-Mart, Superfresh/A&P, 7-11, Weis Supermarkets, Cramer Food Services, Atlas Distributing, Loews Supermarkets and Handy Pantry.

Wal-Mart's current regional distribution centers are in Hope Mills (NC), Laurens (SC) and Douglas (GA). The Company has heard from several industry insiders that Target and CVS are building new distribution centers near Camden (SC). These activities suggest that Company's annual sales volumes with Wal-Mart could increase substantially in the coming years. Furthermore, the Company believes it has a significant opportunity to begin selling PET products to Wal-Mart.

U.S. Military – The Company is ideally located to sell bottled water to the many of the following military facilities located in the Carolinas and Georgia:

- **Army bases** – Fort Jackson (SC), Fort Bragg (NC), Hunter Army Airfield (GA), Fort McPherson (GA), Fort Gordon (GA) and Fort Benning (GA);
- **Naval installations** – NWS Charleston (SC) and NSB Kings Bay (GA);
- **Air force bases** – Shaw AFB (SC), Charleston AFB (SC), Seymour Johnson AFB (NC), Pope AFB (NC), Moody AFB (GA) and Robbins AFB (GA);
- **Marine bases** – MCRD Parris Island (SC), MCAS Beaufort (SC), MCAS Cherry Point (NC), MCAS New River (NC), Camp Lejeune (NC) and MCLB Albany (GA); and
- **Coast guard posts** – USCG Elizabeth City (NC).

The Company will utilize its in-house sales and The Beechwood Group to market five-gallon bottles to homes, offices and the commissaries at U.S. military installations.

Operations

Raw Materials - The Company owns two natural springs, one of which produces approximately 85 gpm of water and one which produces 600 gpm of water. The Company also owns two wells that produce approximately 70 gpm of water that has been certified as spring water. Currently, only the small spring and the two wells have been tapped, and the Founder intends to spend approximately \$20,000.00 in the fourth quarter of 2004 to tap the large spring. The Company estimates that its minimal annual water capacity is approximately 100 million gallons per year⁷. The source of the Company's water is the Surficial Aquifer, which stretches from southeastern North Carolina to southern Florida. (See Exhibit B)

⁷ Calculated assuming 45 production hours per week, 52 weeks per year.

BOARD OF DIRECTORS

CLIFFORD C. HANSEN
DIRECTOR
CAROLINA SPRINGS BOTTLING, INC.

Clifford previously served as Senior Vice President in the Middle-Market Division of Jeffries & Co., where he serviced high net worth clients and institutions (\$5 million to \$3 billion in assets). From 1997 until 2001, Clifford served as Vice President in the Private Client Group of Morgan Stanley, where his duties included executing trades for portfolio managers, hedge funds and money managers, configuring portfolios for high net worth individuals, and building and maintaining global relationships. From 1996 until 1997, Clifford was a junior broker/trader at PaineWebber.

Prior to his career in finance, Clifford worked for two different water companies. Firstly, the Great Artesian Water Company in Union, South Carolina where he worked on every aspect of the production line and secondly, the Old Saratoga Water Company in Wilson, North Carolina, which he helped start from the ground up, and assisted in both purchasing, marketing and ran production.

Clifford holds a B.A. in History from the College of Charleston.

STEPHEN R. WILSON
DIRECTOR
CAROLINA SPRINGS BOTTLING, INC.

Stephen R. Wilson was born and raised in the New York metropolitan area. He graduated from the U.S. Naval Academy in 1968 and served in the U.S. Navy until 1972. He received a Masters Degree in Business Administration from the Harvard Business School in 1974 and has served in general management, finance and planning capacities with major companies around the world for the last 26 years.

After two years at W.R. Grace & Co. in New York, Steve joined PepsiCo in 1976, where he served as Head of Planning for the Corporation, Chief Financial Officer of Pepsi Cola USA, Chief Financial Officer of Frito-Lay International and President of Frito-Lay Brazil (Elma/Chips). After nine years at PepsiCo, he moved to Cadbury-Schweppes North America, where he was Senior Vice President, Chief Financial Officer and, later, President of Cadbury Beverages North America. After a brief stint as President of the Franklin Mint in 1989, Steve landed at RJR Nabisco, the newly formed LBO sponsored by Kholberg Kravis Roberts. At RJR Nabisco, he joined as Senior Vice President of Corporate Development and was later promoted to Executive Vice President, Chief Financial Officer.

In 1995, RJR Nabisco dissolved much of its corporate headquarters role in preparation for an eventual separation of its food and tobacco businesses. Steve Wilson took the opportunity to rejoin the former CEO of Cadbury-Schweppes North America at the Readers Digest Association, where Steve served as Executive Vice President, Chief Financial Officer and Chairman of the Operating Committee of the company until 1998.

In 1998, Steve moved to London to become Finance Director and a member of the main Board of Reckitt & Colman, PLC, a leading maker of household cleaning products. After engineering the merger of Reckitt & Colman with Benckiser, NV, a Dutch company with a similar profile, he moved back to New Dutch Company with a similar profile, he moved back to New York to become Executive Vice President, Finance and Administration of Bridge Information Systems, a leading provider of financial information to professionals around the world. Bridge is a privately held leveraged build-up that has grown ten fold over the last five years with the support of Welsh Carson Anderson & Stowe, the New York based investment firm.

Steve Wilson currently serves on the boards of Newport News Shipbuilding, Inc., The Manhattan Theatre Club, LEK Consulting (Advisory Board) and The South Bronx Education Foundation. Prior board experience includes NatWest Bancorp, Middlesex Mutual Assurance, Chase National Advisory Board and INROADS of Fairfield/Westchester.

ROLF RICHTER
DIRECTOR
CAROLINA SPRINGS BOTTLING, INC.

Rolf is a Partner of Beechwood Advisory Group and Development Group. As of March 15, 2004, Rolf is serving as President of ConAgra of Canada and South America. His career has been focused on enhancing company value and driving improved economic returns for a wide variety of companies. He is a seasoned senior executive having served in a variety of general management leadership roles throughout his career. Rolf's key areas of achievement have been adding shareholder and stakeholder value through business building, fostering team and personal excellence, leading turnarounds and directing the M+A/business for a major corporations in the US and Europe.

Rolf's strong experience in large-cap corporations includes having served in such roles as President of Vlasic Europe, Managing Director of UK Frozen Foods, General Manager of Campbell's Dry Soups USA and Vice President/General Manager of Campbell's Dry Soups Canada.

Rolf has an extensive background in consumer-packaged goods for foods, electronics, retailing and advertising. He also brings deep functional knowledge and experience in operations, logistics and P+L / balance sheet management.

Since 1999, Rolf has been working with various VC firms, technology start-ups and high net worth investors acting as a business and strategic advisor to the principals, as well as taking on temporary leadership roles in investor companies. These activities included the successful purchase and direction of a retail specialty chain for a boutique merchant bank, commercialization of a unique engineering technology for a regional university and serving as lead advisor for a metal fabrication firm emerging from Chapter 11.

Rolf received a Dip in Retailing and BBA from Ryerson Polytechnical Institute in Toronto, Canada.

TWO ADDITIONAL DIRECTORS WILL BE ADDED FROM THE INVESTOR GROUP.

Exhibit A

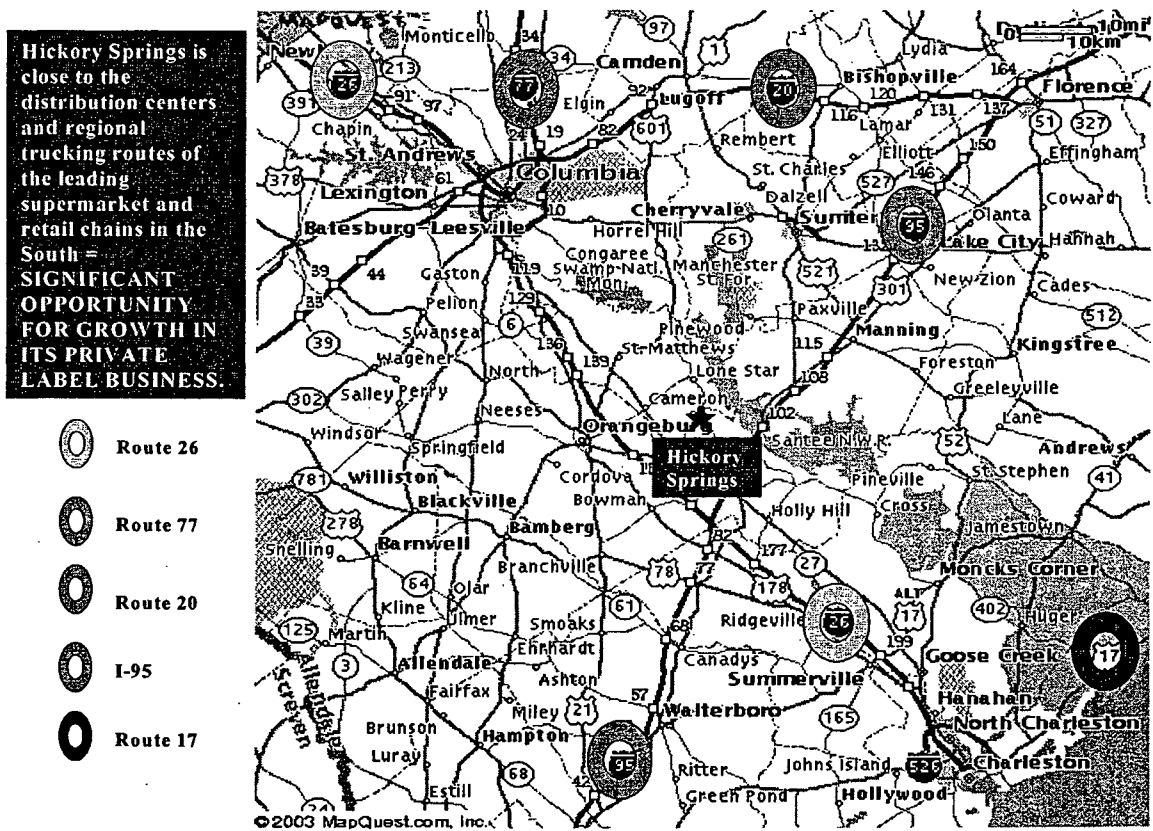
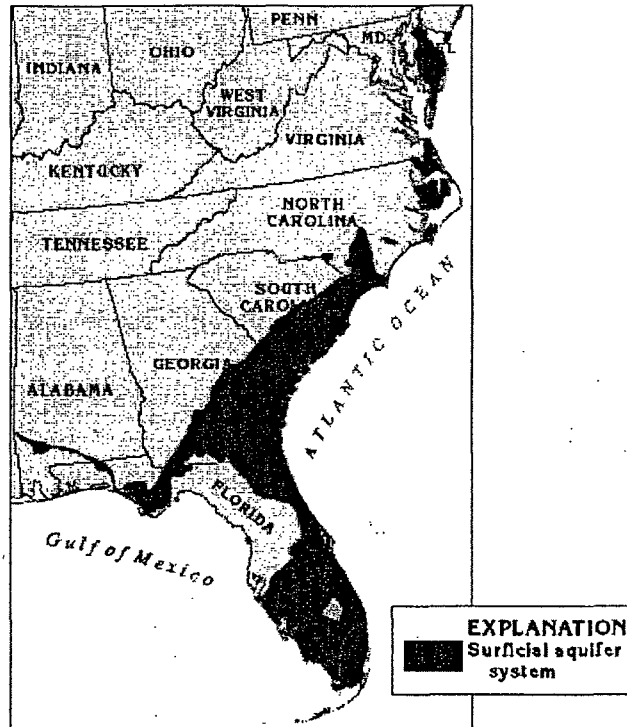


Exhibit B



The Surficial aquifer system extends throughout large areas in the Coastal Plain of Florida, Georgia and South Carolina. The Surficial aquifer is the uppermost aquifer in the Northern Atlantic Coastal Plains aquifer system. The surficial aquifer extends over large parts of the Delmarva Peninsula and the eastern coastal plain of North Carolina.

Pat Cobb

From: Fieldslc@aol.com
Sent: Tuesday, April 06, 2004 9:43 AM
To: tokboss@swbell.net
Subject: Re: Water

Pat, Our emails must have crossed. I will have the financials resent.
The equity breakdown is as follows: Hunt 1,000,000 for 60%, Beechwood 250,000 for 15%, other investor 250,000 for 15% and 10% is to be for the owner/operator (Hansen) on an earn in basis. The corp. will be a LLC and pass through the profits and losses to each partner each year. Hunt is setting up an LP to be the owner of its share. We will have an LLC for ours. The Okla. state taxes will determine if you want to hold the share in an LLC or C-Corp.

Robert Fields
Partner
Beechwood Advisory Group
182 East Bay Suite 302
Charleston, SC 29401

843-813-4221
843-817-6766 fax



5/24/2005

2 BAG 00110

Bank of America.



May 14, 2004

Bank of America, N.A.
Commercial Banking
SC3-240-03-07
PO Box 448
Columbia, SC 29202-0448

Mr. Clifford Hansen
1501 Meadowood Lane
Charlotte, NC 28211

Dear Clifford:

Thank you for your loan request for the purchase of Hickory Springs Water Company. In order for the bank to underwrite your credit request, we will need to review the three most-recent years of financial statement for Hickory Springs. Please provide three years of CPA-prepared financial statements and tax returns on the company (including balance sheets for all three years).

I look forward to working with you on this request. Please contact me at 803.255.7465 if you have any questions.

Sincerely,

Eva L. Nance
Senior Vice President
Senior Client Manager



*** TOTAL PAGE. 02 ***

Redacted Info.

Fieldsllc@aol.com wrote:

From: Fieldsllc@aol.com
Date: Mon, 24 May 2004 18:40:48 EDT
Subject: RE: B of A
To: cliffordhansensc@yahoo.com
CC: dennis.byrd@beechwoodgroup.com, GMilner@sc.rr.com

Clifford,

George called me a couple of weeks ago about giving docs to B of A. I told him "that I would not use B of A under any circumstances" because Beechwood would not be using B of A as its lender in the deal. That is all I told George, there was no reason to provide B of A tax returns with the Hunt/Beechwood deal in place. Using B of A was your idea only. Now that you are doing the deal on your own and putting up the escrow money, you should approach George about providing the docs you need to B of A.

Robert Fields

Partner
Beechwood Advisory Group, Inc.
Charleston Office
182 East Bay Suite 302
Charleston, SC 29401

843-813-4221
843-817-6766 fax
800-614-2070 voice mail
e-mail: rfields@beechwoodgroup.com

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Beechwood Advisory Group
Business Consulting Services



Beechwood Advisory Group, Inc.
184 East Bay Street Suite 302
Charleston, SC 29401
Telephone (843) 813-4221
Facsimile (843) 817-6766
rfields@beechwoodgroup.com

May 26, 2004

Mr. Clifford Hansen
Charlotte, NC

Dear Clifford;

As we indicated to you in our notice of January 12, 2004, your failure to make any payment of our fees set forth in our engagement letter for the advisory services you requested on behalf of yourself and Carolina Springs Bottling, Inc. (Carolina Springs) in connection with a potential acquisition of Hickory Springs Water Company, Inc. (Hickory Springs), necessitated that we terminate any representation on your behalf of our services to avoid any conflicts or misrepresentations to other parties. As you are also aware, we further stated in our termination notice of January 12, that we reserved the right to revisit a potential acquisition from Hickory Springs on behalf of other potential investors, including ourselves.

Even though we terminated any representation of you and Carolina Springs as of January 12, 2004, for non-payment of fees, since that time, we have allowed you to bring forward potential co-investors for a possible asset acquisition of Hickory Springs by us or others with whom we may be working. While we have appreciated the fact that you have presented other potential investors to us, none of those parties have been able or willing to move forward. For this reason, we believe that it would no longer be productive or in our mutual best interests for you to continue to offer to us other potential investors for the acquisition of assets of Hickory Springs.

We regret that your attempts to identify potential investors have been unsuccessful. However, insofar as we may continue to be involved in a possible acquisition of Hickory Springs or its assets, we feel that it is necessary to clarify with you as well as any other parties with whom we may be engaged in discussions that we are no longer affiliated in any way with you or Carolina Springs.

Offices: Chicago, Houston, and Charleston



1-BAG000025

We understand that you have recently requested certain data and information from us or our agents that might be useful to a potential purchaser of assets from Hickory Springs. Inasmuch as the materials you are requesting were prepared by us, at our sole expense and for our internal purposes, following termination of our advisory services representation of you and Carolina Springs on January 12, we are not in a position to provide you with any of the requested information.

Sincerely,

**Robert Fields
Partner
Beechwood Advisory Group, Inc.**

**cc: Dennis Byrd
Don M. Etheridge ESQ.**

[REDACTED]

[REDACTED]

[REDACTED]

Redacted Info.

robert <rfields@beechwoodgroup.com> wrote:

To: "Clifford Hansen"
Subject: Re: Carolina Springs
From: "robert"
Date: Fri, 28 May 2004 17:47:37 -0400

Don't ever contact me again. Your attorney can deal only with my attorney.

-----Original Message-----

From: Clifford Hansen
Date: Fri, 28 May 2004 14:30:37
To: rfields@beechwoodgroup.com
Subject: RE: Carolina Springs

Robert,

If you and/or Beechwood decide to anything without me regarding the purchase of Hickory Springs I will be forced to turn over the conversations I have taped between us and the agent agreement that you signed engaging Beechwood's services to my attorney at Mayer, Brown and Thelen Reid and Priest in NYC.

The latter has already studied both and advised me that any move on yours or Beechwood's behalf would be in clear violation to what you have agreed to both verbally, on paper.

Clifford

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8/16/2004



[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Redacted Info.

[REDACTED]

George Milner <GMilner@sc.rr.com> wrote:

From: "George Milner"
To: "Clifford Hansen"
CC: "Mike Jones"
Subject: Hickory Springs
Date: Mon, 31 May 2004 10:03:47 -0400

Clifford, Based on your statement that you plan to commence legal action against Robert Fields and/or affiliated entities and the possibility that there might be independent claims or counter claims from Robert Fields et al; I am suspending our negotiations on the possible sale of Hickory Springs assets to Carolina Springs Bottling until further notice. This being the case, I do not plan to execute the Letter of Intent (LOI) faxed to me May 26, 2004 until this issue or other issues that might arise are resolved to my satisfaction at which time I will reassess the proposed LOI. Accordingly, please do not wire the \$50,000 "Standstill" payment as contemplated in Paragraph 2. of the referenced LOI. George Milner

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8/16/2004



Redacted Info.

George Milner <GMilner@sc.rr.com> wrote:

From: "George Milner"
To: "Clifford Hansen"
Subject: LOI Agreement
Date: Fri, 11 Jun 2004 09:05:36 -0400

Clifford,

I plan to make final decision on Hickory Springs today. I would like to talk to Caleb directly before doing that – ideally we could meet face to face. Please call me to arrange.

I propose that we go back to the original LOI I sent to you with two changes:

1. The amendment suggested by Steve that the \$50,000 be refunded if your due diligence discovers a "material" deviation from the financial data I have provide which includes tax returns and year-to-date financials. "Materiality" would be defined as greater than \$100,000 of annual EBITDA.
2. The due-diligence period tightened up to more like 2 weeks from signing the LOI (which is one week longer than you should need). I believe you have everything you need except for some "updating" to make the data current. I would ask that this work be completed next week. Based on this a close date set for July 15 should be possible.

With these items completed to my satisfaction I am prepared to sign the LOI.

Attached are the DRAFT Exhibit's for the LOI. I have NOT reviewed in detail the "equipment list" developed by James Dille contained in the last 6 attachments so I do not know how accurate it is. It does not reflect yard dog, trailers, pump house, spring house, diesel generator, fork lifts, office equipment, etc etc. As discussed before, I would plan to have Dan keep his company pick-up and all "personal" items. I doubt if this sort of stuff is included in the equipment list – but if it is we need to exclude it. With the exception of these items, everything you see will go with the asset sale.

George Milner

> ATTACHMENT part 2 application/msword name=LOI - Exhibit B.doc

> ATTACHMENT part 3 application/msword name=HS springs processequip.doc

> ATTACHMENT part 4 application/msword name=HS pet line 3.doc

> ATTACHMENT part 5 application/msword name=HS gallon line 2.doc

8/16/2004



> ATTACHMENT part 6 application/msword name=HS gallon line 1.doc

> ATTACHMENT part 7 application/msword name=HS 5 gallon line 5.doc

> ATTACHMENT part 8 application/msword name=HS 2.5 gallon line 4.doc

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8/16/2004

Redacted Info.

Clifford Hansen <cliffordhansensc@yahoo.com> wrote:

Date: Wed, 9 Jun 2004 20:13:51 -0700 (PDT)

From: Clifford Hansen

Subject: Standstill

To: steve.wilson@footstar.com, calebf@merit-group.com, efwolfe@merit-group.com

Thanks again for everyone's time today. Steve, sorry I missed your call earlier, but a couple of good things came out of the end of the day with George after talking to you Caleb & Bubba.

As we discussed I called George back and proposed the following:

1. \$50k down for a 30 day due diligence period allowing us to tie in the necessary pieces and due diligence.
2. At the end of that period, if we are dissatisfied we walk with the \$50k, but if we move ahead, the close would be relatively soon after the due dilly ends and we add the Deposit to the final purchase price making it a total of \$2,950,000.
3. During the due dilly, we would be able to bring in Jim, Bubba, and Stuart if needed, preferably on the same day. As luck would have it Dan Daniels will be out of town all of next week on vacation.
4. George has agreed to provide us with whatever we need, but the basic list has to be included in the paperwork.

George has asked for something on paper from me tomorrow and has said he is avoiding calls at this point from Beechwood and their investors (whom I believe he knows personally) to try to work something out with us. Clearly, he would rather work with us on this for the reasons we have already discussed, but I do not want to explore his limits.

The next step is for me to submit this request in paper with signatures to him along with the standstill monies and the due diligence list. I have already mentioned that we want to see the historicals on the lab runs from DEHEC, Wal-Mart etal and he has them on file. I also have his financials and just need to know what other items you would suggest I include for review.

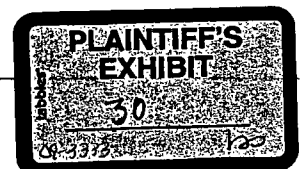
Caleb is on the road tomorrow, but the sooner I can get back to George in the morning the better.

Clifford
704.364.9101

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8/16/2004





Stephen R. Wilson
October 2003





GENERAL INFORMATION

Name	Stephen R. Wilson
Address	One Crosfield Avenue West Nyack, New York 10994
Telephone	(212) 426-9649 (Home) (203) 966-3491 (Weekends) (845) 727-6602/3 (Office - Asst. Joan Koch)
Education	
1968	United States Naval Academy; Annapolis, Maryland Bachelor of Science
1974	Harvard Graduate School of Business; Boston, Massachusetts MBA
Military History	
1968 to 1972	United States Navy Lieutenant
Remuneration	Base Salary \$442,000 +Bonus of 60% +Long Term Incentive Plan +Stock Options
Current Board Memberships	The Manhattan Theatre Club (Not-for-profit) South Bronx Education Foundation (Not-for-profit) LEK Consulting Advisory Board
Prior Board Memberships	Newport News Shipbuilding, Inc. NatWest Bancorp Middlesex Mutual Assurance Chase National Advisory Board INROADS of Fairfield/Westchester



SUMMARY OF BUSINESS EXPERIENCE

2001 to Present	FOOTSTAR, INC. Executive Vice President and Chief Financial Officer
2000 to 2001	BRIDGE INFORMATION SYSTEMS Executive Vice President, Finance & Administration
1998 to 1999	RECKITT & COLMAN, PLC; London, UK Finance Director and Board Member
1995 to 1997	THE READER'S DIGEST ASSOCIATION Executive Vice President, Chief Financial Officer and Chairman of the Operating Committee
1990 to 1995	RJR NABISCO
1993 to 1995	Executive Vice President and Chief Financial Officer
1990 to 1993	Senior Vice President, Corporate Development
1989	FRANKLIN MINT President
1985 to 1989	CADBURY SCHWEPPE'S NORTH AMERICA
1987 to 1989	President, Cadbury Beverages North America
1985 to 1987	Senior Vice President and Chief Financial Officer



KORN/FERRY INTERNATIONAL

1976 to 1985

PEPSICO

1982 to 1985

Chief Financial Officer, Frito-Lay International

1982

Director of Corporate Planning, PepsiCo, Inc

1979 to 1982

President, Frito-Lay (Elma/Chips) ; Sao Paolo, Brazil

1978 to 1979

Vice President Finance, Pepsi Co Foods
International, Dallas Texas

1976 to 1978

Director of Planning

1974 to 1976

W.R. GRACE & CO.; New York, New York
Various Financial Positions

1968 to 1972

United States Navy
Lieutenant



CAREER DETAILS

May 2001 to Present

FOOTSTAR, INC.

Footstar, Inc. (NYSE: FTS) is a holding company that owns Meldisco, athletic footwear and apparel segment Footaction and Just For Feet, and its discontinued Thom McAn segment. The company is principally a specialty retailer conducting business in the discount and family footwear segment through its Meldisco business, and in the branded athletic footwear and apparel segment. Revenues in 2001 were \$2.5 billion.

Executive Vice President and Chief Financial Officer
(Finance - Logistics - Information Services - Real estate)

2000 to 2001

BRIDGE INFORMATION SYSTEMS

Bridge Information Systems was the #2 provider of real-time and historical financial information on stock exchanges around the world for investment and trading professionals. Bridge was a privately held leveraged buildup that had grown ten-fold over the prior five years with the support of Welsh Carson Anderson & Stowe, the New York-based investment firm. The company also owned a brokerage firm, Bridge Trading. In 2000, the company partnered with financial broadcaster Weigel Broadcasting to launch WebFN, an Internet site that delivers financial news via streaming video. Revenues in 2000 were \$1.4 billion. Bridge Information Systems sold to Reuters.

Executive Vice President, Finance & Administration
(Finance - Administration - Human Resources)
(Served as co-CEO during transition to Reuters ownership)

1998 to 1999

RECKITT & COLMAN, PLC; London, UK

Reckitt & Colman was about a \$2.5 billion company, a leading producer of household cleaning products including many well known brands such as Lysol, Air Wick, Easy-Off, Woolite, and Mop & Glow. Reckitt was also the maker of Colman Mustard and French's. The company merged with Benckiser in 1999 to form Reckitt Benckiser.

Finance Director and Board Member

Mr. Wilson engineered the merger of Reckitt & Colman with Benckiser, NV, a Dutch company with a similar profile. (Served as co-CEO during transition to merger.)



1995 to 1998

THE READER'S DIGEST ASSOCIATION

Reader's Digest Association Inc. is engaged in the publishing and direct marketing of magazines, books, recorded music collections and home videos, including Reader's Digest magazine, which is published in numerous editions and languages worldwide. Revenues in 1995 were \$3.1 billion.

Executive Vice President, Chief Financial Officer and Chairman of the Operating Committee

1990 to 1995

RJR NABISCO

RJR Nabisco Holdings was the parent company of RJR Nabisco, Inc., a \$15 billion international consumer products company. RJR Nabisco's major operating companies were RJ Reynolds Tobacco Co. and RJ Reynolds Tobacco International, Inc. RJR Nabisco owned 80.5% of Nabisco Holdings Corp.

1993 to 1995

Executive Vice President and Chief Financial Officer

1990 to 1993

Senior Vice President, Corporate Development

1989

FRANKLIN MINT

The Franklin Mint is an international direct marketer of high quality collectibles and personal luxury products, fine jewelry, porcelain dolls, precision die-cast model motor vehicles of all types, collector plates, sculpture, artistic and historic weapon replicas. Revenues at the time were approximately \$600 million.

President and General Manager



1985 to 1989

CADBURY SCHWEPPE'S NORTH AMERICA

Cadbury Schweppes, Inc. was a \$750 million candy, juice and soft drinks division of Cadbury Schweppes, Plc, a \$3 billion U.K.-based group.

1987 to 1989

President, Cadbury Beverages North America

1985 to 1987

Senior Vice President and Chief Financial Officer

1976 to 1985

PEPSICO

PepsiCo produces the world's #2 soft-drink brand, Pepsi, as well as other beverage such as Mountain Dew. PepsiCo also owns #1 snack food maker Frito-Lay, as well as Tropicana Products, which leads the world in juice sales. In 1976, Pepsi-Cola was the single largest selling soft drink brand sold in U.S. supermarkets. Sales exceeded \$3 billion. With the purchases of Pizza Hut (1977), Taco Bell (1978), and Kentucky Fried Chicken (1986), it became a major force in the fast food industry.

1982 to 1985

Chief Financial Officer, Pepsi-Cola USA

1982

Director of Corporate Planning, PepsiCo, Inc

1979 to 1982

President, Frito-Lay (Elma/Chips) Sao Paulo, Brazil

1978 to 1979

Vice President Finance, Pepsi Co Foods International, Dallas Texas

1976 to 1978

Director of Planning



1974 to 1976

W.R. GRACE & CO.; New York, New York

In 1976, W. R. Grace & Co. was primarily an agricultural fertilizer and chemical business. Its other businesses included sporting goods, wholesale book distribution, and packaging.

1968 To 1972

United States Navy

Lieutenant

Commissioning crew of USS John F. Kennedy (CVA 67)

Viet Nam - Mekong Delta

New York - Aide to Commandant Third Naval District



STEPHEN R. WILSON + FULL BIO
SENIOR MANAGING DIRECTOR

CFO and executive of public corporations and corporate director.

CFO, RJR Nabisco, The Reader's Digest Association, Reckitt & Colman (London), Footstar, Pepsi-Cola USA, and Cadbury Schweppes North America; EVP of Finance and Administration, Bridge Information Systems; also former President of Frito-Lay of Brasil (Sao Paulo), Cadbury Beverages North America, and The Franklin Mint. Director, Blue Man Productions, Majesco Entertainment and Joy Berry Enterprises, Inc.; Director, Newport News Shipbuilding, Middlesex Mutual Assurance and NatWest Bank, N.A.; Board Member, Chase National Advisory Board; Trustee, Manhattan Theatre Club in New York.

United States Naval Academy B.S.; Harvard Business School M.B.A.



OPERATING AGREEMENT
OF
BEECHWOOD DEVELOPMENT GROUP OF SOUTH CAROLINA, L.L.C.
(A South Carolina Limited Liability Company)

THE LLC MEMBERSHIP INTERESTS REPRESENTED BY THIS OPERATING AGREEMENT HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER THE SOUTH CAROLINA SECURITIES ACT, OR SIMILAR LAWS OR ACTS OF OTHER STATES IN RELIANCE UPON EXEMPTIONS UNDER THOSE ACTS. THE SALE OR OTHER DISPOSITION OF THE MEMBERSHIP INTERESTS IS RESTRICTED AS STATED IN THIS OPERATING AGREEMENT, AND IN ANY EVENT IS PROHIBITED UNLESS THE LLC RECEIVES AN OPINION OF COUNSEL SATISFACTORY TO IT AND ITS COUNSEL THAT SUCH SALE OR OTHER DISPOSITION CAN BE MADE WITHOUT REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND ANY APPLICABLE STATE SECURITIES ACTS AND LAWS. BY ACQUIRING THE MEMBERSHIP INTEREST REPRESENTED BY THIS OPERATING AGREEMENT, THE MEMBER REPRESENTS THAT IT WILL NOT SELL OR OTHERWISE DISPOSE OF ITS MEMBERSHIP INTERESTS WITHOUT REGISTRATION OR OTHER COMPLIANCE WITH THE AFORESAID ACTS AND THE RULES AND REGULATIONS ISSUED THEREUNDER.



*BDG of SC
produced
Jan. 3, 2007*

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OPERATING AGREEMENT

OF

BEECHWOOD DEVELOPMENT GROUP OF SOUTH CAROLINA L.L.C.

This Operating Agreement of Beechwood Development Group of South Carolina, L.L.C. (the "*Company*"), a limited liability company organized pursuant to the South Carolina Limited Liability Company Act, is executed effective as of the date set forth on the cover page of this Agreement, by and among the Company and the Persons executing this Agreement as the initial Members (as defined below).

ARTICLE 1 - FORMATION OF THE COMPANY

Section 1.1 Formation.

The Company was formed on July 12, 2004, upon the filing with the Secretary of State of the Articles of Organization of the Company. In consideration of the mutual premises and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree that the rights and obligations of the parties and the administration and termination of the Company shall be governed by this Agreement, the Articles of Organization and the Act.

Section 1.2 Name.

The name of the Company is as set forth on the cover page of this Agreement. The Members may change the name of the Company from time to time as they deem advisable, provided appropriate amendments to this Agreement and the Articles of Organization and necessary filings under the Act are first obtained.

Section 1.3 Registered Office and Registered Agent.

The Company's registered office within the State of South Carolina and its registered agent at such address shall be as the Members may from time to time deem necessary or advisable.

Section 1.4 Principal Place of Business.

The principal place of business of the Company within the State of South Carolina shall be at such place or places as the Members may from time to time deem necessary or advisable.

Section 1.5 Purposes and Powers.

(a) The purpose and business of the Company shall be to engage in any business permitted by law to be conducted by limited liability companies.

(b) The Company shall have any and all powers which are necessary or desirable to carry out the purposes and business of the Company to the extent the same may be legally exercised by limited liability companies under the Act.

Section 1.6 Term.

There shall be no limit on the duration of the Company, unless and until the Company is dissolved and its affairs wound up in accordance with the provisions of this Agreement or the Act.

Section 1.7 Nature of Members' Interests.

The interests of the Members in the Company shall be personal property for all purposes. Legal title to all Company assets shall be held in the name of the Company. Neither any Member nor a successor, representative or assign of such Member, shall have any right, title or interest in or to any Property owned by the Company or the right to partition any Property owned by the Company.

ARTICLE 2 - DEFINITIONS

The following terms used in this Agreement shall have the following meanings (unless otherwise expressly provided herein):

"Act" means the South Carolina Uniform Limited Liability Company Act, as the same may be amended from time to time.

"Adjusted Capital Account Deficit" means, with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant fiscal year, after giving effect to the following adjustments:

(a) Credit to such Capital Account any amounts to which such Member is obligated to restore or is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5); and

(b) Debit to such Capital Account the items described in Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5) and 1.704-1(b)(2)(ii)(d)(6) of the Treasury Regulations.

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Section 1.704-1(b)(2)(ii)(d) of the Treasury Regulations and shall be interpreted consistently therewith.

"Adjusted Capital Contributions" means, as of any day, a Member's Capital Contributions adjusted as follows:

(a) Increased by the amount of any Company liabilities which, in connection with Distributions, are assumed by such Member or are secured by any Property distributed to such Member; and

(b) Reduced by the amount of cash and the Gross Asset Value of any Property distributed to such Member and the amount of any liabilities of such Member assumed by the Company or which are secured by any Property contributed by such Member to the Company.

In the event any Member transfers all or any portion of its Membership Interest in accordance with the terms of this Agreement, the Member's transferee shall succeed to the Adjusted Capital Contribution of the transferor to the extent it relates to the transferred Membership Interest or portion thereof.

"Affiliate" of a specified Person means: (i) any Person directly or indirectly controlling, controlled by or under common control with the specified Person; (ii) any Person owning or controlling ten percent or more of the outstanding voting securities of the specified Person; (iii) any officer, director or partner of the specified Person; or (iv) if the specified Person is an officer, director or partner, any entity for which the specified Person acts in such capacity.

"Article X Purchasing Members" has the meaning assigned to it in Section 10.2.

"Agreement" means this Operating Agreement, as amended from time to time.

"Articles of Organization" means the Articles of Organization of the Company filed with the Secretary of State, as amended or restated from time to time.

"Buy-Sell Closing" has the meaning assigned to it in Section 9.6.

"Buy-Sell Event" has the meaning assigned to it in Section 9.1.

"Buy-Sell Notice" has the meaning assigned to it in Section 9.2.

"Buy-Sell Purchasing Members" has the meaning assigned to it in Section 9.3.

"Capital Account" means, with respect to any Member, the capital account maintained for such Member in accordance with Section 5.6 of this Agreement.

"Capital Contribution" means all contributions of cash or property (valued for this purpose at initial Gross Asset Value) made by a Member or its predecessor in interest.

"Capital Transaction" means any transactions undertaken by the Company or by any entity in which the Company owns an interest, which, were it to generate proceeds, would produce Company Sales Proceeds or Company Refinancing Proceeds.

"Capital Transaction Interests" means the percentage interests in Capital Transactions allocated to the Members set forth opposite the Members' names in the Capital Transaction Interests category on Schedule I hereto.

"Code" means the Internal Revenue Code of 1986, as amended from time to time (and any corresponding provisions of succeeding law).

"Company Cash Flow" for any period means the excess, if any, of (i) the sum of (A) all gross receipts from any source for such period, other than from Company loans, Capital Transactions and Capital Contributions, and (B) any funds released by the Company from previously established reserves, over (ii) the sum of (A) all cash expenses paid by the Company for such period, (B) all amounts paid by the Company in such period on account of the amortization of the principal of any debts or liabilities of the Company (including loans from any Member), (C) capital expenditures of the Company and (D) a reasonable reserve for future expenditures as provided by Section 12.2; provided, however, that the amounts referred to in (ii) (A), (B) and (C) above shall be taken into account only to the extent not funded by Capital Contributions, loans or paid out of previously established reserves. Such term shall also include all other funds deemed available for distribution and designated as Company Cash Flow by the Members.

"Company Minimum Gain" means gain as defined in Treasury Regulations Section 1.704-2(d).

"Company Refinancing Proceeds" means (i) the cash realized from the financing or refinancing of all or any portion of the Property or other Company assets, less the retirement of any related mortgage loans and the payment of all expenses relating to the transaction and a reasonable reserve for future expenditures as provided by Section 12.2 and (ii) the Company's allocable portion of cash realized by an entity in which the Company owns an interest from such entity financing or refinancing all or any portion of such entity's assets, less the retirement of any related mortgage loans and the payment of all expenses relating to such transaction and a reasonable reserve for future expenditures as provided by Section 12.2.

"Company Sales Proceeds" means (i) the cash realized from the sale, exchange, condemnation, casualty or other disposition of all or any portion of the Property or other Company assets, less the retirement of any related mortgage loans and the payment of all expenses relating to the transaction and a reasonable reserve for future expenditures as provided by Section 12.2 and (ii) the Company's allocable portion of cash realized by an entity in which the Company owns an interest from the sale, exchange, condemnation, casualty or other disposition of all or any portion of such entity's assets, less the retirement of any related mortgage loans and the payment of all expenses relating to such transaction and a reasonable reserve for future expenditures as provided by Section 12.2.

"Default Purchasing Members" has the meaning assigned to it in Section 5.4.

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

"Disinterested Member" means a Member who is not related (within the meaning of Section 267(b) of the Code or Section 707(b)(1) of the Code) to either the Member whose Membership Interest is to be transferred as provided in **Article VIII** or the proposed transferee of such Membership Interest.

"Distributable Cash" means, with respect to the Company at any time, all funds of the Company on hand or in bank accounts of the Company as, in the discretion of a Majority in Interest of the Members, is then available for distribution to the Members after provision has been made for (i) payment of all operating expenses of the Company as of such time; (ii) provision for payment of all outstanding and unpaid current obligations of the Company as of such time; and (iii) provision for such reserves as a Majority in Interest of the Members deems necessary or appropriate for Company operations.

"Distribution" means any money or other property distributed to a Member with respect to the Member's Financial Interest, but shall not include any payment to a Member for materials or services rendered nor any reimbursement to a Member for expenses permitted in accordance with this Agreement.

"Encumbrance" means any lien, pledge, encumbrance, collateral assignment or hypothecation.

"Financial Interests" means, collectively, the Profit and Loss Interests and the Capital Transaction Interests allocated to the Members set forth opposite the Members' names in the pertinent sections of **Schedule I** hereto.

"Fiscal Year" means an annual accounting period ending December 31 of each year during the term of the Company, unless otherwise specified by a Majority in Interest of the Members.

"Gains or Losses from Capital Transactions" means the gains or losses realized by the Company as a result of or upon any sale, exchange, condemnation or other disposition of capital assets of the Company or any entity in which the Company shall own an interest (which assets shall include Code Section 1231 assets and all real and personal property) or as a result of or upon the damage to or destruction of such capital assets.

"Gross Asset Value" means, with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows:

(c) The initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross fair market value of such asset, as determined by the contributing Member and the other Members, provided that, if the contributing Member and other Members cannot agree on the fair market value of a contributed asset, such determination shall be made by appraisal;

(d) The Gross Asset Values of all Company assets shall be adjusted to equal their respective gross fair market values, as determined by the Members, as of the following times: (i) the acquisition of an additional interest in the Company (other than upon the initial formation of the Company) by any new or existing Member in exchange for more

than a de minimis Capital Contribution; (ii) the distribution by the Company to a Member of more than a de minimis amount of Company Property as consideration for an interest in the Company; and (iii) the liquidation of the Company within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g); provided, however, that the adjustments pursuant to clauses (i) and (ii) above shall be made only if the Members reasonably determine that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members in the Company;

(e) The Gross Asset Value of any Company asset distributed to any Member shall be adjusted to equal the gross fair market value of such asset on the date of distribution as determined by the distributee and the other Members, provided that, if the distributee and the other Members cannot agree on the determination of the fair market value of the distributed asset, such determination shall be made by appraisal; and

(f) The Gross Asset Values of Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m) and subsection (f) of the definition of Profits and Losses herein and Section 6.11 hereof; provided, however, that Gross Asset Values shall not be adjusted pursuant to this subsection (d) to the extent the Members determine that an adjustment pursuant to subsection (b) hereof is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this subsection (d).

If the Gross Asset Value of an asset has been determined or adjusted pursuant to subsection (a), (b), or (d) hereof, such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Profits, Gains or Losses from Capital Transactions, or Losses.

"Initial Capital Contributions" has the meaning assigned to it in Section 5.1.

"Majority in Interest" means a combination of any Members who, in the aggregate, own more than fifty percent (50%) of the Voting Interests of all Members.

"Member" means each Person designated as a member of the Company on Schedule I hereto or any other Person admitted as a member of the Company in accordance with this Agreement or the Act. *"Members"* refers to such Persons as a group.

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

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

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

"Membership Interest" means all of a Member's rights in the Company, including without limitation, the Member's right to receive distributions of the Company's assets, and any right to participate in the management of the Company as provided in the Act and this Agreement.

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

"Nonrecourse Liability" means any Company liability (or portion thereof) for which no Member bears the "economic risk of loss," within the meaning of Treasury Regulations Section 1.752-2.

"Original Capital Accounts" mean the initial Capital Accounts of the Members including their Initial Capital Contributions set forth on Schedule I and any additional (cash) Capital Contributions provided by the Members from inception of the Company until termination of the Company.

"Person" means an individual, a trust, an estate, a domestic corporation, a foreign corporation, a professional corporation, a partnership, a limited partnership, a limited liability company, a foreign limited liability company, an unincorporated association or another entity.

"Profits" and "Losses" means, for each Fiscal Year, an amount equal to the Company's taxable income or loss for such year or period (excluding Gains or Losses from Capital Transactions), determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments:

(g) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits and Losses pursuant to this definition of Profits and Losses (excluding Gains or Losses from Capital Transactions) shall be added to such taxable income or loss;

(h) Any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or

Losses pursuant to this definition of Profits and Losses shall be subtracted from such taxable income or loss;

(i) In the event the Gross Asset Value of any Company asset is adjusted pursuant to subsection (b) or (c) of the definition of Gross Asset Value hereof, the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Profits or Losses;

(j) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such fiscal year or other period, computed in accordance with the terms of this Agreement;

(k) To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(4) to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Member's interest in the Company, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis of the asset) from the disposition of the asset and shall be taken into account for purposes of computing Profits or Losses; and

(l) Notwithstanding any other provision of this definition of Profits and Losses, any items which are specially allocated pursuant to Sections 6.2, 6.3, 6.8, 6.9, 6.10, 6.11, 6.12 or 6.13 hereof shall not be taken into account in computing Profits or Losses.

The amounts of the items of Company income, gain, loss, or deduction available to be specially allocated pursuant to Sections 6.2, 6.3, 6.8, 6.9, 6.10, 6.11, 6.12 or 6.13 hereof shall be determined by applying rules analogous to those set forth in subsections (a) through (e) above.

"Profit and Loss Interests" means the percentage interests in operating Profits and Losses allocated to the Members set forth opposite the Members' names in the Profit and Loss Interests category on Schedule I hereto.

"Property" means (i) any and all property acquired by the Company, real and/or personal (including, without limitation, intangible property) and (ii) any and all of the improvements constructed on any real property.

"Purchase Option Assignee" has the meaning assigned to it in Section 9.4.

"Secretary of State" means the Secretary of State of South Carolina.

"Selling Member" has the meaning assigned to it in Section 10.2.

"Tax Matters Manager" means the Member designated hereinafter as the "tax matters partner," as that term is defined in the Code.

"Third Party Purchaser" has the meaning assigned to it in Section 10.1

"Transfer" means sell, assign, transfer, lease or otherwise dispose of property, including without limitation an interest in the Company.

"Treasury Regulations" means the Income Tax Regulations and Temporary Regulations promulgated under the Code; as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"Voting Interests" means the percentage voting interests allocated to the Members set forth opposite the Members' names in the Voting Interests category on Schedule I hereto.

"Withdrawing Member" has the meaning assigned to it in Section 9.2.

ARTICLE 3 - MANAGEMENT OF THE COMPANY

Section 3.1 Management by Members.

Each Member of the Company, by virtue of its status as a Member, shall also be a manager of the Company for all purposes, but subject to any limitations on such authority expressly set forth herein. Except as otherwise expressly provided in this Agreement, the Articles of Organization or the Act, all decisions with respect to the management of the business and affairs of the Company shall be made by action of a Majority in Interest of the Members taken at a meeting or evidenced by a written consent executed by a Majority in Interest of the Members, including specifically and without limitation decisions to sell all or portions of the Property. Meetings of the Members may be held on such terms and after such notice as the Members may establish. The Members, acting in their capacity as managers, shall have full and complete authority, power and discretion to manage and control the business of the Company, to make all decisions regarding those matters and to perform any and all other acts customary or incident to the management of the Company's business. The Members may elect or retain one or more assistant managers, agents or officers who may, but need not be, Members of the Company, with such titles, duties and compensation as may be designated by the Members, subject to any applicable restrictions specifically provided in this Agreement or contained in the Act. The Members may delegate responsibility for the day-to-day management of the Company to any individual Member or other Person who shall have and exercise on behalf of the Company all powers and rights necessary or convenient to carry out such management responsibilities.

Section 3.2 Limitations on Power and Authority.

Without the unanimous consent of all Members not then in violation of any term or provision of this Agreement, no individual Member shall have the authority to do any of the following:

- (a) Any act in contravention of this Agreement;
- (b) Any act which would make it impossible to carry on the ordinary business of the Company;
- (c) Possess title to Property of the Company not in the ordinary course of business;

(d) Buy, sell, lease, develop, subdivide, convey, exchange, or acquire Property not in the ordinary course of business;

(e) Assign the Company's rights in specific Property not in the ordinary course of business;

(f) Borrow money in excess of \$ 1,000.00 on behalf of the Company;

(g) Issue, re-issue, create, or sell a Membership Interest on behalf of the Company;

(h) Mortgage, hypothecate, pledge, encumber or otherwise create a security interest in all or any Property of the Company to secure payment of a debt or performance of any other obligation of the Company;

(i) Amend this Operating Agreement; or

(j) Dissolve the Company.

Section 3.3 Compensation and Expenses.

The Members shall not receive any compensation from the Company for serving as Managers; but the Company will reimburse Members for all expenses incurred by the Members in connection with their service as Managers. Nothing contained in this Section is intended to affect the Financial Interests of the Members or the amounts that may be payable to the Members by reason of their respective Financial Interests.

Section 3.4 Indemnification of Members for Management Services.

The Company shall indemnify the Members in connection with their services as Managers of the Company to the fullest extent permitted or required by the Act, as amended from time to time, and the Company may advance expenses incurred by a Member upon the approval of the Majority in Interest of the remaining Members and the receipt by the Company of the signed statement of such Member agreeing to reimburse the Company for such advance in the event it is ultimately determined that such Member is not entitled to be indemnified by the Company against such expenses. The provisions of this Section 3.4 shall apply also to any Person to whom the Members have delegated specific management authority as provided in Section 3.1.

Section 3.5 Limitation on Liability.

No Member of the Company shall be liable to the Company for monetary damages for an act or omission in such Member's capacity as a manager, except as provided in the Act for: (i) acts or omissions which a Member knew at the time of the acts or omissions were clearly in conflict with the interests of the Company; (ii) any transaction from which a Member derived an improper personal benefit; or (iii) acts or omissions occurring prior to the date this provision becomes effective. If the Act is amended to authorize further elimination of or limitations on the liability of Members as managers, then the liability of Members of the Company shall be eliminated or limited to the fullest extent permitted by the Act as so amended. Any repeal or modification of this Section shall not adversely affect the right or protection of a Member existing

at the time of such repeal or modification. The provisions of this Section 3.5 shall apply also to any Person to whom the Members have delegated management authority as provided in Section 3.1, whether or not such Person is a Member.

Section 3.6 Liability for Return of Capital Contribution.

The Members shall not be liable for the return of the Capital Contributions of the Members and upon dissolution the Members shall look solely to the assets of the Company.

ARTICLE 4 - RIGHTS AND OBLIGATIONS OF MEMBERS

Section 4.1 Names and Addresses of Members.

The names, addresses and Membership Interests of the Members are as reflected in Schedule I attached hereto and made a part hereof, which Schedule the Company shall amend as of the effectiveness of any transfer or subsequent issuance of any Membership Interest.

Section 4.2 Limited Liability.

The Members shall not be required to make any contribution to the capital of the Company except as set forth in Article V, nor shall the Members in their capacity as such be bound by, or personally liable for, any expense, liability or obligation of the Company except to the extent of their interest in the Company and the obligation to return Distributions made to them under certain circumstances as required by the Act. The Members shall be under no obligation to restore a deficit Capital Account upon the dissolution of the Company or the liquidation of any of their Membership Interests.

Section 4.3 Action by Members.

Any action to be taken by the Members under the Act or this Agreement may be taken (i) at a meeting of Members held on such terms, and after such notice as the Members may establish; provided, however, that notice of a meeting of Members must be given to all Members entitled to vote at the meeting at least five (5) days before the date of the meeting or (ii) without a meeting by written action approved by a Majority in Interest of the Members as indicated by their signature thereof. No notice need be given of action proposed to be taken by written action, or an approval given by written action, unless specifically required by this Agreement, the Act or other applicable law. Such written actions must be kept with the records of the Company.

Section 4.4 Bankruptcy or Incapacity of a Member.

A Member shall cease to have any power as a Member or manager, any voting rights or rights of approval hereunder upon death, bankruptcy, insolvency, dissolution, assignment for the benefit of creditors, or legal incapacity; and the Member, its personal representative, estate or successor upon the occurrence of any such event shall have only the rights, powers and privileges of a transferee enumerated in Section 8.4, and shall be liable for all obligations of the Member under this Agreement. In no event, however, shall a personal representative or successor become a substitute Member unless the requirements of Section 8.3 are satisfied.

ARTICLE 5 - CAPITAL CONTRIBUTIONS AND LOANS

Section 5.1 Initial Capital Contributions.

Contemporaneously with the execution of this Agreement, the Members have each contributed cash to the Company in the respective amounts set forth as the Initial Capital Contribution opposite their names on **Schedule I** attached hereto.

Section 5.2 Additional Funds.

In the event that a Majority in Interest of the Members determines at any time (or from time to time) that additional funds are required by the Company for or in respect of its business or to pay any of its obligations, expenses, costs, liabilities or expenditures (including, without limitation, any operating deficits), then the Members shall make additional contributions to the capital of the Company or may borrow all or part of such additional funds on behalf of the Company, with interest payable at then-prevailing rates, from one or more of the Members or from commercial banks, savings and loan associations or other commercial lending institutions.

Section 5.3 Additional Capital Contributions.

If a Majority in Interest of the Members determines that additional funds are required for the purposes set forth in **Section 5.2** above and that all or any portion of such additional funds should be contributed to the Company as additional Capital Contributions, the Members, in the absence of any written agreement between them to the contrary, shall make the necessary additional Capital Contributions to the Company in proportion to their respective Initial Capital Contributions.

Section 5.4 Failure to Contribute.

If a Member does not timely remit all or any portion of a required Capital Contribution, the Company may exercise, on written notice to that Member (the "**Delinquent Member**"), one or more of the following remedies:

(a) Permit the other Members on a pro rata basis or in such other percentages as they may agree (the "**Lending Member**", whether one or more), to advance the portion of the Delinquent Member's Capital Contribution that is in default, with the following results:

1. The sum advanced constitutes a loan (the "**Loan**") from the Lending Member to the Delinquent Member and a Capital Contribution of that sum to the Company by the Delinquent Member pursuant to the applicable provisions of this Operating Agreement;

2. The Loan shall bear interest at a varying rate per annum that is equal to one percent (1.0%) in excess of the composite *Wall Street Journal* prime rate as quoted in the "Money Rates" section of the *Wall Street Journal* (the "**Default Interest Rate**") from the day that the advance is deemed made until the date that the Loan, together with all accrued interest, is repaid to the Lending Member,

which principal and interest shall be payable without further charge or cost by the Delinquent Member to the Lending Member at any time and from time to time prior to written demand therefore by the Lending Member as hereinafter provided;

3. The principal balance of the Loan and all accrued unpaid interest thereon shall be due and payable in whole on the tenth day after written demand therefore by the Lending Member to the Delinquent Member, provided, however, that the Lending Member shall not be entitled to make written demand for payment in full of the Loan until three (3) months after the earlier date of (a) the date that the Member becomes a Delinquent Member, or (b) the date of the Loan from a Lending Member;

4. All distributions from the Company that otherwise would be made to the Delinquent Member (whether before or after dissolution of the Company) instead shall be paid to the Lending Member until the Loan, all accrued interest, and all costs and expenses incurred by the Lending Member, have been paid in full to the Lending Member (with payments being applied first to costs and expenses, next to accrued and unpaid interest, and then to principal);

5. The payment of the Loan, including accrued interest thereon and costs and expenses of collection, is secured by a security interest in the Delinquent Member's Membership, as more fully set forth in this Section;

6. The Lending Member shall have the right, in addition to the other rights and remedies granted to it pursuant to this Operating Agreement or available to it at law or in equity, to take any action (including without limitation, court proceedings) that the Lending Member may deem appropriate to obtain payment by the Delinquent Member of the Loan and all accrued and unpaid interest, with all costs and expenses of collection (including reasonable attorneys' fees) to be added to and collectible as a part of the Loan indebtedness due from of the Delinquent Member;

7. The Lending Member shall additionally have all rights as against the Delinquent Member of a secured party under the Uniform Commercial Code of South Carolina, as more fully set forth in this Section; and

8. The Lending Member shall additionally have any other rights and remedies available against the Delinquent Member at law or in equity.

Each Member grants to the Company, and to each Lending Member equally and ratably with respect to any Loans made by the Lending Member to that Member as a Delinquent Member under this Section, equally and ratably, for the payment of all Capital Contributions that Member has agreed to make and for the payment of all Loans and accrued interest thereon made by the Lending Members to a Member as a Delinquent Member pursuant to this Section, a security interest in and a general lien upon its Membership and the proceeds thereof, pursuant to the Uniform Commercial Code of South Carolina. Upon any default in the payment of a Capital Contribution or upon the making of

any Loan in accordance with this Section which shall not be fully cured by the Delinquent Member within three months following the earlier date of (1) the date that the Member becomes a Delinquent Member, or (2) the date of the Loan from a Lending Member, the Company or the Lending Member, as applicable, shall be entitled to exercise any rights or remedies of a secured party under the Uniform Commercial Code of South Carolina with respect to the security interest granted in this Section. In such event, the Delinquent Member shall execute and deliver to the Company and/or the Lending Member all security agreements, financing statements, and other instruments that the Members in good standing or the Lending Member, as applicable, may request to effectuate and carry out the preceding provisions of this Section. At the option of a Lending Member or of the Members in good standing, by unanimous agreement, as appropriate, this Operating Agreement or a photographic or other copy hereof may serve as a financing statement.

(b) Permit the other Members on a pro rata basis or in such other percentages as they may agree (the "Default Purchasing Member", whether one or more) to purchase the Membership Interest of the Delinquent Member, at any time which shall be more than three months after the earlier date of (1) the date that the Member becomes a Delinquent Member, or (2) the date of the Loan from a Lending Member, unless such default shall be fully cured by the Delinquent Member within such three month period, at a price equal to fifty (50%) percent of the fair market value of the Membership Interest of the Delinquent Member as of date upon which such Member becomes a Delinquent Member (which fair market value shall not include the effects on value of the Capital Contributions which gave rise to the Delinquent Member's delinquency). The fair market value of the Membership of the Delinquent Member will be determined as follows: the Delinquent Member and the Default Purchasing Member shall attempt to agree on the fair market value of the Membership as of the date of the delinquency. If they cannot agree, then within five (5) days thereafter, they shall mutually agree on and appoint a person expert in determining the value of similar businesses (the Appraiser) to determine the Membership's value. The Appraiser shall provide a written report to both parties of its determination of the Membership's value within thirty (30) days of appointment and such determination shall be binding on the Delinquent Member and the Default Purchasing Member. The cost of the Appraiser shall be shared equally by the Delinquent Member and the Default Purchasing Member. If they cannot agree on a single Appraiser, then they shall each appoint an Appraiser at their respective expense. Each such Appraiser shall provide a written report to both parties of their respective determinations of the Membership's value within thirty (30) days of appointment. If the two Appraisers' determinations of the Membership's value differ by less than 10% (the lowest value to be the base for computing the percentage of difference) then the Membership's value shall be the arithmetic mean of the two. If they differ by more than 10%, then within ten (10) days following the issuance of their reports, the two Appraisers shall appoint a third Appraiser (the cost of which shall be shared equally by the Delinquent Member and the Default Purchasing Member) and within thirty (30) days following such appointment, the third Appraiser shall pick one of the determinations previously prepared by the two Appraisers. Such determination shall be conclusive and binding upon the Delinquent Member and the Default Purchasing Member for purposes of calculating the Membership's value. The purchase by the Default Purchasing Member of the Membership of the Delinquent Member shall be closed within

thirty (30) days following the final determination of the fair market value of the Membership of the Delinquent Member in accordance with the foregoing procedures.

(c) Take such other action (including without limitation court proceedings) as the Members in good standing, by unanimous agreement, may deem appropriate to obtain payment by the Delinquent Member of the portion of the Delinquent Member's Capital Contribution that is in default, together with interest thereon at the Default Interest Rate from the date that the Capital Contribution was due until the date that it is made, all at the cost and expense of the Delinquent Member.

Section 5.5 No Interest on Capital Contributions.

No interest shall be paid on any contribution to the capital of the Company.

Section 5.6 Capital Accounts.

A Capital Account shall be established for each Member and shall be credited with each Member's initial and any additional Capital Contributions. All contributions of Property to the Company by a Member shall be valued and credited to the Member's Capital Account at such Property's Gross Asset Value on the date of contribution. All Distributions of Property to a Member by the Company shall be valued and debited against such Member's Capital Account at such Property's Gross Asset Value on the date of Distribution. Each Member's Capital Account shall at all times be determined and maintained pursuant to the principles of this Section 5.5 and Treasury Regulations Section 1.704-1(b)(2)(iv). Each Member's Capital Account shall be increased in accordance with such Regulations by:

- (a) The amount of Profits allocated to the Member pursuant to this Agreement;
- (b) The amount of all Gains of Losses from Capital Transactions allocated to the Member pursuant to this Agreement; and
- (c) The amount of any Company liabilities assumed by the Member or which are secured by any Company property distributed to such Member.

Each Member's Capital Account shall be decreased in accordance with such Regulations by:

- (a) The amount of Losses allocated to the Member pursuant to this Agreement;
- (b) The amount of Company Cash Flow distributed to the Member pursuant to this Agreement;
- (c) The amount of Company Sales Proceeds and Company Refinancing Proceeds distributed to the Member pursuant to this Agreement; and
- (d) The amount of any liabilities of the Member assumed by the Company or which are secured by any property contributed by such Member to the Company.

In addition, each Member's Capital Account shall be subject to such other adjustments as may be required in order to comply with the capital account maintenance requirements of Section 704(b) of the Code.

In the event that a Majority in Interest of the Members shall determine that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto (including, without limitation, debits or credits relating to liabilities that are secured by contributed or distributed Property or that are assumed by the Company or the Members), are computed in order to comply with such Treasury Regulations, the Members may make such modification, provided that it is not likely to have a material effect on the amounts distributable to any Member upon dissolution of the Company. The Members also shall (i) make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Members and the amount of Company capital reflected on the Company's balance sheet, as computed for book purposes, in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(g) and (ii) make any appropriate modifications in the event unanticipated events might otherwise cause this Agreement not to comply with Treasury Regulations Section 1.704-1(b).

ARTICLE 6 - ALLOCATIONS, ELECTIONS AND REPORTS

Section 6.1 Profits and Losses.

(a) Except as otherwise provided herein, Profits and Losses from operations of the Company and all items of resulting tax credit and tax preference shall be allocated among the Members in accordance with their respective Profit and Loss Interests. In the event the Profit and Loss Interests vary during any Fiscal Year, Profits and Losses and all items of tax credit and tax preference for such Fiscal Year shall be allocated among the Members on a daily basis in accordance with their varying Profit and Loss Interests during the Fiscal Year.

(b) Losses allocated pursuant to this Section 6.1 shall not exceed the maximum amount of Losses that can be so allocated without causing any Member to have an Adjusted Capital Account Deficit at the end of any Fiscal Year. In the event some but not all of the Members would have Adjusted Capital Account Deficits as a consequence of an allocation of Losses pursuant to this Section 6.1, the limitation set forth in this Section 6.1 shall be applied on a Member by Member basis so as to allocate the maximum possible Losses to each Member under Section 1.704-1(b)(2)(ii)(d) of the Treasury Regulations.

Section 6.2 Nonrecourse Deductions.

Nonrecourse Deductions shall be allocated among the Members in accordance with their respective Profit and Loss Interests.

Section 6.3 Member Nonrecourse Deductions.

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

Section 6.4 Allocations Between Transferor and Transferee.

In the event of the Transfer of all or any part of a Member's Membership Interest (in accordance with the provisions of this Agreement) at any time other than at the end of a Fiscal Year or the admission of a new Member (in accordance with the terms of this Agreement), the Transferring Member or new Member's share of the Company'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 Member and the transferee Member, or the new Member and the other Members, as the case may be, in the same ratio as the number of days in such Fiscal 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 Company (or any part thereof) during such Fiscal Year, then the Members may elect to treat the periods before and after the date of the Transfer or admission as separate Fiscal Years and allocate the Company's net income, gain, net loss, deductions and credits for each of such deemed separate Fiscal Years. Notwithstanding the foregoing, the Company'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 Treasury Regulations thereunder.

Section 6.5 Gains from Capital Transactions.

Gains from Capital Transactions during any Fiscal Year shall be allocated as follows:

(a) First, any accumulated undistributed operating Profits shall be allocated to the Members in accordance with their respective Profit and Loss Interests;

(b) Second, any gains remaining following the allocation of accumulated undistributed operating Profits shall be allocated to the Members in proportion to the Members' respective Capital Accounts immediately prior to the Capital Transaction, until the Original Capital Accounts shall be fully restored;

(c) Third, any gain remaining following the restoration of the Members' respective Capital Accounts shall be allocated among the Members in accordance with their respective Capital Transaction Interests as of the date of the Capital Transaction giving rise to the gain.

Section 6.6 Losses from Capital Transactions.

Losses from Capital Transactions during any Fiscal Year shall be allocated as follows:

(a) First, any accumulated undistributed operating losses shall be allocated to the Members in accordance with their respective Profit and Loss Interests;

(b) Second, any losses remaining following the allocation of accumulated undistributed operating losses shall be allocated to the Members based upon the proportion that the Members' original Capital Accounts bear to the Members' total Original Capital Accounts.

Section 6.7 Contributed Property.

In accordance with Code Section 704(c) and the Treasury Regulations thereunder, income, gain, loss and deduction with respect to any Property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such Property to the Company for federal income tax purposes and its initial Gross Asset Value at the time of contribution.

In the event the Gross Asset Value of any Company asset is adjusted pursuant to subsection (a) of the definition of Gross Asset Value in Article II hereof, subsequent allocations of income, gain, loss, and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Treasury Regulations thereunder.

Any elections or other decisions relating to such allocations shall be made by the Members in any manner that reasonably reflects the purpose and intention of this Agreement. Allocations pursuant to this Section 6.7 are solely for purposes of federal, state and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, other items or Distributions pursuant to any provision of this Agreement.

Section 6.8 Minimum Gain Chargeback.

If there is a net decrease in Company Minimum Gain during any Fiscal Year, each Member shall be specially allocated items of Company income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Member's share of the net decrease in Company Minimum Gain, determined in accordance with Treasury Regulation Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Treasury Regulations Sections 1.704-2(f) and 1.704-2(j)(2). This Section 6.8 is intended to comply with the minimum gain chargeback requirement in Treasury Regulation 1.704-2(f) and shall be interpreted consistently therewith.

Section 6.9 Member Minimum Gain Chargeback.

If there is a net decrease in Member Minimum Gain attributable to a Member Nonrecourse Debt, as defined in Treasury Regulations Section 1.704-2(i)(4), during any Fiscal Year, each Member who has a share of the Member Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Treasury Regulations Section 1.704-2(i)(5), shall be specially allocated items of Company income and gain for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to such Member's share of the net decrease in Member Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Treasury Regulations Section 1.704-2(i)(4) and (5). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated

to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Treasury Regulations Section 1.704-2(i)(4). This Section 6.8 is intended to comply with the Member Minimum Gain chargeback requirement in Treasury Regulations Section 1.704(i)(4) and shall be interpreted consistently therewith.

Section 6.10 Qualified Income Offset.

If any Member unexpectedly receives an adjustment, allocation or distribution as described in Treasury Regulations Section 1.704-1(b)(2)(ii)(d)(4) through (6) which causes or increases a deficit capital account balance in such Member's Capital Account (as determined in accordance with such Regulations), items of Company income and gain shall be specially allocated to each such Member in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the Adjusted Capital Account Deficit of such Member as quickly as possible, provided that an allocation pursuant to this **Section 6.10** shall be made if and only to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this **Article VI** have been tentatively made as if this **Section 6.10** were not in the Agreement. This provision is intended to be a "qualified income offset," as defined in Treasury Regulation Section 1.704-1(b)(2)(ii)(d), such Regulations being specifically incorporated herein by reference.

Section 6.11 Gross Income Allocation.

In the event any Member has a deficit Capital Account at the end of any Company Fiscal Year which is in excess of the sum of (i) the amount such Member is obligated to restore and (ii) the amount such Member is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5), each such Member shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this **Section 6.11** shall be made if and only to the extent that such Member would have a deficit Capital Account in excess of such sum after all other allocations provided for in this **Article VI** have been tentatively made as if this **Section 6.11** and **Section 6.10** hereof were not in this Agreement.

Section 6.12 Section 754 Adjustment.

To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(2) or Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as the result of a Distribution to a Member in complete liquidation of its interest in the Company, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the Members in accordance with their interests in the Company in the event that Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(2) applies, or to the Members to whom such distribution was made in the event that Treasury Regulation Section 1.704-1(b)(2)(iv)(m)(4) applies.

Section 6.13 Curative Allocations.

The allocations set forth in Sections 6.1(b), 6.2, 6.3, 6.8, 6.9, 6.10, 6.11, 6.12 hereof (the "*Regulatory Allocations*") are intended to comply with certain requirements of the Treasury Regulations. It is the intent of the Members that, to the extent possible, all Regulatory Allocations shall be offset either with other Regulatory Allocations or with special allocations of other items of Company income, gain, loss or deduction pursuant to this Section 6.13. Therefore, notwithstanding any other provision of this Article VI (other than the Regulatory Allocations), the Members shall make such offsetting special allocations of Company income, gain, loss or deduction in whatever manner he determines appropriate so that, after such offsetting allocations are made, each Member's Capital Account balance is, to the extent possible, equal to the Capital Account balance such Member would have had if the Regulatory Allocations were not part of the Agreement and all Company items were allocated pursuant to Section 6.1(a). In exercising their discretion under this Section 6.13, the Members shall take into account future Regulatory Allocations under Sections 6.8 and 6.9 that, although not yet made, are likely to offset other Regulatory Allocations previously made under Sections 6.2 and 6.3.

Section 6.14 Compliance with Treasury Regulations.

The above provisions of this Article VI notwithstanding, it is specifically understood that the Members may make such elections, tax allocations and adjustments, including amendments to this Agreement, as the Members deem necessary or appropriate to maintain to the greatest extent possible the validity of the tax allocations set forth in this Agreement, particularly with regard to Treasury Regulations under Code Section 704(b).

Section 6.15 Tax Withholding.

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

ARTICLE 7 - DISTRIBUTIONS

Section 7.1 Company Cash Flow.

The Company Cash Flow for each Fiscal Year, to the extent available, shall be distributed to the Members at such times as are determined by the Members in accordance with the Members' respective Profit and Loss Interests.

Section 7.2 Company Refinancing Proceeds.

Company Refinancing Proceeds, to the extent available, shall be distributed to the Members at such times as are determined by the Members in accordance with the Members' respective Capital Transaction Interests.

Section 7.3 Company Sales Proceeds.

Company Sales Proceeds, to the extent available, shall be distributed to the Members at such times as are determined by the Members in accordance with the Members' respective Capital Transaction Interests.

Section 7.4 Distributions in Liquidation.

Upon liquidation of the Company, all of the Property shall be sold as provided in Section 11.3 and Profits and Losses allocated accordingly. Proceeds from the liquidation of the Company shall be distributed in accordance with the provisions of Section 11.3.

Section 7.5 Limitation Upon Distributions.

No Distribution shall be declared and paid if payment of such Distribution would cause the Company to violate any limitation on Distributions provided in the Act.

ARTICLE 8 - TRANSFER OF INTERESTS AND ADMISSION OF MEMBERS**Section 8.1 Restrictions on Transfer.**

Except as provided in Article IX and Article X hereof, (i) no Member may voluntarily or involuntarily Transfer, or create or suffer to exist any Encumbrance against, all or any part of such Member's record or beneficial interest in the Company and (ii) no Person may be admitted to the Company as a Member. Except for withdrawals in connection with a Transfer of a Membership Interest permitted by this Agreement, no Member may withdraw from the Company without the consent of a Majority in Interest of the Disinterested Members.

Section 8.2 Conditions Precedent to Transfers.

Any purported Transfer or Encumbrance otherwise complying with Section 8.1 will be ineffective until the transferor and the proposed transferee furnish to the Company the instruments and assurances the Members may request, including without limitation, if requested, an opinion of counsel satisfactory to the Company that the interest in the Company being Transferred or Encumbered has been registered or is exempt from registration under the Securities Act of 1933, as amended (the "Securities Act"), and applicable state securities laws. No Transfer or Encumbrance will be effective if it would result in the "termination" of the Company under Section 708 of the Code unless all of the Members give their prior written consent to the Transfer or Encumbrance.

Section 8.3 Substituted Members.

No assignee or transferee of a Membership Interest shall be admitted as a substituted Member of the Company unless, in addition to compliance with the conditions set forth in Sections 8.1 and 8.2, all of the following conditions are satisfied:

(a) The assignee has executed and delivered all documents deemed appropriate by the Company to reflect the assignee's admission to the Company and its agreement to be bound by this Agreement;

(b) A Majority in Interest of the Disinterested Members shall have consented in writing to such substitution, the granting or denial of which shall be in the sole discretion of such Disinterested Members; and

(c) Payment has been made to the Company of all costs and expenses of admitting any such transferee or assignee as a substituted Member.

Section 8.4 Rights of Transferee.

Unless admitted to the Company in accordance with Section 8.3, the transferee of a Membership Interest or a part thereof shall not be entitled to any of the rights, powers or privileges of its predecessor in interest, except that it shall be entitled to receive and be credited or debited with its proportionate share of Profits, Losses, Gains or Losses from Capital Transactions, Company Cash Flow, Company Sales Proceeds, Company Refinancing Proceeds and Distributions in liquidation.

ARTICLE 9 - BUY-SELL

Section 9.1 Buy-Sell.

Each of the following events shall constitute a "*Buy-Sell Event*" for purposes of this Agreement:

(a) The death, declaration of legal incompetence or dissolution and winding-up of a Member;

(b) A judicial determination of the insolvency of any Member;

(c) Any filing of a petition or suit under the bankruptcy laws by or against a Member that is not dismissed within sixty (60) days;

(d) Any purported voluntary or involuntary Transfer or Encumbrance of all or any part of a Member's Membership Interest in a manner not expressly permitted by this Agreement;

(e) Any material breach of this Agreement by a Member which is not cured within ten (10) days after the Company delivers written notice of such breach to the Member; or

(f) Any withdrawal by a Member from the Company other than as may be expressly permitted by this Agreement.

Section 9.2 Buy-Sell Notice.

Upon the occurrence of a Buy-Sell Event, the Member to whom such event has occurred (the "*Withdrawing Member*"), or its executor, administrator or other legal representative in the event of death or declaration of legal incompetency, shall give notice of the Buy-Sell Event (the "*Buy-Sell Notice*") to the other Members within ten (10) days after its occurrence. If the Withdrawing Member fails to give the Buy-Sell Notice, any other Member (other than a Withdrawing Member) may give the notice at any time thereafter and by so doing commence the buy-sell procedure provided for in this **Article IX**.

Section 9.3 Member's Purchase Option.

Upon the occurrence of a Buy-Sell Event, each of the Members, except the Withdrawing Member and any other Withdrawing Member, shall have an option to purchase (the "*Purchase Option*") the Withdrawing Member's Membership Interest at the Buy-Sell Closing on the terms and conditions set forth in this **Article IX**. This right will be allocated among the Members who elect to purchase (the "*Buy-Sell Purchasing Members*") in the proportion they mutually agree upon, or, in the absence of agreement, in the ratio that each of the Buy-Sell Purchasing Member's Capital Transaction Interest bears to the aggregate Capital Transaction Interests of all Buy-Sell Purchasing Members. The Buy-Sell Purchasing Members must give notice of their election to exercise their Purchase Option to the Withdrawing Member and all other Members within thirty (30) days following delivery of the Buy-Sell Notice.

Section 9.4 Assignment of Purchase Option.

If at the occurrence of a Buy-Sell Event, there exist only two (2) then-current Members (including the Withdrawing Member), the Member that is not withdrawing shall have the option during the thirty (30) day period set forth in **Section 9.3** to assign its Purchase Option to any Person other than the Withdrawing Member (the "*Purchase Option Assignee*") by notifying the Withdrawing Member and the Company of such assignment in writing. After delivery of such notice, the Purchase Option Assignee shall have the option to purchase the Withdrawing Member's Membership Interest on the same terms and conditions as would apply to the Member from which the Purchase Option was assigned; provided, however, that the Purchase Option Assignee shall not have the rights of assignment set forth in this **Section 9.4**. Notwithstanding any other provision of **Article VIII** or this **Article IX**, any Purchase Option Assignee which exercises its Purchase Option, as provided herein, (i) shall only have those rights as specified in **Section 8.4** above; (ii) shall not be admitted as a substitute Member without full compliance with **Section 8.3**; and (iii) shall be subject to the Buy-Sell restrictions imposed under this **Article IX**. In the event the Purchase Option Assignee does not exercise the Purchase Option, the Purchase Option Assignee shall have no further rights under this Agreement.

Section 9.5 Agreement on Valuation.

Unless the Buy-Sell Purchasing Member(s) and the Withdrawing Member shall agree upon the value of the Withdrawing Member's Membership within ten (10) days of the receipt of a Buy-Sell Notice, the Buy-Sell Purchasing Member(s) and the Withdrawing Member shall

mutually agree on and appoint a person expert in determining the value of similar businesses (the Appraiser) to determine the Membership's value. The Appraiser shall provide a written report to both parties of its determination of the Membership's value within thirty (30) days of appointment and such determination shall be binding on the Buy-Sell Purchasing Member(s) and the Withdrawing Member. The cost of the Appraiser shall be shared equally by the Buy-Sell Purchasing Member(s) as a group and the Withdrawing Member. If they cannot agree on a single Appraiser, then they shall each appoint an Appraiser at their respective expense. Each such Appraiser shall provide a written report to both parties of their respective determinations of the Membership's value within thirty (30) days of appointment. If the two Appraisers' determinations of the Membership's value differ by less than 10% (the lowest value to be the base for computing the percentage of difference) then the Membership's value shall be the arithmetic mean of the two. If they differ by more than 10%, then within ten (10) days following the issuance of their reports, the two Appraisers shall appoint a third Appraiser (the cost of which shall be shared equally by the Buy-Sell Purchasing Member(s) as a group and the Withdrawing Member) and within thirty (30) days following such appointment, the third Appraiser shall pick one of the determinations previously prepared by the two Appraisers. Such determination shall be conclusive and binding upon the Buy-Sell Purchasing Member(s) and the Withdrawing Member for purposes of calculating the Membership's value. Any appraisal conducted pursuant to this Section 9.5 shall be without giving effect to a minority interest discount (if any) or a majority interest premium (if any). The purchase price to be paid for the Withdrawing Member's Membership Interest shall consist of (a) an amount equal to fifty (50%) percent of the Membership's value as determined in this Section 9.5 as of date of the Buy-Sell Event, in the event that the Buy-Sell Event consists of the occurrence of any event enumerated in Section 9.1 (e) or (f), or (b) one hundred (100%) percent of the Membership's value as determined in this Section 9.5 as of date of the Buy-Sell Event, in the event that the Buy-Sell Event consists of the occurrence of any event enumerated in Section 9.1 other than in subsections (e) or (f), reduced in either event by the amount of any Distributions made by the Company to the Withdrawing Member from the date the Buy-Sell Event occurred with respect to the Withdrawing Member to the Buy-Sell Closing.

Section 9.6 Buy-Sell Closing.

The buy-sell closing (the "Buy-Sell Closing") of the purchase of any Membership Interest pursuant to this Article IX shall take place on the date agreed upon by the purchaser(s) and seller, but not later than ninety (90) days after the occurrence of the respective Buy-Sell Event. The purchase price for each Membership Interest being purchased will be payable in full in cash at Buy-Sell Closing. The purchase price will bear interest from the date of the occurrence of the Buy-Sell Event until Buy-Sell Closing at an interest rate equal to the composite *Wall Street Journal* prime rate as quoted in the "Money Rates" section of the *Wall Street Journal*, last published prior to the occurrence of the Buy-Sell Event. Upon payment of the purchase price, the Member selling its Membership Interest shall execute and deliver such assignments and other instruments as may be reasonably necessary to evidence and carry out the transfer of such Membership Interest to the purchaser(s). In connection with the sale of any Membership Interest under this Article IX, unless otherwise agreed by the purchaser(s) and seller, the purchaser(s) will assume the seller's allocable portion of Company obligations to the extent related to the transferred interest as well as the seller's individual obligations to the extent related to the transferred interest, other than income tax liabilities of the seller. Notwithstanding any other provision of Article VIII or this Article IX, any transferee, assignee or purchaser of a

Membership Interest, as provided herein, shall only have those rights as specified in Section 8.4 above, and shall not be admitted as a substitute Member without full compliance with Section 8.3.

Section 9.7 Effect of the Rule Against Perpetuities.

Notwithstanding any other provision of this Agreement, all options and rights to purchase or sell created by this Agreement shall expire on the later of (a) twenty-one (21) years after the death of the last remaining child, living as of the date of this Agreement, of any Member who is a member of the Company at the time of its organization, or (b) twenty-one (21) years after the death of the last to die of the individual Members who are members of the Company at the time of its organization.

Section 9.8 Effect on Withdrawing Member's Interest.

From the date of the occurrence of the Buy-Sell Event to the date of the transfer of the Withdrawing Member's Membership Interest at Buy-Sell Closing under this Article IX, the Voting Interest represented by the Withdrawing Member's Membership Interest will be excluded from any calculation of aggregate Voting Interests for purposes of any approval required of Members under this Agreement. Without limiting the generality of any other provision of this Agreement, upon the exercise of the Purchase Option, the Withdrawing Member, without further action, will have no rights in the Company or against the Company or any Member other than the right to receive payment for its Membership Interest in accordance with this Article IX.

Section 9.9 Failure to Exercise Purchase Option.

In the event the Members or Purchase Option Assignee, if any, do not exercise their Purchase Options, the Withdrawing Member or its executor, administrator or other legal representative in the event of death or declaration of legal incompetency, may transfer its economic rights in the Membership Interest of the Withdrawing Member to any Person; provided, however that any transferee of the Withdrawing Member's Membership Interest, as provided herein, (i) shall only have those rights as specified in Section 8.4; (ii) shall not be admitted as a substitute Member without full compliance with Section 8.3; and (iii) shall be subject to the buy-sell restrictions imposed under this Article IX.

ARTICLE 10 - THIRD PARTY TRANSFERS

Section 10.1 General.

Section 10.2 In addition to those requirements set forth in Article VIII hereof, and notwithstanding the provisions of Article IX relating to Buy-Sell Events, no Membership Interest may be Transferred to a third party purchaser (a "Third Party Purchaser") or to other Members unless such action complies with the requirements and restrictions of this Article X. **Right of First Refusal.**

(a) A Member, (referred to herein as a "Selling Member"), who desires to sell all or any portion of its Membership Interests in the Company to a Third Party Purchaser, shall obtain from such Third Party Purchaser a bona fide written offer to purchase such

Membership Interests, stating the terms and conditions upon which the purchase is to be made and the consideration offered therefore. The Selling Member shall notify the Members of its intention to so transfer such Membership Interests, furnishing to the Members a copy of the aforesaid written offer to purchase such Membership Interests.

(b) A Selling Member who desires to sell all or any portion of its Membership interests in the Company to another Member or Members, shall provide a written offer of sale to the other Members stating the terms and conditions upon which the purchase is to be made and the consideration willing to be accepted by the Selling Member.

(c) Each of the Members other than the Selling Member shall have a right of first refusal to purchase such Member's Membership Interests proposed to be sold by the Selling Member on the terms and conditions set forth in this Article X. This right will be allocated among the Members who elect to purchase (the "Article X Purchasing Members") in the proportion they mutually agree upon, or, in the absence of agreement, in the ratio that each of the Article X Purchasing Member's Capital Transaction Interest bears to the aggregate Capital Transaction Interests of all Article X Purchasing Members. The Article X Purchasing Members must give notice of their election to exercise their right of first refusal to the Selling Member and all other Members within fifteen (15) days following receipt of notice from the Selling Member of the proposed sale.

(d) In the event of a proposed sale to a Third Party Purchaser where all or any portion of the Membership Interests of the Selling Member shall not be purchased by the other Members in accordance with this procedure, the Selling Member shall be entitled to consummate the sale of its Membership Interests, or such portion of its Membership Interests, if any, with respect to which the right of first refusal has not been exercised, to such Third Party Purchaser. In the case of a proposed sale to a Third Party Purchaser, the price and terms under which an electing Article X Purchasing Member shall be entitled to purchase its pro-rata share of the Membership Interests of the Selling Member shall be the price and terms offered to the Selling Member by the Third Party Purchaser.

(e) In the event of a proposed sale to another Member or Members, the Selling Member shall be entitled to consummate the sale of its Membership Interests to the Article X Purchasing Members at the price and under the terms agreed upon by the Selling Member and the Article X Purchasing Member(s); provided, however: (i) the Selling Member shall provide written notice of said agreed upon price and terms to any Members originally not electing to become Article X Purchasing Members (the "Declining Members"), and (ii) if such price is ___% lower or if such terms are substantially more favorable than the price and terms set forth in the Selling Member's original written offer of sale, the Declining Members shall have five days from receipt of such notice to provide written notice to the Selling Member and the Article X Purchasing Members of their intention to become Article X Purchasing Members and participate in the sale according to the agreed upon sales price and terms and in the ratio that each of the Article X Purchasing Member's Capital Transaction Interest bears to the aggregate Capital Transaction Interests of all Article X Purchasing Members.

(f) In the event the Members give written notice to the Selling Member of their desire to exercise their right of first refusal, then the Article X Purchasing Member or Members shall have the right to designate the time, date and place of closing, provided that the date of closing shall be (i) in the case of a proposed sale to a Third Party Purchaser, within sixty (60) days after receipt of written notification from the Selling Member of the third party offer to purchase, and (ii) in the case of a sale to another Member or Members, within thirty (30) days after receipt of the Selling Member's offer to purchase.

Section 10.3 Article X Transfer Closing.

As to any transfer made under this Article X, the Selling Member shall execute and deliver such assignments and other instruments as may be reasonably necessary to evidence and carry out the transfer of its Membership Interest to the purchaser(s). In connection with the transfer of any Membership Interest under this Article X, unless otherwise agreed by the purchaser(s) and Selling Member, the purchaser(s) will assume the Selling Member's allocable portion of Company obligations to the extent related to the transferred interest as well as the Selling Member's individual obligations to the extent related to the transferred interest, other than income tax liabilities of the Selling Member. Notwithstanding any other provision of Article VIII or this Article X, any Third Party Purchaser of a Member's interest, as provided herein, shall only have those rights as specified in Section 8.4 above, and shall not be admitted as a substitute Member without full compliance with Section 8.3 above. Between the date of closing and the date when the purchase price shall have been paid in full, the transferee(s) of such Membership Interest shall be entitled to receive and be credited or debited with its proportionate share of Profits, Losses, Gains from Capital Transactions, Company Cash Flow, Company Sales Proceeds, Company Refinancing Proceeds and Distributions in liquidation.

Section 10.4 Effect on Selling Member's Interest

From the date of the occurrence of an event which gives rise to an approved transfer of a Membership Interest under this Article X, the Voting Interest represented by the Selling Member Member's Membership Interest will be excluded from any calculation of aggregate Voting Interests for purposes of any approval required of Members under this Agreement.

ARTICLE 11 - DISSOLUTION AND LIQUIDATION OF THE COMPANY

Section 11.1 Dissolution Events.

The Company will be dissolved upon the happening of any of the following events:

(a) All or substantially all of the assets of the Company are sold, exchanged or otherwise transferred (unless the Members have elected to continue the business of the Company pursuant to Section 11.2 hereof);

(b) All Members sign a document stating their election to dissolve the Company;

(c) The entry of a final judgment, order or decree of a court of competent jurisdiction adjudicating the Company to be bankrupt and the expiration without appeal of the period, if any, allowed by applicable law in which to appeal;

(d) Upon the happening of the death, bankruptcy or any other event of withdrawal (as defined in the Act) with respect to any Member, unless there is at least one remaining Member and the business of the Company is continued by the written consent of a Majority in Interest of the remaining Members within ninety (90) days of the action by or affecting the withdrawing Member; or

(e) The entry of a decree of judicial dissolution or the issuance of a certificate for administrative dissolution under the Act.

Section 11.2 Continuation.

Upon the occurrence of any of the events described in Section 11.1(e) above with respect to any of the Members, the business of the Company will be continued if within ninety (90) calendar days after the occurrence of such event a Majority in Interest of the remaining Members elects to continue the business of the Company. If the Members fail to continue the Company's business as provided in this Section, the Company will be liquidated pursuant to Section 11.3.

Section 11.3 Liquidation.

Upon the happening of any of the events specified in Section 11.1 and, if applicable, the failure of the Members to continue the business of the Company as permitted by Section 11.2, the Members, or any liquidating trustee elected by a Majority in Interest of the Members, will commence as promptly as practicable to wind up the Company's affairs unless a Majority in Interest of the Members, or the liquidating trustee (in any instance, the "Liquidator") determines that an immediate liquidation of Company assets would cause undue loss to the Company, in which event the liquidation may be deferred for a time determined by the Liquidator to be appropriate. Assets of the Company may be liquidated or distributed in kind, as the Liquidator determines to be appropriate. The Members will continue to share Company Cash Flow, Profits and Losses during the period of liquidation in the manner set forth in Articles VI and VII of this Agreement. The proceeds from liquidation of the Company, including repayment of any debts of Members to the Company, and any Company assets that are not sold in connection with the liquidation will be applied in the following order of priority:

(a) To payment of the debts and satisfaction of the other obligations of the Company, including without limitation debts and obligations to Members;

(b) To the establishment of any reserves deemed appropriate by the Liquidator for any liabilities or obligations of the Company, which reserves will be held for the purpose of paying liabilities or obligations and, at the expiration of a period the Liquidator deems appropriate, will be distributed in the manner provided in Section 11.3(c); and thereafter;

(c) To the payment to the Members of the positive balances in their respective Capital Accounts, pro rata, in proportion to the positive balances in those Capital Accounts

after giving effect to all allocations under Article VI and all Distributions under Article VII for all prior periods, including the period during which the process of liquidation occurs.

Section 11.4 Articles of Termination.

Upon the dissolution and commencement of the winding up of the Company, the Members shall cause Articles of Termination to be executed on behalf of the Company and filed with the Secretary of State, and the Members shall execute, acknowledge and file any and all other instruments necessary or appropriate to reflect the dissolution of the Company.

ARTICLE 12 - MISCELLANEOUS

Section 12.1 Records.

The records of the Company will be maintained at the Company's principal place of business or at any other place the Members shall select, provided the Company keeps at its principal place of business the records required by the Act to be maintained there. Appropriate records in reasonable detail will be maintained to reflect income tax information for the Members. Each Member, at its expense, may inspect and make copies of the records maintained by the Company and may require an audit of the books of account maintained by the Company to be conducted by the independent accountants for the Company.

Section 12.2 Reserves.

The Members may cause the Company to create reasonable reserve accounts to be used exclusively to fund Company operating deficits and for any other valid Company purpose.

Section 12.3 Notices.

Any notice or other communication required by this Agreement must be in writing. Notices and other communications will be deemed to have been given when delivered by hand or dispatched by means of electronic facsimile transmission or nationally recognized air courier, or on the third business day after being deposited in the United States mail, postage prepaid. In each case, notice hereunder shall be addressed to the Member to whom the notice is intended to be given at its address set forth on Schedule I to this Agreement or, in the case of the Company, to its principal place of business. A Member may change its notice address by notice in writing to the Company and to each other Member given in accordance with this Section 12.3.

Section 12.4 Amendments.

This Agreement and the Articles of Organization may be amended only by the written consent of a Majority in Interest of the Members; provided, however, that any provision of this Agreement requiring the consent, approval or action of more than a Majority in Interest of the Members (or any provision of the Articles of Organization effecting any such provision of this Agreement) may be amended or waived only by a written action signed by the Members holding the required percentage of Voting Interests.

Section 12.5 Additional Documents.

Each party hereto agrees to execute and acknowledge all documents and writings which the Members may deem necessary or expedient in the creation of the Company and the achievement of its purposes, including but not limited to the Articles of Organization and any amendments or cancellation thereof.

Section 12.6 Representations of Members.

Each Member represents and warrants to the Company and every other Member that it (i) is fully aware of, and is capable of bearing, the risks relating to an investment in the Company; (ii) understands that its interest in the Company has not been registered under the Securities Act or the securities law of any jurisdiction in reliance upon exemptions contained in those laws; and (iii) has acquired its interest in the Company for its own account, with the intention of holding the interest for investment and without any intention of participating directly or indirectly in any redistribution or resale of any portion of the interest in violation of the Securities Act or any applicable law.

Section 12.7 Survival of Rights.

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

Section 12.8 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. The masculine gender shall include the feminine and neuter. The Article and Section headings or titles shall not define, limit, extend or interpret the scope of this Agreement or any particular Article or Section. This Agreement shall be governed and construed in accordance with the laws of the State of South Carolina without giving effect to the conflicts of laws provisions thereof.

Section 12.9 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.

Section 12.10 Agreement in Counterparts.

This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument. In addition, this Agreement may contain more than one counterpart of the signature pages and this Agreement may be executed by the affixing of the signatures of each of the Members 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.

Section 12.11 Tax Matters Manager.

For purposes of this Agreement, the Members hereby designate Pricewaterhouse Cooper of Spartanburg, SC as the Tax Matters Manager.

Section 12.12 Creditors Not Benefited.

Nothing in this Agreement is intended to benefit any creditor of the Company or of any Member. No creditor of the Company or of any Member will be entitled to require the Members to solicit or accept any loan or additional capital contribution for the Company or to enforce any right which the Company or any Member may have against a Member, whether arising under this Agreement or otherwise.

IN WITNESS WHEREOF, the undersigned, being all of the initial Members of the Company, have caused this Agreement to be duly adopted by the Company as of the 20th day of July, 2004, and do hereby assume and agree to be bound by and to perform all of the terms and provisions set forth in this Agreement.

The Company:

**Beechwood Development Group of
South Carolina, L.L.C.**

By: _____

Member/Manager

The Members:

Beechwood Development Group, Inc.

By: _____

Its: Partner

ACC Ventures, LLC

By: _____

Its: Manager

TDTF Partnership

By: _____

Its: Partner

SCHEDULE I

Name and Address: Beechwood Development Group, Inc.
184 East Bay Street, Suite 302
Charleston, SC 29401

Financial Interest: 43.5%
Capital Transaction Interest: 43.5%
Profit and Loss Interest: 43.5%
Voting Interest: 43.5%

Name and Address: ACC Ventures, LLC
2900 First Place Tower
Fifteen East Fifth Street
Tulsa, OK 7401

Financial Interest: 41.5%
Capital Transaction Interest: 41.5%
Profit and Loss Interest: 41.5%
Voting Interest: 41.5%

Name and Address: TDTF Partnership
TeleDynamics
2200 Wheless Lane
Austin, TX 78723

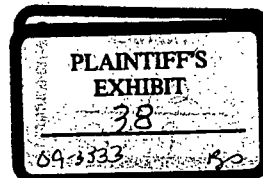
Financial Interest: 15%
Capital Transaction Interest: 15%
Profit and Loss Interest: 15%
Voting Interest: 15%

OPERATING AGREEMENT
OF
HICKORY SPRINGS WATER, L.L.C.
(A South Carolina Limited Liability Company)

DATED: July 19, 2004

THE LLC MEMBERSHIP INTERESTS REPRESENTED BY THIS OPERATING AGREEMENT HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER THE SOUTH CAROLINA SECURITIES ACT, OR SIMILAR LAWS OR ACTS OF OTHER STATES IN RELIANCE UPON EXEMPTIONS UNDER THOSE ACTS. THE SALE OR OTHER DISPOSITION OF THE MEMBERSHIP INTERESTS IS RESTRICTED AS STATED IN THIS OPERATING AGREEMENT, AND IN ANY EVENT IS PROHIBITED UNLESS THE LLC RECEIVES AN OPINION OF COUNSEL SATISFACTORY TO IT AND ITS COUNSEL THAT SUCH SALE OR OTHER DISPOSITION CAN BE MADE WITHOUT REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND ANY APPLICABLE STATE SECURITIES ACTS AND LAWS. BY ACQUIRING THE MEMBERSHIP INTEREST REPRESENTED BY THIS OPERATING AGREEMENT, THE MEMBER REPRESENTS THAT IT WILL NOT SELL OR OTHERWISE DISPOSE OF ITS MEMBERSHIP INTERESTS WITHOUT REGISTRATION OR OTHER COMPLIANCE WITH THE AFORESAID ACTS AND THE RULES AND REGULATIONS ISSUED THEREUNDER.

ATLANTA 407646v4



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**OPERATING AGREEMENT
OF
HICKORY SPRINGS WATER, L.L.C.**

This Operating Agreement of Hickory Springs Water, L.L.C. (the "*Company*"), a limited liability company organized pursuant to the South Carolina Limited Liability Company Act, is executed effective as of the date set forth on the cover page of this Agreement, by and among the Company and the Persons executing this Agreement as the initial Members (as defined below).

ARTICLE 1 - FORMATION OF THE COMPANY

Section 1.1 Formation.

The Company was formed on July 7, 2004, upon the filing with the Secretary of State of the Articles of Organization of the Company. In consideration of the mutual premises and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree that the rights and obligations of the parties and the administration and termination of the Company shall be governed by this Agreement and the Articles of Organization, as amended from time to time.

Section 1.2 Name.

The name of the Company is as set forth on the cover page of this Agreement. The Members may change the name of the Company from time to time as they deem advisable, provided appropriate amendments to this Agreement and the Articles of Organization and necessary filings under the Act are first obtained.

Section 1.3 Registered Office and Registered Agent.

The Company's registered office within the State of South Carolina and its registered agent at such address shall be as the Members may from time to time deem necessary or advisable.

Section 1.4 Principal Place of Business.

The principal place of business of the Company within the State of South Carolina shall be at such place or places as the Members may from time to time deem necessary or advisable.

Section 1.5 Purposes and Powers.

(a) The purpose and business of the Company shall be to acquire, own and operate a business engaged in supplying and bottling spring water in facilities located at 347 Old River Road, Elloree, South Carolina 29047 and to engage in any and all other activities as may be approved by the Members from time to time.

(b) The Company shall have any and all powers which are necessary or desirable to carry out the purposes and business of the Company to the extent the same may be legally exercised by limited liability companies under the Act.

Section 1.6 Term.

The Company shall continue unless terminated as hereinafter provided until July 2, 2104 (the "Termination Date"). No Member shall have the right to withdraw from the Company prior to the Termination Date.

Section 1.7 Nature of Members' Interests.

The interests of the Members in the Company shall be personal property for all purposes. Legal title to all Company assets shall be held in the name of the Company. Neither any Member nor a successor, representative or assign of such Member, shall have any right, title or interest in or to any Property owned by the Company or the right to partition any Property owned by the Company.

ARTICLE 2 - DEFINITIONS

The following terms used in this Agreement shall have the following meanings (unless otherwise expressly provided herein):

"Act" means the South Carolina Uniform Limited Liability Company Act, as the same may be amended from time to time

"Adjusted Capital Account Deficit" means, with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant fiscal year, after giving effect to the following adjustments:

(a) Credit to such Capital Account any amounts to which such Member is obligated to restore or is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5); and

(b) Debit to such Capital Account the items described in Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5) and 1.704-1(b)(2)(ii)(d)(6) of the Treasury Regulations.

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Section 1.704-1(b)(2)(ii)(d) of the Treasury Regulations and shall be interpreted consistently therewith.

"Adjusted Capital Contributions" means, as of any day, a Member's Capital Contributions adjusted as follows:

(a) Increased by the amount of any Company liabilities which, in connection with Distributions, are assumed by such Member or are secured by any Property distributed to such Member; and

(b) Reduced by the amount of cash and the Gross Asset Value of any Property distributed to such Member and the amount of any liabilities of such Member assumed by the Company or which are secured by any Property contributed by such Member to the Company.

In the event any Member transfers all or any portion of its Membership Interest in accordance with the terms of this Agreement, the Member's transferee shall succeed to the Adjusted Capital Contribution of the transferor to the extent it relates to the transferred Membership Interest or portion thereof.

"Affiliate" of a specified Person means: (i) any Person directly or indirectly controlling, controlled by or under common control with the specified Person; (ii) any Person owning or controlling ten percent or more of the outstanding voting securities of the specified Person; (iii) any officer, director or partner of the specified Person; or (iv) if the specified Person is an officer, director or partner, any entity for which the specified Person acts in such capacity.

"Article X Purchasing Members" has the meaning assigned to it in Section 10.2.

"Agreement" means this Operating Agreement, as amended from time to time.

"Articles of Organization" means the Articles of Organization of the Company filed with the Secretary of State, as amended or restated from time to time.

"Buy-Sell Closing" has the meaning assigned to it in Section 9.6.

"Buy-Sell Event" has the meaning assigned to it in Section 9.1.

"Buy-Sell Notice" has the meaning assigned to it in Section 9.2.

"Buy-Sell Purchasing Members" has the meaning assigned to it in Section 9.3.

"Capital Account" means, with respect to any Member, the capital account maintained for such Member in accordance with Section 5.6 of this Agreement.

"Capital Contribution" means all contributions of cash or property (valued for this purpose at initial Gross Asset Value) made by a Member or its predecessor in interest.

"Capital Transaction" means any transactions undertaken by the Company or by any entity in which the Company owns an interest, which, were it to generate proceeds, would produce Company Sales Proceeds or Company Refinancing Proceeds.

"Capital Transaction Interests" means the percentage interests in Capital Transactions allocated to the Members set forth opposite the Members' names in the Capital Transaction Interests category on Schedule I hereto.

"Code" means the Internal Revenue Code of 1986, as amended from time to time (and any corresponding provisions of succeeding law).

"Company Cash Flow" for any period means the excess, if any, of (i) the sum of (A) all gross receipts from any source for such period, other than from Company loans, Capital Transactions and Capital Contributions, and (B) any funds released by the Company from previously established reserves, over (ii) the sum of (A) all cash expenses paid by the Company for such period, (B) all amounts paid by the Company in such period on account of the amortization of the principal of any debts or liabilities of the Company (including loans from any Member), (C) capital expenditures of the Company and (D) a reasonable reserve for future expenditures as provided by Section 12.2; provided, however, that the amounts referred to in (ii) (A), (B) and (C) above shall be taken into account only to the extent not funded by Capital Contributions, loans or paid out of previously established reserves. Such term shall also include all other funds deemed available for distribution and designated as Company Cash Flow by the Members.

"Company Minimum Gain" means gain as defined in Treasury Regulations Section 1.704-2(d).

"Company Refinancing Proceeds" means (i) the cash realized from the financing or refinancing of all or any portion of the Property or other Company assets, less the retirement of any related mortgage loans and the payment of all expenses relating to the transaction and a reasonable reserve for future expenditures as provided by Section 12.2 and (ii) the Company's allocable portion of cash realized by an entity in which the Company owns an interest from such entity financing or refinancing all or any portion of such entity's assets, less the retirement of any related mortgage loans and the payment of all expenses relating to such transaction and a reasonable reserve for future expenditures as provided by Section 12.2.

"Company Sales Proceeds" means (i) the cash realized from the sale, exchange, condemnation, casualty or other disposition of all or any portion of the Property or other Company assets, less the retirement of any related mortgage loans and the payment of all expenses relating to the transaction and a reasonable reserve for future expenditures as provided by Section 12.2 and (ii) the Company's allocable portion of cash realized by an entity in which the Company owns an interest from the sale, exchange, condemnation, casualty or other disposition of all or any portion of such entity's assets, less the retirement of any related mortgage loans and the payment of all expenses relating to such transaction and a reasonable reserve for future expenditures as provided by Section 12.2.

"Default Purchasing Members" has the meaning assigned to it in Section 5.4.

"Depreciation" means, for each Fiscal Year, an amount equal to the depreciation, amortization, or other cost recovery deduction allowable with respect to an asset for such Fiscal Year, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such Fiscal Year, Depreciation shall be an amount which bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization, or other cost recovery deduction for such Fiscal Year bears to such beginning adjusted tax basis; provided, however, that if the adjusted basis for federal income tax purposes of an asset at the beginning of such Fiscal Year is zero, Depreciation shall be determined with

reference to such beginning Gross Asset Value using any reasonable method selected by the Members.

"Disinterested Member" means a Member who is not related (within the meaning of Section 267(b) of the Code or Section 707(b)(1) of the Code) to either the Member whose Membership Interest is to be transferred as provided in Article VIII or the proposed transferee of such Membership Interest

"Distributable Cash" means, with respect to the Company at any time, all funds of the Company on hand or in bank accounts of the Company as, in the discretion of a Majority in Interest of the Members, is then available for distribution to the Members after provision has been made for (i) payment of all operating expenses of the Company as of such time; (ii) provision for payment of all outstanding and unpaid current obligations of the Company as of such time; and (iii) provision for such reserves as a Majority in Interest of the Members deems necessary or appropriate for Company operations.

"Distribution" means any money or other property distributed to a Member with respect to the Member's Financial Interest, but shall not include any payment to a Member for materials or services rendered nor any reimbursement to a Member for expenses permitted in accordance with this Agreement.

"Encumbrance" means any lien, pledge, encumbrance, collateral assignment or hypothecation.

"Financial Interests" means, collectively, the Profit and Loss Interests and the Capital Transaction Interests allocated to the Members set forth opposite the Members' names in the pertinent sections of Schedule I hereto.

"Fiscal Year" means an annual accounting period ending December 31 of each year during the term of the Company, unless otherwise specified by a Majority in Interest of the Members.

"Gains or Losses from Capital Transactions" means the gains or losses realized by the Company as a result of or upon any sale, exchange, condemnation or other disposition of capital assets of the Company or any entity in which the Company shall own an interest (which assets shall include Code Section 1231 assets and all real and personal property) or as a result of or upon the damage to or destruction of such capital assets.

"Gross Asset Value" means, with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows:

(c) The initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross fair market value of such asset, as determined by the contributing Member and the other Members, provided that, if the contributing Member and other Members cannot agree on the fair market value of a contributed asset, such determination shall be made by appraisal;

(d) The Gross Asset Values of all Company assets shall be adjusted to equal their respective gross fair market values, as determined by the Members, as of the following

times: (i) the acquisition of an additional interest in the Company (other than upon the initial formation of the Company) by any new or existing Member in exchange for more than a de minimis Capital Contribution; (ii) the distribution by the Company to a Member of more than a de minimis amount of Company Property as consideration for an interest in the Company; and (iii) the liquidation of the Company within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g); provided, however, that the adjustments pursuant to clauses (i) and (ii) above shall be made only if the Members reasonably determine that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members in the Company;

(e) The Gross Asset Value of any Company asset distributed to any Member shall be adjusted to equal the gross fair market value of such asset on the date of distribution as determined by the distributee and the other Members, provided that, if the distributee and the other Members cannot agree on the determination of the fair market value of the distributed asset, such determination shall be made by appraisal; and

(f) The Gross Asset Values of Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m) and subsection (f) of the definition of Profits and Losses herein and Section 6.11 hereof; provided, however, that Gross Asset Values shall not be adjusted pursuant to this subsection (d) to the extent the Members determine that an adjustment pursuant to subsection (b) hereof is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this subsection (d).

If the Gross Asset Value of an asset has been determined or adjusted pursuant to subsection (a), (b), or (d) hereof, such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Profits, Gains or Losses from Capital Transactions, or Losses.

"Initial Capital Contributions" has the meaning assigned to it in Section 5.1.

"Majority in Interest" means a combination of any Members who, in the aggregate, own more than seventy percent (70%) of the Voting Interests of all Members.

"Member" means each Person designated as a member of the Company on Schedule I hereto or any other Person admitted as a member of the Company in accordance with this Agreement. *"Members"* refers to such Persons as a group.

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

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

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

"Membership Interest" means all of a Member's rights in the Company, including without limitation, the Member's right to receive distributions of the Company's assets, and any right to participate in the management of the Company as provided in this Agreement.

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

"Nonrecourse Liability" means any Company liability (or portion thereof) for which no Member bears the "economic risk of loss," within the meaning of Treasury Regulations Section 1.752-2.

"Original Capital Accounts" mean the initial Capital Accounts of the Members including their Initial Capital Contributions set forth on Schedule I and any additional (cash) Capital Contributions provided by the Members from inception of the Company until termination of the Company.

"Person" means an individual, a trust, an estate, a domestic corporation, a foreign corporation, a professional corporation, a partnership, a limited partnership, a limited liability company, a foreign limited liability company, an unincorporated association or another entity.

"Profits" and "Losses" means, for each Fiscal Year, an amount equal to the Company's taxable income or loss for such year or period (excluding Gains or Losses from Capital Transactions), determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments:

(g) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits and Losses pursuant to this definition of Profits and Losses (excluding Gains or Losses from Capital Transactions) shall be added to such taxable income or loss;

(h) Any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses

pursuant to this definition of Profits and Losses shall be subtracted from such taxable income or loss;

(i) In the event the Gross Asset Value of any Company asset is adjusted pursuant to subsection (b) or (c) of the definition of Gross Asset Value hereof, the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Profits or Losses;

(j) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such fiscal year or other period, computed in accordance with the terms of this Agreement;

(k) To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(4) to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Member's interest in the Company, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis of the asset) from the disposition of the asset and shall be taken into account for purposes of computing Profits or Losses; and

(l) Notwithstanding any other provision of this definition of Profits and Losses, any items which are specially allocated pursuant to Sections 6.2, 6.3, 6.8, 6.9, 6.10, 6.11, 6.12 or 6.13 hereof shall not be taken into account in computing Profits or Losses.

The amounts of the items of Company income, gain, loss, or deduction available to be specially allocated pursuant to Sections 6.2, 6.3, 6.8, 6.9, 6.10, 6.11, 6.12 or 6.13 hereof shall be determined by applying rules analogous to those set forth in subsections (a) through (e) above.

"Profit and Loss Interests" means the percentage interests in operating Profits and Losses allocated to the Members set forth opposite the Members' names in the Profit and Loss Interests category on Schedule I hereto.

"Property" means (i) any and all property acquired by the Company, real and/or personal (including, without limitation, intangible property) and (ii) any and all of the improvements constructed on any real property.

"Purchase Option Assignee" has the meaning assigned to it in Section 9.4.

"Secretary of State" means the Secretary of State of South Carolina.

"Selling Member" has the meaning assigned to it in Section 10.2.

"Strict Majority" means any one or a combination of any Members who, in the aggregate, own more than fifty percent (50%) of the Voting Interests of all Members.

"Tax Matters Manager" means the Member designated hereinafter as the "tax matters partner," as that term is defined in the Code

"Third Party Purchaser" has the meaning assigned to it in Section 10.1

"Transfer" means sell, assign, transfer, lease or otherwise dispose of property, including without limitation an interest in the Company.

"Treasury Regulations" means the Income Tax Regulations and Temporary Regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"Voting Interests" means the percentage voting interests allocated to the Members set forth opposite the Members' names in the Voting Interests category on Schedule I hereto.

"Withdrawing Member" has the meaning assigned to it in Section 9.2.

ARTICLE 3 - MANAGEMENT OF THE COMPANY

Section 3.1 Management by Members.

The Company shall be "member managed" within the meaning of the Act and each Member of the Company, by virtue of its status as a Member, shall also manage the Company for all purposes, but subject to any limitations on such authority expressly set forth herein. The Members, acting in their capacity as such, shall have full and complete authority, power and discretion to manage and control the business of the Company, to make all decisions regarding those matters and to perform any and all other acts customary or incident to the management of the Company's business. Except as otherwise expressly provided in this Agreement, the Articles of Organization or expressly required by the Act, all decisions with respect to the management of the business and affairs of the Company shall be made by action of a Majority in Interest of the Members taken at a meeting or evidenced by a written consent executed by a Majority in Interest of the Members, including specifically and without limitation decisions to sell all or portions of the Property. Meetings of the Members may be held on such terms and after such notice as the Members may establish. The Members may elect or retain one or more assistant managers, agents or officers who may, but need not be, Members of the Company, with such titles, duties and compensation as may be designated by the Members, subject to any applicable restrictions specifically provided in this Agreement or contained in the Act. The Members may delegate responsibility for the day-to-day management of the Company to any individual Member or other Person who shall have and exercise on behalf of the Company all powers and rights necessary or convenient to carry out such management responsibilities.

Without limiting the generality of the foregoing, consent of a Majority in Interest of the Members is required to do the following:

- (a) Buy, sell, lease, develop, subdivide, convey, exchange, or acquire Property not in the ordinary course of business;

(b) Assign the Company's rights in specific Property not in the ordinary course of business;

(c) Borrow money in excess of \$ 5,000.00 on behalf of the Company; and

(d) Mortgage, hypothecate, pledge, encumber or otherwise create a security interest in all or any Property of the Company to secure payment of a debt or performance of any other obligation of the Company.

Section 3.2 Limitations on Power and Authority.

Without the unanimous consent of all Members not then in violation of any term or provision of this Agreement, no individual Member shall have the authority to do any of the following:

(a) Any act in contravention of this Agreement;

(b) Any act which would make it impossible to carry on the ordinary business of the Company;

(c) Possess title to Property of the Company not in the ordinary course of business;

(e) Amend this Operating Agreement; or

(f) Dissolve the Company.

Section 3.3 Compensation and Expenses.

The Members shall not receive any compensation from the Company for serving as managers, but the Company will reimburse Members for all authorized, direct out-of-pocket expenses incurred by the Members in connection with their service on behalf of the Company. Nothing contained in this Section is intended to affect the Financial Interests of the Members or the amounts that may be payable to the Members by reason of their respective Financial Interests.

Section 3.4 Indemnification of Members for Management Services.

In any threatened, pending or completed action, suit or proceeding to which a Member was or is a party or is threatened to be made a party by reason of the fact that it is or was a Member of the Company (other than an action by or in the right of the Company), the Company shall indemnify the Member against expenses, including attorney's fees, judgments and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company. The order or settlement shall not, of itself, create a presumption that the Member did

not act in good faith and in a manner which it reasonably believed to be in or not opposed to the best interests of the Company. This section shall be enforced only to the maximum extent permitted by South Carolina law and no Member shall be indemnified from any liability for the fraud, intentional misconduct, gross negligence or a knowing violation of the law that was material to the cause of action. The Company shall fund the indemnification obligations provided in this Agreement in the manner the Company may from time to time deem proper. The Company may advance expenses incurred by a Member upon the approval of the Majority in Interest of the remaining Members and the receipt by the Company of the signed statement of such Member agreeing to reimburse the Company for such advance in the event it is ultimately determined that such Member is not entitled to be indemnified by the Company against such expenses

Section 3.6 Liability for Return of Capital Contribution.

The Members shall not be liable for the return of the Capital Contributions of the Members and upon dissolution the Members shall look solely to the assets of the Company.

ARTICLE 4 - RIGHTS AND OBLIGATIONS OF MEMBERS

Section 4.1 Names and Addresses of Members.

The names, addresses and Membership Interests of the Members are as reflected in Schedule I attached hereto and made a part hereof, which Schedule the Company shall amend as of the effectiveness of any transfer or subsequent issuance of any Membership Interest.

Section 4.2 Limited Liability.

The Members shall not be required to make any contribution to the capital of the Company except as set forth in Article V, nor shall the Members in their capacity as such be bound by, or personally liable for, any expense, liability or obligation of the Company except to the extent of their interest in the Company and the obligation to return Distributions made to them under certain circumstances as required by the Act. The Members shall be under no obligation to restore a deficit Capital Account upon the dissolution of the Company or the liquidation of any of their Membership Interests.

Section 4.3 Action by Members.

Any action to be taken by the Members under this Agreement may be taken (i) at a meeting of Members, which may be called for any purpose or purposes by any Member, and held on such terms, and after such notice as the Members may establish; provided, however, that notice of a meeting of Members must be given to all Members entitled to vote at the meeting at least five (5) days before the date of the meeting or (ii) without a meeting by written action approved by a Majority in Interest of the Members as indicated by their signature thereof. No notice need be given of action proposed to be taken by written action, or an approval given by written action, unless specifically required by this Agreement, the Act or other applicable law. Such written actions must be kept with the records of the Company.

Quorum/Proxies. At any meeting of the Members, all of the Voting Interests, represented in person or by proxy will constitute a quorum. If less than a quorum is present or represented at a meeting, two-thirds of the Voting Interests so represented may adjourn the meeting from time to time without further notice. At an adjourned meeting at which a quorum is present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. At all meetings of Members, a Member may vote by proxy executed in writing by the Member or by his duly authorized attorney-in-fact. The proxy must be filed with the Company before or at the commencement of the meeting. No proxy may be valid after three months from day of execution, unless otherwise provided in the proxy.

Members may participate in any meeting of the Members by means of conference telephone or similar communication if all persons participating in the meeting can hear one another for the entire discussion of the matter(s) to be voted on. Participating in a meeting pursuant to this Section will constitute presence in person at the meeting.

Section 4.4 Bankruptcy or Incapacity of a Member.

A Member shall cease to have any power as a Member or manager, any voting rights or rights of approval hereunder upon death, bankruptcy, insolvency, dissolution, assignment for the benefit of creditors, or legal incapacity; and the Member, its personal representative, estate or successor upon the occurrence of any such event shall have only the rights, powers and privileges of a transferee enumerated in Section 8.4, and shall be liable for all obligations of the Member under this Agreement. In no event, however, shall a personal representative or successor become a substitute Member unless the requirements of Section 8.3 are satisfied.

Section 4.4 Duty of Loyalty.

A Member's duty of loyalty to the Company and the other Members shall be limited to the following:

(a) To account to the Company and to hold as trustee for the Company any Property, profit or benefit derived by such Member in the conduct or winding up of the Company's business or derived from a use by such Member of the Company's property, including the appropriation of a Company opportunity;

(b) To refrain from dealing with the Company in the conduct or winding up of the Company's business as or on behalf of a party having an interest adverse to the Company.

(c) To refrain from competing with the Company in the conduct of the Company's business before the dissolution of the Company.

A Majority in Interest of the Members may identify specific types or categories of activities that do not violate the duty of loyalty, if not manifestly unreasonable. A Majority in Interest of the Disinterested Members may authorize or ratify, after full disclosure of all material facts, a specific act or transaction that otherwise would violate the duty of loyalty.

Section 4.5 Duty of Care.

A Member's duty of care to the Company and the other Members in the conduct of and winding up of the Company's business is limited to refraining from engaging in grossly negligent or reckless conduct, intentional misconduct or a knowing violation of law.

Section 4.6 Fiduciary Duties.

Each Member shall discharge his or her duties and exercise any of his or her rights consistently with the obligation of good faith and fair dealing which he or she owes to the Company and the other Members. A Member shall not be deemed to have violated a duty or obligation to the Company merely because the Member's conduct furthers the Member's own interest. The duty of loyalty, duty of care and fiduciary duties set forth in this Agreement shall apply to any person winding up the Company's business and the personal or legal representative of the last surviving Member as if such person were a Member.

Section 4.7 Rights of Members.

Each Member shall be entitled to (a) have a list of all the Members kept at the principal place of business of the Company at all times and during reasonable business hours, and to inspect and copy such list; (b) have on demand true and full information of all matters affecting the Company, including the right to an accounting at the Member's expense, and (c) have such additional rights as are elsewhere provided in this Agreement.

Section 4.8 Prohibitions with Respect to Members

No Member shall have the right to:

- (a) have any of his Capital Contributions repaid except to the extent provided in this Agreement, to demand property other than cash in payment of his Capital Contributions or to receive interest on his Capital Contributions;
- (b) require partition of Company property or to compel any sales or appraisement of Company assets or sale of a deceased Member's Membership Interest therein, notwithstanding any provisions of law to the contrary; or
- (c) sell or assign his Membership Interest in the Company or to constitute such vendee or assignee a substituted Member, except as provided in Article VIII.

Section 4.9 Additional Members. Except in the case of transferees of all or any part of a Member's Membership Interest in the Company, who shall be subject to Article X, additional Members may be admitted to the Company only with the unanimous consent of 100% of the Voting Interests. Members shall indicate their consent to the admission of a new Member by executing a memorandum to be attached to this Agreement setting forth a new Schedule I. In addition, no person shall become a Member unless such person agrees in writing to assume and to be bound by all the obligations and subject to all the restrictions of this Agreement and any further agreement with respect to the Company.

ARTICLE 5 - CAPITAL CONTRIBUTIONS AND LOANS

Section 5.1 Initial Capital Contributions.

Contemporaneously with the execution of this Agreement, the Members have each contributed cash to the Company in the respective amounts set forth as the Initial Capital Contribution opposite their names on Schedule I attached hereto.

Section 5.2 Additional Funds.

In the event that a Strict Majority of the Members determines at any time (or from time to time) that additional funds are required by the Company for or in respect of its business or to pay any of its obligations, expenses, costs, liabilities or expenditures (including, without limitation, any operating deficits), then the Members shall make additional contributions to the capital of the Company (each an "Additional Capital Contribution") or may borrow all or part of such additional funds on behalf of the Company, with interest payable at then-prevailing rates, from one or more of the Members or from commercial banks, savings and loan associations or other commercial lending institutions.

Section 5.3 Additional Capital Contributions.

If a Strict Majority of the Members determines that additional funds are required for the purposes set forth in Section 5.2 and that all or any portion of such additional funds should be contributed to the Company as Additional Capital Contributions, the Members shall each make the necessary Additional Capital Contributions to the Company as follows:

(a) Beechwood Development Group of South Carolina, L.L.C. ("Beechwood"), in its sole discretion, may elect to have all Members pay in proportion to their Voting Interest at the time of the call for Additional Capital Contributions; or

(b) Beechwood, in its sole discretion may elect to have all Members pay in proportion to their respective Capital Contributions, which shall be calculated for each Member as follows: each Member's Capital Contribution Percentage shall be equal to the ratio which such Member's total Capital Contributions bears to the total Capital Contributions made by all of the Members ("Capital Contribution Percentage"). Notwithstanding any provision to the contrary herein, upon a Member's payment of the Additional Capital Contribution ("Contributing Members") pursuant to this Section 5.3(b) and until such time as all Additional Capital Contributions are repaid to each Contributing Member in accordance with Section 5.3, the Members' Profits and Loss Interests and the Capital Transaction Interests shall equal their respective Capital Contribution Percentage, as adjusted by the Members' payment of the Additional Capital Contributions. Except as provided in Section 5.5(b)(1), upon repayment of the Additional Capital Contributions in accordance with Section 5.4, the Profits and Loss Interests and the Capital Transaction Interests of each Member shall revert to the Member's Profits and Loss Interests and the Capital Transaction Interests prior to the Additional Capital Contribution.

For purposes of this Section 5, in the event Beechwood fails to elect the method of payment

within ten (10) days of notice of such Additional Capital Contributions or fails to make its entire Additional Capital Contribution after such determination, Beechwood shall be deemed to have elected payment pursuant to this Section 5.3(b) and all provisions of Section 5.3(b) shall apply.

Section 5.4 Repayment of Additional Capital Contributions.

Notwithstanding any provision to the contrary herein, all Distributions from the Company that otherwise would be made to the Members (whether before or after dissolution of the Company) instead shall be paid to the Contributing Members by the ratio which such Member's Additional Capital Contribution payment bears to the total Additional Capital Contributions paid by all of the Members until the amount of each Member's Additional Capital Contribution has been paid in full to such Member by such Distributions.

Section 5.5 Failure to Contribute.

(a) Voting Interest If a Member does not timely remit all or any portion of a required Additional Capital Contribution (such Member the "Delinquent Member") then, in addition to the adjustment of the Members' Profits and Loss Interests and the Capital Transaction Interests as set forth in Section 5.3(b), the Delinquent Member's Voting Interest and any rights to management of the Company hereunder shall be suspended automatically and the Voting Interest represented by the Delinquent Member's Membership Interest will be excluded from any calculation of aggregate Voting Interests for purposes of any approval required of Members under this Agreement until such time as the Additional Capital Contributions are repaid to each Contributing Member in accordance with Section 5.4.

(b) Default Capital Contributions In addition, if a Member does not timely remit all or any portion of a required Additional Capital Contribution and the other Members remit their entire portion of a required Additional Capital Contribution, the other Members may exercise, on written notice to that the Delinquent Member, one or more of the following remedies, as determined by a Strict Majority of the Contributing Members:

(1) Elect, on *pro rata* basis in accordance with the Contributing Members' total Capital Contributions, or in such proportion as the Contributing Members may determine, to make the any or all of the Delinquent Member's portion of such Additional Capital Contribution. Such supplementary Additional Capital Contribution made by a Contributing Member on behalf of a Delinquent Member shall hereinafter be referred to as "Default Capital Contributions." In the event a Member makes such Default Capital Contribution, the Member making such Default Capital Contribution, to the extent thereof, shall have an increased Membership Interest in the Company, which shall be calculated as follows: the Profits and Loss Interests and the Capital Transaction Interests and Voting Interest of the Defaulting Member shall be diminished and the Profits and Loss Interests and the Capital Transaction Interests and Voting Interest of the Member contributing such Default Capital Contribution shall be increased, to the ratio which each Member's total Capital Contributions bears to the total Capital Contributions made by all of the Members, taking into account such Default Capital Contributions. Schedule I shall automatically be amended to reflect such adjusted Profits and Loss Interests and the

Capital Transaction Interests and Voting Interest of each Member. Repayment of the Additional Capital Contributions to each Member in accordance with Section 5.4 above shall have no effect on the Membership Interest adjustment in this Section 5.5(b)(1).

(2) Permit the other Members on a pro rata basis in accordance with the Contributing Members' total Capital Contributions or in such other percentages as they may agree (the "Lending Member", whether one or more), to advance the portion of the Delinquent Member's Additional Capital Contribution that is in default, with the following results:

i. The sum advanced constitutes a loan (the "Loan") from the Lending Member to the Delinquent Member and a Capital Contribution of that sum to the Company by the Delinquent Member pursuant to the applicable provisions of this Operating Agreement;

ii. The Loan shall bear interest at a varying rate per annum that is equal to one percent (1.0%) in excess of the composite *Wall Street Journal* prime rate as quoted in the "Money Rates" section of the *Wall Street Journal* (the "Default Interest Rate") from the day that the advance is deemed made until the date that the Loan, together with all accrued interest, is repaid to the Lending Member, which principal and interest shall be payable without further charge or cost by the Delinquent Member to the Lending Member at any time and from time to time prior to written demand therefore by the Lending Member as hereinafter provided;

iii. The principal balance of the Loan and all accrued unpaid interest thereon shall be due and payable in whole on the tenth day after written demand therefore by the Lending Member to the Delinquent Member, provided, however, that the Lending Member shall not be entitled to make written demand for payment in full of the Loan until three (3) months after the earlier date of (a) the date that the Member becomes a Delinquent Member, or (b) the date of the Loan from a Lending Member;

iv. All distributions from the Company that otherwise would be made to the Delinquent Member (whether before or after dissolution of the Company) instead shall be paid to the Lending Member until the Loan, all accrued interest, and all costs and expenses incurred by the Lending Member, have been paid in full to the Lending Member (with payments being applied first to costs and expenses, next to accrued and unpaid interest, and then to principal);

v. The payment of the Loan, including accrued interest thereon and costs and expenses of collection, is secured by a security interest in the Delinquent Member's Membership Interest, as more fully set forth in this Section;

vi. The Lending Member shall have the right, in addition to the other rights and remedies granted to it pursuant to this Operating Agreement or available to it at law or in equity, to take any action (including without limitation, court

proceedings) that the Lending Member may deem appropriate to obtain payment by the Delinquent Member of the Loan and all accrued and unpaid interest, with all costs and expenses of collection (including reasonable attorneys' fees) to be added to and collectible as a part of the Loan indebtedness due from the Delinquent Member;

vii. The Lending Member shall additionally have all rights as against the Delinquent Member of a secured party under the Uniform Commercial Code of South Carolina, as more fully set forth in this Section; and

viii. The Lending Member shall additionally have any other rights and remedies available against the Delinquent Member at law or in equity.

Each Member grants to the Company, and to each Lending Member equally and ratably with respect to any Loans made by the Lending Member to that Member as a Delinquent Member under this Section, equally and ratably, for the payment of all Capital Contributions that Member has agreed to make and for the payment of all Loans and accrued interest thereon made by the Lending Members to a Member as a Delinquent Member pursuant to this Section, a security interest in and a general lien upon its Membership Interest and the proceeds thereof, pursuant to the Uniform Commercial Code of South Carolina. Upon any default in the payment of a Capital Contribution or upon the making of any Loan in accordance with this Section which shall not be fully cured by the Delinquent Member within three months following the earlier date of (1) the date that the Member becomes a Delinquent Member, or (2) the date of the Loan from a Lending Member, the Company or the Lending Member, as applicable, shall be entitled to exercise any rights or remedies of a secured party under the Uniform Commercial Code of South Carolina with respect to the security interest granted in this Section. In such event, the Delinquent Member shall execute and deliver to the Company and/or the Lending Member all security agreements, financing statements, and other instruments that the Members in good standing or the Lending Member, as applicable, may request to effectuate and carry out the preceding provisions of this Section. At the option of a Lending Member or of the Members in good standing, by unanimous agreement, as appropriate, this Operating Agreement or a photographic or other copy hereof may serve as a financing statement.

(3) Permit the other Contributing Members on a pro rata basis in accordance with the Contributing Members' total Capital Contributions or in such other percentages as they may agree (the "Default Purchasing Member", whether one or more) to purchase the Membership Interest of the Delinquent Member, on written notice to that the Delinquent Member ("Default Purchase Notice") at any time which shall be more than three months after the earlier date of (1) the date that the Member becomes a Delinquent Member, or (2) the date of the Loan from a Lending Member, unless such default shall be fully cured by the Delinquent Member within such three month period, at a price equal to fifty (50%) percent of the fair market value of the Membership Interest of the Delinquent Member as of date upon which such Member becomes a Delinquent Member (which fair market value shall not include the effects on value of the Capital Contributions which gave rise to the Delinquent Member's delinquency). The fair market value of the Membership Interest of the Delinquent Member will be determined as follows: the Delinquent Member and the Default

Purchasing Member shall attempt to agree on the fair market value of the Membership Interest as of the date of the delinquency. If they cannot agree, then within five (5) days of the date of the Default Purchase Notice, they shall mutually agree on and appoint a person expert in determining the value of similar businesses (the Appraiser) to determine the Membership Interest's value. The Appraiser shall provide a written report to both parties of its determination of the Membership Interest's value within thirty (30) days of appointment and such determination shall be binding on the Delinquent Member and the Default Purchasing Member. The cost of the Appraiser shall be shared equally by the Delinquent Member and the Default Purchasing Member. If they cannot agree on a single Appraiser within fifteen (15) days of the date of the Default Purchase Notice, then they shall each appoint an Appraiser at their respective expense within twenty (20) days of the receipt of the Default Purchase Notice. Each such Appraiser shall provide a written report to both parties of their respective determinations of the Membership Interest's value within thirty (30) days of appointment. The failure of a party to select his Appraiser, or the failure of an Appraiser to provide his written report, within the times provided herein, shall eliminate such Appraiser's Appraisal from consideration, and the Membership Interest's value shall be determined on the basis of the remaining appraisal. If the two Appraisers' determinations of the Membership Interest's value differ by less than 10% (the lowest value to be the base for computing the percentage of difference) then the Membership Interest's value shall be the arithmetic mean of the two. If they differ by more than 10%, then within ten (10) days following the issuance of their reports, the two Appraisers shall appoint a third Appraiser (the cost of which shall be shared equally by the Delinquent Member and the Default Purchasing Member) and within thirty (30) days following such appointment, the third Appraiser shall pick one of the determinations previously prepared by the two Appraisers. Such determination shall be conclusive and binding upon the Delinquent Member and the Default Purchasing Member for purposes of calculating the Membership Interest's value. The purchase by the Default Purchasing Member of the Membership Interest of the Delinquent Member shall be closed within thirty (30) days following the final determination of the fair market value of the Membership Interest of the Delinquent Member in accordance with the foregoing procedures.

(4) Take such other action (including without limitation court proceedings) as the Members in good standing, by unanimous agreement, may deem appropriate to obtain payment by the Delinquent Member of the portion of the Delinquent Member's Capital Contribution that is in default, together with interest thereon at the Default Interest Rate from the date that the Capital Contribution was due until the date that it is made, all at the cost and expense of the Delinquent Member.

Section 5.6 No Interest on Capital Contributions.

No interest shall be paid on any contribution to the capital of the Company.

Section 5.7 Capital Accounts.

A Capital Account shall be established for each Member and shall be credited with each Member's initial and any additional Capital Contributions. All contributions of Property to the Company by a Member shall be valued and credited to the Member's Capital Account at such Property's Gross Asset Value on the date of contribution. All Distributions of Property to a Member by the Company shall be valued and debited against such Member's Capital Account at such Property's Gross Asset Value on the date of Distribution. Each Member's Capital Account shall at all times be determined and maintained pursuant to the principles of this Section 5.5 and Treasury Regulations Section 1.704-1(b)(2)(iv). Each Member's Capital Account shall be increased in accordance with such Regulations by:

- (a) The amount of Profits allocated to the Member pursuant to this Agreement;
- (b) The amount of all Gains or Losses from Capital Transactions allocated to the Member pursuant to this Agreement; and
- (c) The amount of any Company liabilities assumed by the Member or which are secured by any Company property distributed to such Member.

Each Member's Capital Account shall be decreased in accordance with such Regulations by:

- (a) The amount of Losses allocated to the Member pursuant to this Agreement;
- (b) The amount of Company Cash Flow distributed to the Member pursuant to this Agreement;
- (c) The amount of Company Sales Proceeds and Company Refinancing Proceeds distributed to the Member pursuant to this Agreement; and
- (d) The amount of any liabilities of the Member assumed by the Company or which are secured by any property contributed by such Member to the Company.

In addition, each Member's Capital Account shall be subject to such other adjustments as may be required in order to comply with the capital account maintenance requirements of Section 704(b) of the Code.

In the event that a Majority in Interest of the Members shall determine that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto (including, without limitation, debits or credits relating to liabilities that are secured by contributed or distributed Property or that are assumed by the Company or the Members), are computed in order to comply with such Treasury Regulations, the Members may make such modification, provided that it is not likely to have a material effect on the amounts distributable to any Member upon dissolution of the Company. The Members also shall (i) make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Members and the amount of Company capital reflected on the Company's balance sheet, as computed for book purposes, in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(g) and (ii) make any appropriate modifications in the event unanticipated events might otherwise cause this Agreement not to comply with Treasury Regulations Section 1.704-1(b).

ARTICLE 6 - ALLOCATIONS, ELECTIONS AND REPORTS

Section 6.1 Profits and Losses.

(a) Except as otherwise provided herein, Profits and Losses from operations of the Company and all items of resulting tax credit and tax preference shall be allocated among the Members in accordance with their respective Profit and Loss Interests. In the event the Profit and Loss Interests vary during any Fiscal Year, Profits and Losses and all items of tax credit and tax preference for such Fiscal Year shall be allocated among the Members on a daily basis in accordance with their varying Profit and Loss Interests during the Fiscal Year.

(b) Losses allocated pursuant to this Section 6.1 shall not exceed the maximum amount of Losses that can be so allocated without causing any Member to have an Adjusted Capital Account Deficit at the end of any Fiscal Year. In the event some but not all of the Members would have Adjusted Capital Account Deficits as a consequence of an allocation of Losses pursuant to this Section 6.1, the limitation set forth in this Section 6.1 shall be applied on a Member by Member basis so as to allocate the maximum possible Losses to each Member under Section 1.704-1(b)(2)(ii)(d) of the Treasury Regulations.

Section 6.2 Nonrecourse Deductions.

Nonrecourse Deductions shall be allocated among the Members in accordance with their respective Profit and Loss Interests.

Section 6.3 Member Nonrecourse Deductions.

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

Section 6.4 Allocations Between Transferor and Transferee.

In the event of the Transfer of all or any part of a Member's Membership Interest (in accordance with the provisions of this Agreement) at any time other than at the end of a Fiscal Year or the admission of a new Member (in accordance with the terms of this Agreement), the Transferring Member or new Member's share of the Company'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 Member and the transferee Member, or the new Member and the other Members, as the case may be, in the same ratio as the number of days in such Fiscal 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 Company (or any part thereof) during such Fiscal Year, then the Members may elect to treat the periods before and after the date of the Transfer or admission as separate Fiscal Years and allocate the Company's net income, gain, net loss, deductions and credits for each of such deemed separate Fiscal Years. Notwithstanding the foregoing, the Company'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 Treasury Regulations thereunder.

Section 6.5 Gains from Capital Transactions.

Gains from Capital Transactions during any Fiscal Year shall be allocated as follows:

(a) First, any accumulated undistributed operating Profits shall be allocated to the Members in accordance with their respective Profit and Loss Interests;

(b) Second, any gains remaining following the allocation of accumulated undistributed operating Profits shall be allocated to the Members in proportion to the Members' respective Capital Accounts immediately prior to the Capital Transaction, until the Original Capital Accounts shall be fully restored;

(c) Third, any gain remaining following the restoration of the Members' respective Capital Accounts shall be allocated among the Members in accordance with their respective Capital Transaction Interests as of the date of the Capital Transaction giving rise to the gain.

Section 6.6 Losses from Capital Transactions.

Losses from Capital Transactions during any Fiscal Year shall be allocated as follows:

(a) First, any accumulated undistributed operating losses shall be allocated to the Members in accordance with their respective Profit and Loss Interests;

(b) Second, any losses remaining following the allocation of accumulated undistributed operating losses shall be allocated to the Members based upon the proportion that the Members' original Capital Accounts bear to the Members' total Original Capital Accounts.

Section 6.7 Contributed Property.

In accordance with Code Section 704(c) and the Treasury Regulations thereunder, income, gain, loss and deduction with respect to any Property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such Property to the Company for federal income tax purposes and its initial Gross Asset Value at the time of contribution.

In the event the Gross Asset Value of any Company asset is adjusted pursuant to subsection (a) of the definition of Gross Asset Value in Article II hereof, subsequent allocations of income, gain, loss, and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Treasury Regulations thereunder.

Any elections or other decisions relating to such allocations shall be made by the Members in any manner that reasonably reflects the purpose and intention of this Agreement. Allocations pursuant to this Section 6.7 are solely for purposes of federal, state and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, other items or Distributions pursuant to any provision of this Agreement.

Section 6.8 Minimum Gain Chargeback.

If there is a net decrease in Company Minimum Gain during any Fiscal Year, each Member shall be specially allocated items of Company income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Member's share of the net decrease in Company Minimum Gain, determined in accordance with Treasury Regulation Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Treasury Regulations Sections 1.704-2(f) and 1.704-2(j)(2). This Section 6.8 is intended to comply with the minimum gain chargeback requirement in Treasury Regulation 1.704-2(f) and shall be interpreted consistently therewith.

Section 6.9 Member Minimum Gain Chargeback.

If there is a net decrease in Member Minimum Gain attributable to a Member Nonrecourse Debt, as defined in Treasury Regulations Section 1.704-2(i)(4), during any Fiscal Year, each Member who has a share of the Member Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Treasury Regulations Section 1.704-2(i)(5), shall be specially allocated items of Company income and gain for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to such Member's share of the net decrease in Member Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Treasury Regulations Section 1.704-2(i)(4) and (5). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Treasury Regulations Section 1.704-2(i)(4). This Section 6.8 is intended to comply with the Member Minimum Gain chargeback requirement in Treasury Regulations Section 1.704(i)(4) and shall be interpreted consistently therewith.

Section 6.10 Qualified Income Offset.

If any Member unexpectedly receives an adjustment, allocation or distribution as described in Treasury Regulations Section 1.704-1(b)(2)(ii)(d)(4) through (6) which causes or increases a deficit capital account balance in such Member's Capital Account (as determined in accordance with such Regulations), items of Company income and gain shall be specially allocated to each such Member in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the Adjusted Capital Account Deficit of such Member as quickly as possible, provided that an allocation pursuant to this Section 6.10 shall be made if and only to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article VI have been tentatively made as if this Section 6.10 were not in the Agreement. This provision is intended to be a "qualified income offset," as defined in Treasury Regulation Section 1.704-1(b)(2)(ii)(d), such Regulations being specifically incorporated herein by reference.

Section 6.11 Gross Income Allocation.

In the event any Member has a deficit Capital Account at the end of any Company Fiscal Year which is in excess of the sum of (i) the amount such Member is obligated to restore and (ii) the amount such Member is deemed to be obligated to restore pursuant to the penultimate sentences

of Treasury Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5), each such Member shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 6.11 shall be made if and only to the extent that such Member would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Article VI have been tentatively made as if this Section 6.11 and Section 6.10 hereof were not in this Agreement.

Section 6.12 Section 754 Adjustment.

To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(2) or Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as the result of a Distribution to a Member in complete liquidation of its interest in the Company, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the Members in accordance with their interests in the Company in the event that Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(2) applies, or to the Members to whom such distribution was made in the event that Treasury Regulation Section 1.704-1(b)(2)(iv)(m)(4) applies.

Section 6.13 Curative Allocations.

The allocations set forth in Sections 6.1(b), 6.2, 6.3, 6.8, 6.9, 6.10, 6.11, 6.12 hereof (the "*Regulatory Allocations*") are intended to comply with certain requirements of the Treasury Regulations. It is the intent of the Members that, to the extent possible, all Regulatory Allocations shall be offset either with other Regulatory Allocations or with special allocations of other items of Company income, gain, loss or deduction pursuant to this Section 6.13. Therefore, notwithstanding any other provision of this Article VI (other than the Regulatory Allocations), the Members shall make such offsetting special allocations of Company income, gain, loss or deduction in whatever manner he determines appropriate so that, after such offsetting allocations are made, each Member's Capital Account balance is, to the extent possible, equal to the Capital Account balance such Member would have had if the Regulatory Allocations were not part of the Agreement and all Company items were allocated pursuant to Section 6.1(a). In exercising their discretion under this Section 6.13, the Members shall take into account future Regulatory Allocations under Sections 6.8 and 6.9 that, although not yet made, are likely to offset other Regulatory Allocations previously made under Sections 6.2 and 6.3.

Section 6.14 Compliance with Treasury Regulations.

The above provisions of this Article VI notwithstanding, it is specifically understood that the Members may make such elections, tax allocations and adjustments, including amendments to this Agreement, as the Members deem necessary or appropriate to maintain to the greatest extent possible the validity of the tax allocations set forth in this Agreement, particularly with regard to Treasury Regulations under Code Section 704(b).

Section 6.15 Tax Withholding.

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

ARTICLE 7 - DISTRIBUTIONS

Section 7.1 Company Cash Flow.

The Company Cash Flow for each Fiscal Year, to the extent available, shall be distributed to the Members at such times as are determined by the Members in accordance with the Members' respective Profit and Loss Interests

Section 7.2 Company Refinancing Proceeds.

Company Refinancing Proceeds, to the extent available, shall be distributed to the Members at such times as are determined by the Members in accordance with the Members' respective Capital Transaction Interests.

Section 7.3 Company Sales Proceeds.

Company Sales Proceeds, to the extent available, shall be distributed to the Members at such times as are determined by the Members in accordance with the Members' respective Capital Transaction Interests.

Section 7.4 Distributions in Liquidation.

Upon liquidation of the Company, all of the Property shall be sold as provided in Section 11.3 and Profits and Losses allocated accordingly. Proceeds from the liquidation of the Company shall be distributed in accordance with the provisions of Section 11.3.

Section 7.5 Limitation Upon Distributions.

No Distribution shall be declared and paid if payment of such Distribution would cause the Company to violate any limitation on Distributions specifically required in the Act.

ARTICLE 8 - TRANSFER OF INTERESTS AND ADMISSION OF MEMBERS

Section 8.1 Restrictions on Transfer.

Except as provided in Section 4.8, Article IX and Article X hereof, (i) no Member may voluntarily or involuntarily Transfer, or create or suffer to exist any Encumbrance against, all or any part of such Member's record or beneficial interest in the Company and (ii) no Person may be

admitted to the Company as a Member. Except for withdrawals in connection with a Transfer of a Membership Interest permitted by this Agreement, no Member may withdraw from the Company.

Section 8.2 Conditions Precedent to Transfers.

Any purported Transfer or Encumbrance otherwise complying with Section 8.1 will be ineffective until the transferor and the proposed transferee furnish to the Company the instruments and assurances the Members may request, including without limitation, if requested, an opinion of counsel satisfactory to the Company that the interest in the Company being Transferred or Encumbered has been registered or is exempt from registration under the Securities Act of 1933, as amended (the "Securities Act"), and applicable state securities laws. No Transfer or Encumbrance will be effective if it would result in the "termination" of the Company under Section 708 of the Code unless all of the Members give their prior written consent to the Transfer or Encumbrance.

Section 8.3 Substituted Members.

No assignee or transferee of a Membership Interest shall be admitted as a substituted Member of the Company unless, in addition to compliance with the conditions set forth in Sections 8.1 and 8.2, all of the following conditions are satisfied:

(a) The assignee has executed and delivered all documents deemed appropriate by the Company to reflect the assignee's admission to the Company and its agreement to be bound by this Agreement;

(b) A Majority in Interest of the Disinterested Members shall have consented in writing to such substitution, the granting or denial of which shall be in the sole discretion of such Disinterested Members; and

(c) Payment has been made to the Company of all costs and expenses of admitting any such transferee or assignee as a substituted Member.

Section 8.4 Rights of Transferee.

Unless admitted to the Company in accordance with Section 8.3, the transferee of a Membership Interest or a part thereof shall not be entitled to any of the rights, powers or privileges of its predecessor in interest, except that it shall be entitled to receive and be credited or debited with its proportionate share of Profits, Losses, Gains or Losses from Capital Transactions, Company Cash Flow, Company Sales Proceeds, Company Refinancing Proceeds and Distributions in liquidation.

ARTICLE 9 - BUY-SELL

Section 9.1 Transfer to Member.

Notwithstanding anything to the contrary within this Agreement, any Member ("Offeror Member") may make an offer to buy one hundred percent of another Member's ("Offeree Member") Membership Interest in the Company by a written offer to the Offeree Member, stating the purchase

price which the Offeror Member wishes to pay and the terms of such purchase ("Purchase/Sale Offer"). The purchase price for such Membership Interest must be a minimum of the **Fair Market Value of the Membership Interest**, determined as provided herein. The Offeree Member shall have sixty (60) days (the "Member Option Period") after notice of the Purchase/Sale Offer or if the determination of the Fair Market Value of the Membership Interest by one or more appraisers is required, the Member Option Period shall extend to not more than ten (10) days after the date on which such appraiser(s) issue their opinions to the parties as to the Fair Market Value of the Membership Interest, if that date be later than the dates above specified, to notify the Offeror Member of the Offeree Member's agreement to either sell the Offeree's Membership Interest to the Offeror Member in accordance with the Purchase/Sale Offer or to purchase one hundred percent of the Membership Interest of the Offeror Member on the same terms and conditions as the Purchase/Sale Offer adjusting the purchase price and terms pro rata by the Offeror Member's Membership Interest. In the event the Offeree Member shall fail to give the Offeror Member notice of its election within the Member Option Period, such Offeree Member shall be conclusively deemed to have elected to cause the Offeror Member to purchase the Offeree Member's Membership Interest. The closing of a purchase under this Section 9.1 shall take place within 30 days of the expiration of the Member Option Period. This provision shall be superior to any other provision of this Operating Agreement.

In the event that the Offeror Member and the Offeree Member disagree regarding whether the Purchase/Sale Offer is equal to or greater than Fair Market Value of the Membership Interest, the Offeror Member and the Offeree Member shall mutually agree on and appoint within fifteen (15) days of the Purchase/Sale Offer a person expert in determining the value of similar businesses (the Appraiser) to determine the Membership Interest's value. The Appraiser shall provide a written report to both parties of its determination of the Membership Interest's value within thirty (30) days of appointment and such determination shall be binding on the Offeror Member and the Offeree Member. The cost of the Appraiser shall be shared equally by the Offeror Member and the Offeree Member. If they cannot agree on a single Appraiser within the fifteen (15) day period set forth herein, then they shall each appoint an Appraiser at their respective expense within twenty (20) days of the receipt of a Purchase/Sale Offer. Each such Appraiser shall provide a written report to both parties of their respective determinations of the Membership Interest's value within forty-five days (45) days of the receipt of a Purchase/Sale Offer. The failure of a party to select his appraiser, or the failure of an appraiser to provide his written report, within the times provided herein, shall eliminate such appraiser's Appraisal from consideration, and the Membership Interest's value shall be determined on the basis of the remaining Appraisal. If the two Appraisers' determinations of the Membership Interest's value differ by less than 10% (the lowest value to be the base for computing the percentage of difference) then the Membership Interest's value shall be the arithmetic mean of the two. If they differ by more than 10%, then within ten (10) days following the issuance of their reports, the two Appraisers shall appoint a third Appraiser (the cost of which shall be shared equally by the Offeror Member and the Offeree Member) and within thirty (30) days following such appointment, the third Appraiser shall pick one of the determinations previously prepared by the two Appraisers. Such determination shall be conclusive and binding upon the Offeror Member(s) and the Offeree for purposes of calculating the Membership Interest's value.

Section 9.2 Buy-Sell.

The provisions of the Act relating to dissociation shall not apply to the Company, except as expressly provided in this Article IX. Each of the following events shall constitute a "Buy-Sell Event" for purposes of this Agreement:

(a) The death, declaration of legal incompetence or dissolution and winding-up of a Member;

(b) A judicial determination of the insolvency of any Member;

(c) Any filing of a petition or suit under the bankruptcy laws by or against a Member that is not dismissed within sixty (60) days;

(d) Any purported voluntary or involuntary Transfer or Encumbrance of all or any part of a Member's Membership Interest in a manner not expressly permitted by this Agreement;

(e) Any material breach of this Agreement by a Member which is not cured within ten (10) days after the Company delivers written notice of such breach to the Member;

(f) The Member's expulsion by unanimous vote of the other Members if: (1) it shall be unlawful to carry on the Company's business with the Member; or (2) within ninety (90) days after the Company shall notify a corporate Member that it will be expelled because it has filed a certificate of dissolution or the equivalent, its charter has been revoked, or its right to conduct business has been suspended by the jurisdiction of its incorporation, the Member fails to obtain a revocation of the certificate of dissolution or a reinstatement of its charter or its right to conduct business; or

(g) On application by the Company or another Member, the Member's expulsion by judicial determination because the Member: (1) shall have engaged in wrongful conduct that adversely and materially affected the Company's business; or (2) shall have engaged in conduct relating to the Company's business that makes it not reasonably practicable to carry on the business with the Member

Section 9.3 Buy-Sell Notice.

Upon the occurrence of a Buy-Sell Event, the Member to whom such event has occurred (the "Withdrawing Member"), or its executor, administrator or other legal representative in the event of death or declaration of legal incompetency, shall give notice of the Buy-Sell Event (the "Buy-Sell Notice") to the other Members within ten (10) days after its occurrence. If the Withdrawing Member fails to give the Buy-Sell Notice, any other Member (other than a Withdrawing Member) may give the notice at any time thereafter and by so doing commence the buy-sell procedure provided for in this Article IX

Section 9.4 Member's Purchase Option.

Upon the occurrence of a Buy-Sell Event, each of the Members, except the Withdrawing Member and any other Withdrawing Member, shall have an option to purchase (the "Purchase Option") the Withdrawing Member's Membership Interest at the Buy-Sell Closing on the terms and conditions set forth in this Article IX. This right will be allocated among the Members who elect to purchase (the "Buy-Sell Purchasing Members") in the proportion they mutually agree upon, or, in the absence of agreement, in the ratio that each of the Buy-Sell Purchasing Member's Capital Transaction Interest bears to the aggregate Capital Transaction Interests of all Buy-Sell Purchasing Members. The Buy-Sell Purchasing Members must give notice of their election to exercise their Purchase Option to the Withdrawing Member and all other Members within thirty (30) days following delivery of the Buy-Sell Notice.

Section 9.5 Assignment of Purchase Option.

If at the occurrence of a Buy-Sell Event, there exist only two (2) then-current Members (including the Withdrawing Member), the Member that is not withdrawing shall have the option during the thirty (30) day period set forth in Section 9.4 to assign its Purchase Option to any Person other than the Withdrawing Member (the "Purchase Option Assignee") by notifying the Withdrawing Member and the Company of such assignment in writing. After delivery of such notice, the Purchase Option Assignee shall have the option to purchase the Withdrawing Member's Membership Interest on the same terms and conditions as would apply to the Member from which the Purchase Option was assigned; provided, however, that the Purchase Option Assignee shall not have the rights of assignment set forth in this Section 9.6. Notwithstanding any other provision of Article VIII or this Article IX, any Purchase Option Assignee which exercises its Purchase Option, as provided herein, (i) shall only have those rights as specified in Section 8.4 above; (ii) shall not be admitted as a substitute Member without full compliance with Section 8.3; and (iii) shall be subject to the Buy-Sell restrictions imposed under this Article IX. In the event the Purchase Option Assignee does not exercise the Purchase Option, the Purchase Option Assignee shall have no further rights under this Agreement.

Section 9.6 Agreement on Valuation.

Unless the Buy-Sell Purchasing Member(s) and the Withdrawing Member shall agree upon the value of the Withdrawing Member's Membership Interest within ten (10) days of the receipt of a Buy-Sell Notice, the Buy-Sell Purchasing Member(s) and the Withdrawing Member, within fifteen (15) days of the receipt of a Buy-Sell Notice, shall mutually agree on and appoint a person expert in determining the value of similar businesses (the Appraiser) to determine the Membership Interest's value. The Appraiser shall provide a written report to both parties of its determination of the Membership Interest's value within thirty (30) days of appointment and such determination shall be binding on the Buy-Sell Purchasing Member(s) and the Withdrawing Member. The cost of the Appraiser shall be shared equally by the Buy-Sell Purchasing Member(s) as a group and the Withdrawing Member. If they cannot agree on a single Appraiser within the fifteen (15) day period set forth herein, then they shall each appoint an Appraiser at their respective expense within twenty (20) days of the receipt of a Buy-Sell Notice. Each such Appraiser shall provide a written report to both parties of their respective determinations of the Membership Interest's value within forty five days (45) days of the receipt of a Buy-Sell Notice. The failure of a party to select his appraiser, or the failure of an appraiser to provide his written report, within the times provided herein, shall eliminate such appraiser's Appraisal from consideration, and the Membership Interest's value shall

be determined on the basis of the remaining Appraisal. If the two Appraisers' determinations of the Membership Interest's value differ by less than 10% (the lowest value to be the base for computing the percentage of difference) then the Membership Interest's value shall be the arithmetic mean of the two. If they differ by more than 10%, then within ten (10) days following the issuance of their reports, the two Appraisers shall appoint a third Appraiser (the cost of which shall be shared equally by the Buy-Sell Purchasing Member(s) as a group and the Withdrawing Member) and within thirty (30) days following such appointment, the third Appraiser shall pick one of the determinations previously prepared by the two Appraisers. Such determination shall be conclusive and binding upon the Buy-Sell Purchasing Member(s) and the Withdrawing Member for purposes of calculating the Membership Interest's value. The purchase price to be paid for the Withdrawing Member's Membership Interest shall consist of one hundred (100%) percent of the Membership Interest's value as determined in this Section 9.4 as of date of the Buy-Sell Event, reduced in either event by the amount of any Distributions made by the Company to the Withdrawing Member from the date the Buy-Sell Event occurred with respect to the Withdrawing Member to the Buy-Sell Closing.

Section 9.7 Buy-Sell Closing.

The buy-sell closing (the "Buy-Sell Closing") of the purchase of any Membership Interest pursuant to this Article IX shall take place on the date agreed upon by the purchaser(s) and seller, but not later than ninety (90) days after the occurrence of the respective Buy-Sell Event, or if determination of the value of the Membership Interest by one or more appraisers is required, the Closing shall take place not more than ten (10) days after the date on which such appraiser(s) issue their opinions to the parties as to the value of the Membership Interest, if that date be later than the date above specified. The purchase price for each Membership Interest being purchased will be payable in full in cash at Buy-Sell Closing. The purchase price will bear interest from the date of the occurrence of the Buy-Sell Event until Buy-Sell Closing at an interest rate equal to the composite *Wall Street Journal* prime rate as quoted in the "Money Rates" section of the *Wall Street Journal*, last published prior to the occurrence of the Buy-Sell Event. Upon payment of the purchase price, the Member selling its Membership Interest shall execute and deliver such assignments and other instruments as may be reasonably necessary to evidence and carry out the transfer of such Membership Interest to the purchaser(s). In connection with the sale of any Membership Interest under this Article IX, unless otherwise agreed by the purchaser(s) and seller, the purchaser(s) will assume the seller's allocable portion of Company obligations to the extent related to the transferred interest as well as the seller's individual obligations to the extent related to the transferred interest, other than income tax liabilities of the seller. Notwithstanding any other provision of Article VIII or this Article IX, any transferee, assignee or purchaser of a Membership Interest, as provided herein, shall only have those rights as specified in Section 8.4 above, and shall not be admitted as a substitute Member without full compliance with Section 8.3.

Section 9.8 Effect of the Rule Against Perpetuities.

Notwithstanding any other provision of this Agreement, all options and rights to purchase or sell created by this Agreement shall expire on the later of (a) twenty-one (21) years after the death of the last remaining child, living as of the date of this Agreement, of any Member who is a member of the Company at the time of its organization, or (b) twenty-one (21) years after the death

of the last to die of the individual Members who are members of the Company at the time of its organization

Section 9.9 Effect on Withdrawing Member's Interest.

From the date of the occurrence of the Buy-Sell Event to the date of the transfer of the Withdrawing Member's Membership Interest at Buy-Sell Closing under this Article IX, the Voting Interest represented by the Withdrawing Member's Membership Interest will be excluded from any calculation of aggregate Voting Interests for purposes of any approval required of Members under this Agreement. Without limiting the generality of any other provision of this Agreement, upon the exercise of the Purchase Option, the Withdrawing Member, without further action, will have no rights in the Company or against the Company or any Member other than the right to receive payment for its Membership Interest in accordance with this Article IX.

Section 9.10 Failure to Exercise Purchase Option.

In the event the Members or Purchase Option Assignee, if any, do not exercise their Purchase Options, the Withdrawing Member or its executor, administrator or other legal representative in the event of death or declaration of legal incompetency, may transfer its economic rights in the Membership Interest of the Withdrawing Member to any Person; provided, however that any transferee of the Withdrawing Member's Membership Interest, as provided herein, (i) shall only have those rights as specified in Section 8.4; (ii) shall not be admitted as a substitute Member without full compliance with Section 8.3; and (iii) shall be subject to the buy-sell restrictions imposed under this Article IX.

ARTICLE 10 - THIRD PARTY TRANSFERS

Section 10.1 General.

Section 10.2 In addition to those requirements set forth in Article VIII hereof, and notwithstanding the provisions of Article IX relating to Buy-Sell Events, no Membership Interest may be Transferred to a third party purchaser (a "Third Party Purchaser") or to other Members unless such action complies with the requirements and restrictions of this Article X. **Right of First Refusal.**

(a) A Member, (referred to herein as a "Selling Member"), who desires to sell all or any portion of its Membership Interests in the Company to a Third Party Purchaser, shall obtain from such Third Party Purchaser a bona fide written offer to purchase such Membership Interests, stating the terms and conditions upon which the purchase is to be made and the consideration offered therefore. The Selling Member shall notify the Members of its intention to so transfer such Membership Interests, furnishing to the Members a copy of the aforesaid written offer to purchase such Membership Interests.

(b) A Selling Member who desires to sell all or any portion of its Membership Interests in the Company to another Member or Members, shall provide a written offer of sale to the other Members stating the terms and conditions upon which the purchase is to be made and the consideration willing to be accepted by the Selling Member.

(c) Each of the Members other than the Selling Member shall have a right of first refusal to purchase such Member's Membership Interests proposed to be sold by the Selling Member on the terms and conditions set forth in this Article X. This right will be allocated among the Members who elect to purchase (the "Article X Purchasing Members") in the proportion they mutually agree upon, or, in the absence of agreement, in the ratio that each of the Article X Purchasing Member's Capital Transaction Interest bears to the aggregate Capital Transaction Interests of all Article X Purchasing Members. The Article X Purchasing Members must give notice of their election to exercise their right of first refusal to the Selling Member and all other Members within fifteen (15) days following receipt of notice from the Selling Member of the proposed sale.

(d) In the event of a proposed sale to a Third Party Purchaser where all or any the entire portion of the Membership Interests of the Selling Member offered for sale shall not be purchased by the other Members in accordance with this procedure, the Selling Member shall be entitled to consummate the sale of its Membership Interests, to such Third Party Purchaser. In the case of a proposed sale to a Third Party Purchaser, the price and terms under which an electing Article X Purchasing Member shall be entitled to purchase its pro-rata share of the Membership Interests of the Selling Member shall be the price and terms offered to the Selling Member by the Third Party Purchaser.

(e) In the event of a proposed sale to another Member or Members, the Selling Member shall be entitled to consummate the sale of its Membership Interests to the Article X Purchasing Members at the price and under the terms agreed upon by the Selling Member and the Article X Purchasing Member(s); provided, however: (i) the Selling Member shall provide written notice of said agreed upon price and terms to any Members originally not electing to become Article X Purchasing Members (the "Declining Members"), and (ii) if such price is 90% lower or if such terms are substantially more favorable than the price and terms set forth in the Selling Member's original written offer of sale, the Declining Members shall have five days from receipt of such notice to provide written notice to the Selling Member and the Article X Purchasing Members of their intention to become Article X Purchasing Members and participate in the sale according to the agreed upon sales price and terms and in the ratio that each of the Article X Purchasing Member's Capital Transaction Interest bears to the aggregate Capital Transaction Interests of all Article X Purchasing Members.

(f) In the event the Members give written notice to the Selling Member of their desire to exercise their right of first refusal, then the Article X Purchasing Member or Members shall have the right to designate the time, date and place of closing, provided that the date of closing shall be (i) in the case of a proposed sale to a Third Party Purchaser, within sixty (60) days after receipt of written notification from the Selling Member of the third party offer to purchase, and (ii) in the case of a sale to another Member or Members, within thirty (30) days after receipt of the Selling Member's offer to purchase.

Section 10.3 Article X Transfer Closing.

As to any transfer made under this Article X, the Selling Member shall execute and deliver such assignments and other instruments as may be reasonably necessary to evidence and carry out

the transfer of its Membership Interest to the purchaser(s). In connection with the transfer of any Membership Interest under this Article X, unless otherwise agreed by the purchaser(s) and Selling Member, the purchaser(s) will assume the Selling Member's allocable portion of Company obligations to the extent related to the transferred interest as well as the Selling Member's individual obligations to the extent related to the transferred interest, other than income tax liabilities of the Selling Member. Notwithstanding any other provision of Article VIII or this Article X, any Third Party Purchaser of a Member's interest, as provided herein, shall only have those rights as specified in Section 8.4 above, and shall not be admitted as a substitute Member without full compliance with Section 8.3 above. Between the date of closing and the date when the purchase price shall have been paid in full, the transferee(s) of such Membership Interest shall be entitled to receive and be credited or debited with its proportionate share of Profits, Losses, Gains from Capital Transactions, Company Cash Flow, Company Sales Proceeds, Company Refinancing Proceeds and Distributions in liquidation.

ARTICLE 11 - DISSOLUTION AND LIQUIDATION OF THE COMPANY

Section 11.1 Dissolution Events.

The Company will be dissolved upon the happening of any of the following events:

(a) All or substantially all of the assets of the Company are sold, exchanged or otherwise transferred (unless the Members have elected to continue the business of the Company pursuant to Section 11.2 hereof);

(b) All Members sign a document stating their election to dissolve the Company;

(c) The entry of a final judgment, order or decree of a court of competent jurisdiction adjudicating the Company to be bankrupt and the expiration without appeal of the period, if any, allowed by applicable law in which to appeal;

(d) Upon the happening of the death, bankruptcy or any other event of withdrawal (as defined in the Act) with respect to any Member, unless there is at least one remaining Member and the business of the Company is continued by the written consent of a Majority in Interest of the remaining Members within ninety (90) days of the action by or affecting the withdrawing Member; or

(e) The entry of a decree of judicial dissolution or the issuance of a certificate for administrative dissolution under the Act.

Section 11.2 Continuation.

Upon the occurrence of any of the events described in Section 11.1(e) above with respect to any of the Members, the business of the Company will be continued if within ninety (90) calendar days after the occurrence of such event a Majority in Interest of the remaining Members elects to continue the business of the Company. If the Members fail to continue the Company's business as provided in this Section, the Company will be liquidated pursuant to Section 11.3.

Section 11.3 Liquidation.

Upon the happening of any of the events specified in Section 11.1 and, if applicable, the failure of the Members to continue the business of the Company as permitted by Section 11.2, the Members, or any liquidating trustee elected by a Majority in Interest of the Members, will commence as promptly as practicable to wind up the Company's affairs unless a Majority in Interest of the Members, or the liquidating trustee (in any instance, the "Liquidator") determines that an immediate liquidation of Company assets would cause undue loss to the Company, in which event the liquidation may be deferred for a time determined by the Liquidator to be appropriate. Assets of the Company may be liquidated or distributed in kind, as the Liquidator determines to be appropriate. The Members will continue to share Company Cash Flow, Profits and Losses during the period of liquidation in the manner set forth in Articles VI and VII of this Agreement. The proceeds from liquidation of the Company, including repayment of any debts of Members to the Company, and any Company assets that are not sold in connection with the liquidation will be applied in the following order of priority:

- (a) To payment of the debts and satisfaction of the other obligations of the Company, including without limitation debts and obligations to Members;
- (b) To the establishment of any reserves deemed appropriate by the Liquidator for any liabilities or obligations of the Company, which reserves will be held for the purpose of paying liabilities or obligations and, at the expiration of a period the Liquidator deems appropriate, will be distributed in the manner provided in Section 11.3(c); and thereafter;
- (c) To the payment to the Members of the positive balances in their respective Capital Accounts, pro rata, in proportion to the positive balances in those Capital Accounts after giving effect to all allocations under Article VI and all Distributions under Article VII for all prior periods, including the period during which the process of liquidation occurs.

Section 11.4 Articles of Termination.

Upon the dissolution and commencement of the winding up of the Company, the Members shall cause Articles of Termination to be executed on behalf of the Company and filed with the Secretary of State, and the Members shall execute, acknowledge and file any and all other instruments necessary or appropriate to reflect the dissolution of the Company.

ARTICLE 12 - MISCELLANEOUS

Section 12.1 Records.

The records of the Company will be maintained at the Company's principal place of business or at any other place the Members shall select, provided the Company keeps at its principal place of business the records required by the Act to be maintained there. Appropriate records in reasonable detail will be maintained to reflect income tax information for the Members. Each Member, at its expense, may inspect and make copies of the records maintained by the Company and may require an audit of the books of account maintained by the Company to be conducted by the independent accountants for the Company.

Section 12.2 Reserves.

The Members may cause the Company to create reasonable reserve accounts to be used exclusively to fund Company operating deficits and for any other valid Company purpose.

Section 12.3 Notices.

Any notice or other communication required by this Agreement must be in writing. Notices and other communications will be deemed to have been given when delivered by hand or dispatched by means of electronic facsimile transmission or nationally recognized air courier, or on the third business day after being deposited in the United States mail, postage prepaid. In each case, notice hereunder shall be addressed to the Member to whom the notice is intended to be given at its address set forth on Schedule I to this Agreement or, in the case of the Company, to its principal place of business. A Member may change its notice address by notice in writing to the Company and to each other Member given in accordance with this Section 12.3.

Section 12.4 Amendments.

This Agreement and the Articles of Organization may be amended only by the unanimous written consent of the Members

Section 12.5 Additional Documents.

Each party hereto agrees to execute and acknowledge all documents and writings which the Members may deem necessary or expedient in the creation of the Company and the achievement of its purposes, including but not limited to the Articles of Organization and any amendments or cancellation thereof.

Section 12.6 Representations of Members.

Each Member represents and warrants to the Company and every other Member that it (i) is fully aware of, and is capable of bearing, the risks relating to an investment in the Company; (ii) understands that its interest in the Company has not been registered under the Securities Act or the securities law of any jurisdiction in reliance upon exemptions contained in those laws; and (iii) has acquired its interest in the Company for its own account, with the intention of holding the interest for investment and without any intention of participating directly or indirectly in any redistribution or resale of any portion of the interest in violation of the Securities Act or any applicable law

Section 12.7 Survival of Rights.

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

Section 12.8 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. The masculine gender shall include the feminine and neuter. The Article and Section headings or titles shall not define,

limit, extend or interpret the scope of this Agreement or any particular Article or Section. This Agreement shall be governed and construed in accordance with the laws of the State of South Carolina without giving effect to the conflicts of laws provisions thereof.

Section 12.9 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.

Section 12.10 Agreement in Counterparts.

This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument. In addition, this Agreement may contain more than one counterpart of the signature pages and this Agreement may be executed by the affixing of the signatures of each of the Members 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.

Section 12.11 Tax Matters Manager.

For purposes of this Agreement, the Members hereby designate Greenbax Enterprises, Inc. as the Tax Matters Manager.

Section 12.12 Creditors Not Benefited.

Nothing in this Agreement is intended to benefit any creditor of the Company or of any Member. No creditor of the Company or of any Member will be entitled to require the Members to solicit or accept any loan or additional capital contribution for the Company or to enforce any right which the Company or any Member may have against a Member, whether arising under this Agreement or otherwise.

Section 12.13 Intended Beneficiaries.

The terms of this agreement are intended to benefit the Members of the Company only and nothing expressed or implied in this Agreement is intended to confer upon any creditor or person, other than the Members (and their respective successors and assigns) any rights, remedies, obligations or liabilities under or by reason of this Agreement.

Section 12.14 No State-Law Partnership.

The Members intend that the Company not be a partnership (including, without limitation, a limited partnership) or joint venture, and that no Member be a partner or joint venturer of any other Member, for any purposes other than federal and state tax purposes, and this Agreement may not be construed to suggest otherwise.

IN WITNESS WHEREOF, the undersigned, being all of the initial Members of the Company, have caused this Agreement to be duly adopted by the Company as of the 19th day of July, 2004, and do hereby assume and agree to be bound by and to perform all of the terms and provisions set forth in this Agreement.

The Company:

Hickory Springs Water, L.L.C.

By: Beechwood Development Group of South Carolina,
L.L.C.
Member

By: [Signature]
Its: MEMBER

By: Greenbax Enterprises, Inc.

By: [Signature]
Its: SA. V. PRES / CFO

The Members:

Beechwood Development Group of South Carolina, L.L.C.

By: [Signature]
Its: MANAGER

Greenbax Enterprises, Inc.

By: [Signature]
Its: SA. V. PRES / CFO

SCHEDULE I

Name and Address Beechwood Development Group of South Carolina, L.L.C.
182 East Bay Street, Suite 302
Charleston, SC 29401

Initial Capital Contribution \$400,000
Financial Interest 48%
Capital Transaction Interest 48%
Profit and Loss Interest 48%
Voting Interest 48%

Name and Address Greenbax Enterprises, Inc
176 Croghan Spur
Charleston, South Carolina 29407

Initial Capital Contribution \$800,000
Financial Interest 52%
Capital Transaction Interest 52%
Profit and Loss Interest 52%
Voting Interest 52%

**MINUTES OF REGULAR MEMBER MEETING
OF
BEECHWOOD DEVELOPMENT GROUP OF SOUTH CAROLINA, L.L.C.**

A regular Member meeting of the corporation was held via teleconference on:

Date: Friday, February, 25, 2005

Time: 8:00 AM – 10:00 AM

The following Members were in attendance and did constitute a quorum:

- ACC Ventures, L.L.C., represented by Patrick Cobb - (41.5% ownership in BDG of SC)
- TDTF Partnership, represented via Proxy by G. Thomas Finnegan - (15.0% ownership in BDG of SC)
Note: Ownership represented by Beechwood Development Group, Inc - (43.5% ownership) has been transferred to the following individuals via a fully executed document by these individuals and Beechwood Development Group, Inc.:

Robert J. Fields	- 10.0000% of total ownership in BDG of SC
G. Thomas Finnegan	- 9.0000% of total ownership in BDG of SC
Dennis C. Byrd	- 8.1667% of total ownership in BDG of SC
Andrew R. Easter	- 8.1667% of total ownership in BDG of SC
Richard R. Gregg	- 8.1667% of total ownership in BDG of SC

Before these individuals could be recognized as voting Members, a majority of the "disinterested parties" voted to support the transfer.

Motion for Rich Gregg to temporarily facilitate the meeting and serve as Secretary (in a non-voting Member capacity) for this process was made, seconded and adopted unanimously.

Motion to recognize the transaction transferring ownership of Beechwood Development Group's, Inc.'s interest in Beechwood Development Group of South Carolina, L.L.C. (BDG of SC) to the following individuals: G. Thomas Finnegan, Dennis C. Byrd, Richard R. Gregg, Andrew R. Easter and Robert J. Fields. The motion required majority support of the "disinterested parties", ACC Ventures and TDTF Partnership. The motion was made, seconded and adopted unanimously.

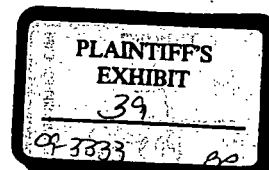
It is noted that ACC Ventures and TDTF Partnership both commented that they were bypassing first right of refusal to purchase the interest transferred by Beechwood Development Group, Inc. Further, an understanding was developed between all parties present at the meeting that should the transfer of BDG, Inc.'s interest be approved, that full support would be provided regarding a change to what is believed to be a fully executed copy of the Operating Agreement. The change would entail that Additional Capital Contributions be made by owned interest in the Company rather than "Initial Capital Contribution".

At this time, the following Members were in attendance and constituted a quorum:

- ACC Ventures, L.L.C., represented by Patrick Cobb - (41.5% ownership in BDG of SC)
- TDTF Partnership, represented via proxy by G. Thomas Finnegan - (15.0% ownership in BDG of SC)
- G. Thomas Finnegan - (9.0000% ownership in BDG of SC)
- Dennis C. Byrd - (8.1667% ownership in BDG of SC)
- Andrew R. Easter - (8.1667% ownership in BDG of SC)
- Richard R. Gregg - (8.1667% ownership in BDG of SC)

The following Member was not in attendance:

- Robert J. Fields - (10.0000% ownership in BDG of SC)



2BDG149

Motion to recognize that Beechwood Development Group, Inc. is no longer a Member of BDG of SC based on the transfer. The motion was made, seconded and adopted unanimously.

Motion to elect Rich Gregg as chairperson and secretary of this meeting. The motion was made, seconded and adopted unanimously.

Motion to have Dennis Byrd formally serve in the role of Managing Member, a role he is currently performing informally. Dennis will become Managing Member and Robert J. Fields will formally be removed from this role. The motion was made, seconded and adopted unanimously.

Motion to give Dennis authority to sign the following documents on behalf of BDG of SC:

- 1) "Consent Certification of Action by the Members of BDG of SC L.L.C.",
- 2) "Consent Certification of Action by the Members of Hickory Springs Water, L.L.C."
- 3) "Unconditional Guaranty".

The Motion was tabled. It was agreed by all parties present that the updated documents will be reviewed by an attorney before authorization is given to sign them. Rich will follow-up with the Greenbax attorneys. Rich and Tom will explore attorneys and propose them to the group.

Motion to

- 1) Accept electronic approval to have the Managing Member sign final approved documents on behalf of BDG of SC, and
- 2) To electronically approve the documents themselves as acceptable and
- 3) To electronically accept the Minutes of this meeting.

The motion was made, seconded and adopted unanimously.

Motion to Change the Operating Agreement reflecting that Additional Capital Contributions (including the most recent call by Greenbax in the amount of \$250k) be split by ownership rather than Initial Capital Contribution. The motion was made, seconded and adopted unanimously.

Note: The group interprets the Operating Agreement to state that unanimous approval is required of all Members to make a change to the Operating Agreement. Though Mr. Fields was not present at this meeting, it is understood by all other Members that Mr. Fields is in violation of the Agreement. Therefore, per the Operating Agreement, he is considered a non-voting Member. Unanimous consent was achieved with all other Members present and in support of the Motion.

Discussion Item: \$250k Capital Call

- The need is recognized, though will be confirmed on Monday 2/28/05 at Bill Edenfield meeting.
- Issues with accuracy of financials (Greenbax-managed vs. Plant-managed) will be discussed on Monday 2/28/05 at Bill Edenfield meeting.
- BDG of SC portion and split of call per the BDG of SC Operating Agreement discussed
- A request will be made during the 2/28/05 meeting with Greenbax to cap the Line of Credit at a lower amount.

Discussion Item: Performance of Sid Shingler – discussion centered around performance issues, suggestion tied to assigning specific metrics and targets for him (and the business), improving performance of the business including a focus on sales improvement and decreased risk to the business.

2BDG150

Discussion Item: \$50k Capital Call – Shortfall amount

- Status Discussed – Pat will discuss the matter with Robert directly on 2/28/05.

Discussion Item: Monday Meeting with Bill Edenfield and HSW Plant tour on Tuesday

Next Member Meeting

It was agreed unanimously that the next Member Meeting will be held:

Date: Wednesday, March 9, 2005

Time: 8:00 AM (CST)

Mr. Fields will be notified per the terms of the Operating Agreement.

No further business having been brought before the meeting, upon motion duly made, seconded, and unanimously adopted, the meeting did adjourn

Dated: February, 25, 2005

Secretary of the Meeting

2BDG151

Memorandum of Understanding

The following Memorandum of Understanding dated January 21, 2005 serves to provide the equity breakout relating to the BDG of SC ownership of Hickory Springs Water LLC (HSW LLC).

Equity Ownership in BDG of SC

The following are the partnership members of BDG of SC:

- ACC Ventures, LLC
 - Ownership %: 41.50%
- TDTF Partnership
 - Ownership %: 15.00%

The following are the individual members of BDG of SC:

- Robert Fields
 - Ownership %: 10.00%
- Tom Finnegan
 - Ownership %: 9.00%
- Dennis Byrd
 - Ownership %: 8.17%
- Andrew Easter
 - Ownership %: 8.17%
- Richard Gregg
 - Ownership %: 8.17%

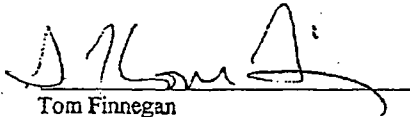
Rights of the Members

This Memorandum of Understanding becomes an addendum to the BDG of SC original Operating Agreement. It provides the individual members the full rights granted under the BDG of SC Operating Agreement and further serves to specify the individual ownership percentages of the members.

Agreement

By the following signatures, this MOU is agreed upon and accepted as of January 21, 2005:

Robert Fields

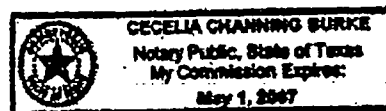
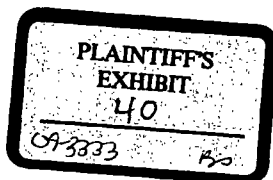

Tom Finnegan

Dennis Byrd

Andrew Easter

Richard Gregg


Notary



2BDG153

Memorandum of Understanding

The following Memorandum of Understanding dated January 21, 2005 serves to provide the equity breakout relating to the BDG of SC ownership of Hickory Springs Water LLC (HSW LLC).

Equity Ownership in BDG of SC

The following are the partnership members of BDG of SC:

- ACC Ventures, LLC
 - Ownership %: 41.50%
- TDTF Partnership
 - Ownership %: 15.00%

The following are the individual members of BDG of SC:

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 - Ownership %: 10.00%
- Tom Finnegan
 - Ownership %: 9.00%
- Dennis Byrd
 - Ownership %: 8.17%
- Andrew Easter
 - Ownership %: 8.17%
- Richard Gregg
 - Ownership %: 8.17%

Rights of the Members

This Memorandum of Understanding becomes an addendum to the BDG of SC original Operating Agreement. It provides the individual members the full rights granted under the BDG of SC Operating Agreement and further serves to specify the individual ownership percentages of the members.

Agreement

By the following signatures, this MOU is agreed upon and accepted as of January 21, 2005:

Robert Fields

Dennis Byrd

Richard Gregg

Tom Finnegan

Andrew Easter

Notary

Witnessed Dennis Byrd signature only on 1/22/05

"OFFICIAL SEAL"
Teresa T. Ferrer
Notary Public, State of Illinois
My Commission Expires 9-5-2005

2BDG154

Memorandum of Understanding

The following Memorandum of Understanding dated January 21, 2005 serves to provide the equity breakout relating to the BDG of SC ownership of Hickory Springs Water LLC (HSW LLC).

Equity Ownership in BDG of SC

The following are the partnership members of BDG of SC:

- ACC Ventures, LLC
 - o Ownership %: 41.50%
- TDTF Partnership
 - o Ownership %: 15.00%

The following are the individual members of BDG of SC:

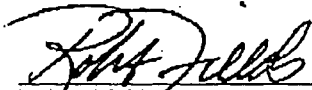
- Robert Fields
 - o Ownership %: 10.00%
- Tom Finnegan
 - o Ownership %: 9.00%
- Dennis Byrd
 - o Ownership %: 8.17%
- Andrew Easter
 - o Ownership %: 8.17%
- Richard Gregg
 - o Ownership %: 8.17%

Rights of the Members

This Memorandum of Understanding becomes an addendum to the BDG of SC original Operating Agreement. It provides the individual members the full rights granted under the BDG of SC Operating Agreement and further serves to specify the individual ownership percentages of the members.

Agreement

By the following signatures, this MOU is agreed upon and accepted as of January 21, 2005:

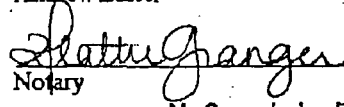

Robert Fields

Tom Finnegan

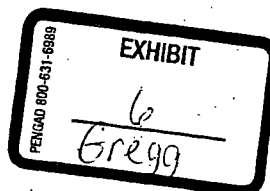
Dennis Byrd

Andrew Easter

Richard Gregg


Notary

My Commission Expires
February 18, 2009



2BDG152



STATE OF SOUTH CAROLINA)
COUNTY OF CHARLESTON) IN THE COURT OF COMMON PLEAS
Clifford C. Hansen,)
Plaintiff,)
vs.)
Fields Company, LLC; Beechwood Advisory)
Group, Inc., Beechwood Development Group)
Of South Carolina, LLC, and Beechwood)
Development Group, Inc.)
Defendants.)

Civil Action No. 09 CP 10 333

AGREEMENT FOLLOWING
MEDIATION CONFERENCE

Following a mediation conference before F. Earl Ellis, Jr., the mutually agreed upon mediator, the parties to the case agree that this case has been fully and completely resolved by agreement as follows:

1. The defendant shall pay [REDACTED] to the plaintiff which total figure includes all costs, liens, expenses, and attorney fees, as damages in this case.
2. All payments will be made no later than [REDACTED] for full release of any + whole personal liability.
3. The defendant will prepare a General Release, releasing all parties or entities from all claims by the plaintiff which will be signed by the plaintiff and plaintiff's attorney, and also will prepare a Consent Order of Dismissal with prejudice which will be signed by the attorneys for all the parties.

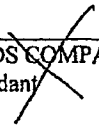
4. This agreement is final and binding upon all parties to this case and is enforceable in any court of law of general jurisdiction.

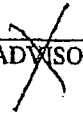
Dated this 28th day of JAN., 2011.

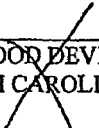
5. The [REDACTED] is being paid [REDACTED] on behalf of BAC, Inc., its directors, etc. as described [REDACTED]
6. Parties agree a more definitive release document will be prepared + its terms shall control all future issues. This document contains signatures on next page

WE AGREE:

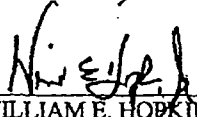

CLIFFORD C. HANSEN
Plaintiff

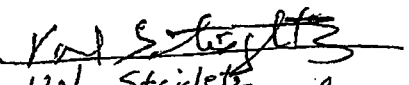

FIELDS COMPANY, LLC
Defendant

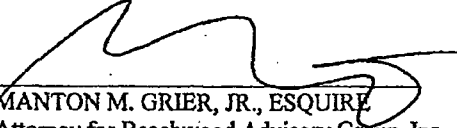

BEECHWOOD ADVISORY GROUP, INC.
Defendant

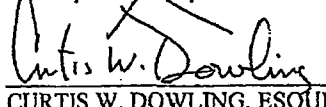

BEECHWOOD DEVELOPMENT GROUP
OF SOUTH CAROLINA, LLC
Defendant


BEECHWOOD DEVELOPMENT GROUP, INC.
Defendant

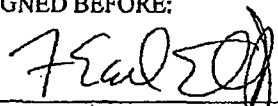

WILLIAM E. HOPKINS, JR., ESQUIRE
Attorney for Plaintiff

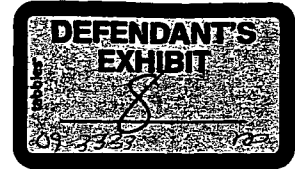

J. RUTLEDGE YOUNG, III, ESQUIRE
Attorney for Defendant-Beechwood
Development Group
VAI Steigleitz is atty for BAG, Inc. & signing on behalf of BAG + Byrd


MANTION M. GRIER, JR., ESQUIRE
Attorney for Beechwood Advisory Group, Inc.
also signing on behalf of Gregg + Byrd


CURTIS W. DOWLING, ESQUIRE
Attorney for Insurance Carrier for BAG, Inc.
Philadelphia Ind. Co

SIGNED BEFORE:

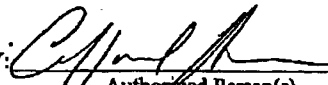

F. EARL ELLIS, JR. - mediator



**STATE of DELAWARE
LIMITED LIABILITY COMPANY
CERTIFICATE of FORMATION**

- **First:** The name of the limited liability company is **Carolina Springs Bottling, LLC.**
- **Second:** The address of its registered office in the State of Delaware is **Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle, Zip Code 19801.**
- The name of its Registered agent at such address is **The Corporation Trust Company.**
- **Third:** *(Use this paragraph only if the company is to have a specific effective date of dissolution.)* "The latest date on which the limited liability company is to dissolve is **January 1, 2075.**
- **Fourth:** *(Insert any other matters the members determine to include herein.)*

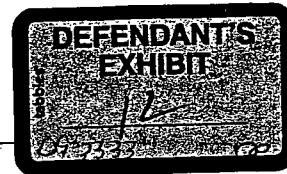
IN WITNESS WHEREOF, the undersigned have executed this Certificate of Formation of Carolina Springs Bottling, LLC this 21 day of April, 2003.

BY: 
Authorized Person(s)

NAME: Clifford C. Hansen
Type or Print

State of Delaware
Secretary of State
Division of Corporations
Delivered 11:00 AM 04/29/2003
FILED 11:00 AM 04/29/2003
SRV 030276691 - 3652596 FILE

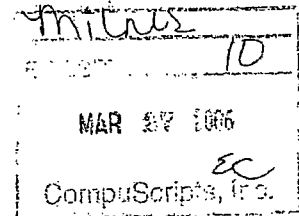
Hansen 0176



Redacted Info.

George Milner <GMilner@sc.rr.com> wrote:

From: "George Milner"
To: "Clifford Hansen"
CC: "Mike Jones"
Subject: Hickory Springs
Date: Mon, 31 May 2004 10:03:47 -0400



Clifford, Based on your statement that you plan to commence legal action against Robert Fields and/or affiliated entities and the possibility that that there might be independent claims or counter claims from Robert Fields et al; I am suspending our negotiations on the possible sale of Hickory Springs assets to Carolina Springs Bottling until further notice. This being the case, I do not plan to execute the Letter of Intent (LOI) faxed to me May 26, 2004 until this issue or other issues that might arise are resolved to my satisfaction at which time I will reassess the proposed LOI. Accordingly, please do not wire the \$50,000 "Standstill" payment as contemplated in Paragraph 2. of the referenced LOI. George Milner

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5/16/2004

UNCONDITIONAL GUARANTY

July 15, 2004

Hickory Springs Water, LLC
182 East Bay Street, Suite 302
Charleston, South Carolina 29401
(Individually and collectively "Borrower")

Beechwood Advisory Group, Inc.
182 East Bay Street
Charleston, South Carolina 29401
(Individually and collectively "Guarantor")

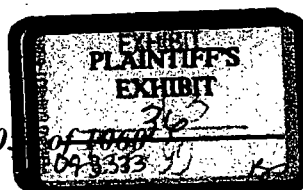
Wachovia Bank, National Association
15 S Main Street
Greenville, South Carolina 29601
(Hereinafter referred to as "Bank")

To induce Bank to make, extend or renew loans, advances, credit, or other financial accommodations to or for the benefit of Borrower, which are and will be to the direct interest and advantage of the Guarantor, and in consideration of loans, advances, credit, or other financial accommodations made, extended or renewed to or for the benefit of Borrower, which are and will be to the direct interest and advantage of the Guarantor, Guarantor hereby absolutely, irrevocably and unconditionally guarantees to Bank and its successors, assigns and affiliates the timely payment and performance of all liabilities and obligations of Borrower to Bank and its affiliates, including, but not limited to, all obligations under any notes, loan agreements, security agreements, letters of credit, instruments, accounts receivable, contracts, drafts, leases, chattel paper, indemnities, acceptances, repurchase agreements, overdrafts, and the Loan Documents, as defined below, and all obligations of Borrower to Bank or any of its affiliates under any swap agreement (as defined in 11 U.S.C. § 101, as in effect from time to time), however and whenever incurred or evidenced, whether primary, secondary, direct, indirect, absolute, contingent, due or to become due, now existing or hereafter contracted or acquired, and all modifications, extensions and renewals thereof, (collectively, the "Guaranteed Obligations").

The maximum liability of Guarantor shall be limited to, (a) a sum equal to 48.00% of the aggregate principal amount of the Guaranteed Obligations outstanding at the earlier time of demand under this Guaranty or bankruptcy of the Guarantor plus, (b) all unpaid interest, including interest that but for the filing of bankruptcy would have accrued on Guaranteed Obligations, attorneys' fees, fees, and expenses payable as part of the Guaranteed Obligations. For the purpose of determining the liability of Guarantor, the calculation of the aggregate principal amount of the Guaranteed Obligations shall not be reduced by the collateral held as security for the Guaranteed Obligations or by payments received or to be received for credit to the Guaranteed Obligations from sources other than Borrower.

Guarantor further covenants and agrees:

GUARANTOR'S LIABILITY. This Guaranty is a continuing and unconditional guaranty of payment and performance and not of collection. The parties to this Guaranty are jointly and severally obligated hereunder. This Guaranty does not impose any obligation on Bank to extend or continue to extend credit or otherwise deal with Borrower at any subsequent time. This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of the Guaranteed Obligations is rescinded, avoided or for any other reason must be returned by Bank, and the returned payment shall remain payable as part of the Guaranteed Obligations, all as though such payment had not been made. Except to the extent the provisions of this Guaranty give Bank additional rights, this Guaranty shall not be



deemed to supersede or replace any other guaranties given to Bank by Guarantor, and the obligations guaranteed hereby shall be in addition to any other obligations guaranteed by Guarantor pursuant to any other agreement of guaranty given to Bank and other guaranties of the Guaranteed Obligations.

TERMINATION OF GUARANTY. Guarantor may terminate this Guaranty only by written notice, delivered personally to or received by certified or registered United States Mail by an authorized officer of Bank at the address for notices provided herein. Such termination shall be effective only with respect to Guaranteed Obligations arising more than 15 days after the date such written notice is received by said Bank officer. Such termination shall not be effective with respect to Guaranteed Obligations (including any subsequent extensions, modifications or compromises of the Guaranteed Obligations) then existing, or Guaranteed Obligations arising subsequent to receipt by Bank of said notice if such Guaranteed Obligations are a result of Bank's obligation to make advances pursuant to a commitment, or are based on Borrower's obligations to make payments pursuant to any swap agreement (as defined in 11 U.S.C. § 101, as in effect from time to time), entered into prior to expiration of the 15 day notice period, or are a result of advances which are necessary for Bank to protect its collateral or otherwise preserve its interests. Termination of this Guaranty by any single Guarantor will not affect the existing and continuing obligations of any other Guarantor hereunder.

CONSENT TO MODIFICATIONS. Guarantor consents and agrees that Bank (and, with respect to swap obligations, its affiliates) may from time to time, in its sole discretion, without affecting, impairing, lessening or releasing the obligations of Guarantor hereunder: (a) extend or modify the time, manner, place or terms of payment or performance and/or otherwise change or modify the credit terms of the Guaranteed Obligations; (b) increase, renew, or enter into a novation of the Guaranteed Obligations; (c) waive or consent to the departure from terms of the Guaranteed Obligations; (d) permit any change in the business or other dealings and relations of Borrower or any other guarantor with Bank; (e) proceed against, exchange, release, realize upon, or otherwise deal with in any manner any collateral that is or may be held by Bank in connection with the Guaranteed Obligations or any liabilities or obligations of Guarantor; and (f) proceed against, settle, release, or compromise with Borrower, any insurance carrier, or any other person or entity liable as to any part of the Guaranteed Obligations, and/or subordinate the payment of any part of the Guaranteed Obligations to the payment of any other obligations, which may at any time be due or owing to Bank; all in such manner and upon such terms as Bank may deem appropriate, and without notice to or further consent from Guarantor. No invalidity, irregularity, discharge or unenforceability of, or action or omission by Bank relating to any part of the Guaranteed Obligations or any security therefor shall affect or impair this Guaranty.

WAIVERS AND ACKNOWLEDGMENTS. Guarantor waives and releases the following rights, demands, and defenses Guarantor may have with respect to Bank (and, with respect to swap obligations, its affiliates) and collection of the Guaranteed Obligations: (a) promptness and diligence in collection of any of the Guaranteed Obligations from Borrower or any other person liable thereon, and in foreclosure of any security interest and sale of any property serving as collateral for the Guaranteed Obligations; (b) any law or statute that requires that Bank (and, with respect to swap obligations, its affiliates) make demand upon, assert claims against, or collect from Borrower or other persons or entities, foreclose any security interest, sell collateral, exhaust any remedies, or take any other action against Borrower or other persons or entities prior to making demand upon, collecting from or taking action against Guarantor with respect to the Guaranteed Obligations, including any such rights Guarantor might otherwise have had under Va. Code §§ 49-25 and 49-26, et seq., N.C.G.S. §§ 26-7, et seq., Tenn. Code Ann. § 47-12-101, O.C.G.A. § 10-7-24 and any successor statute and any other applicable law; (c) any law or statute that requires that Borrower or any other person be joined in, notified of or made part of any action against Guarantor; (d) that Bank or its affiliates preserve, insure or perfect any security interest in collateral or sell or dispose of collateral in a particular manner or at a particular time, provided that Bank's obligation to dispose of Collateral in a commercially reasonable manner is not waived hereby; (e) notice of extensions, modifications, renewals, or novations of the Guaranteed Obligations, of any new transactions or other relationships between Bank, Borrower and/or any guarantor, and of changes in the financial condition of, ownership of, or business structure of Borrower or any other guarantor; (f)

presentment, protest, notice of dishonor, notice of default, demand for payment, notice of intention to accelerate maturity, notice of acceleration of maturity, notice of sale, and all other notices of any kind whatsoever to which Guarantor may be entitled; (g) the right to assert against Bank or its affiliates any defense (legal or equitable), set-off, counterclaim, or claim that Guarantor may have at any time against Borrower or any other party liable to Bank or its affiliates; (h) all defenses relating to invalidity, insufficiency, unenforceability, enforcement, release or impairment of Bank or its affiliates' lien on any collateral, of the Loan Documents, or of any other guaranties held by Bank; (i) any right to which Guarantor is or may become entitled to be subrogated to Bank or its affiliates' rights against Borrower or to seek contribution, reimbursement, indemnification, payment or the like, or participation in any claim, right or remedy of Bank or its affiliates against Borrower or any security which Bank or its affiliates now has or hereafter acquires, until such time as the Guaranteed Obligations have been fully satisfied beyond the expiration of any applicable preference period; (j) any claim or defense that acceleration of maturity of the Guaranteed Obligations is stayed against Guarantor because of the stay of assertion or of acceleration of claims against any other person or entity for any reason including the bankruptcy or insolvency of that person or entity; and (k) the right to marshalling of Borrower's assets or the benefit of any exemption claimed by Guarantor. Guarantor acknowledges and represents that Guarantor has relied upon Guarantor's own due diligence in making an independent appraisal of Borrower, Borrower's business affairs and financial condition, and any collateral; Guarantor will continue to be responsible for making an independent appraisal of such matters; and Guarantor has not relied upon Bank or its affiliates for information regarding Borrower or any collateral.

FINANCIAL CONDITION. Guarantor warrants, represents and covenants to Bank and its affiliates that on and after the date hereof: (a) the fair saleable value of Guarantor's assets exceeds its liabilities, Guarantor is meeting its current liabilities as they mature, and Guarantor is and shall remain solvent; (b) all financial statements of Guarantor furnished to Bank are correct and accurately reflect the financial condition of Guarantor as of the respective dates thereof; (c) since the date of such financial statements, there has not occurred a material adverse change in the financial condition of Guarantor; (d) there are not now pending any court or administrative proceedings or undischarged judgments against Guarantor, no federal or state tax liens have been filed or threatened against Guarantor, and Guarantor is not in default or claimed default under any agreement; and (e) at such reasonable times as Bank requests, Guarantor will furnish Bank and its affiliates with such other financial information as Bank and its affiliates may reasonably request.

INTEREST AND APPLICATION OF PAYMENTS. Regardless of any other provision of this Guaranty or other Loan Documents, if for any reason the effective interest on any of the Guaranteed Obligations should exceed the maximum lawful interest, the effective interest shall be deemed reduced to and shall be such maximum lawful interest, and any sums of interest which have been collected in excess of such maximum lawful interest shall be applied as a credit against the unpaid principal balance of the Guaranteed Obligations. Monies received from any source by Bank or its affiliates for application toward payment of the Guaranteed Obligations may be applied to such Guaranteed Obligations in any manner or order deemed appropriate by Bank and its affiliates.

DEFAULT. If any of the following events occur, a default ("Default") under this Guaranty shall exist: (a) failure of timely payment or performance of the Guaranteed Obligations or a default under any Loan Document; (b) a breach of any agreement or representation contained or referred to in the Guaranty, or any of the Loan Documents, or contained in any other contract or agreement of Guarantor with Bank or its affiliates, whether now existing or hereafter arising; (c) the death of, appointment of a guardian for, dissolution of, termination of existence of, loss of good standing status by, appointment of a receiver for, assignment for the benefit of creditors of, or the commencement of any insolvency or bankruptcy proceeding by or against Guarantor or any general partner of or the holder(s) of the majority ownership interests of Guarantor; and/or (d) Bank determines in good faith, in its sole discretion, that the prospects for payment or performance of the Guaranteed Obligations are impaired or a material adverse change has occurred in the business or prospects of Borrower or Guarantor, financial or otherwise.

If a Default occurs, the Guaranteed Obligations shall be due immediately and payable without notice, other than Guaranteed Obligations under any swap agreements (as defined in 11 U.S.C. § 101, as in effect from time to time) with Bank or its affiliates, which shall be due in accordance with and governed by the provisions of said swap agreements, and, Bank and its affiliates may exercise any rights and remedies as provided in this Guaranty and other Loan Documents, or as provided at law or equity. Guarantor shall pay interest on the Guaranteed Obligations from such Default at the highest rate of interest charged on any of the Guaranteed Obligations.

ATTORNEYS' FEES AND OTHER COSTS OF COLLECTION. Guarantor shall pay all of Bank's and its affiliates' reasonable expenses incurred to enforce or collect any of the Guaranteed Obligations, including, without limitation, reasonable arbitration, paralegals', attorneys' and experts' fees and expenses, whether incurred without the commencement of a suit, in any suit, arbitration, or administrative proceeding, or in any appellate or bankruptcy proceeding.

SUBORDINATION OF OTHER DEBTS. Guarantor agrees: (a) to subordinate the obligations now or hereafter owed by Borrower to Guarantor ("Subordinated Debt") to any and all obligations of Borrower to Bank or its affiliates now or hereafter existing while this Guaranty is in effect, provided however that Guarantor may receive regularly scheduled principal and interest payments on the Subordinated Debt so long as (i) all sums due and payable by Borrower to Bank and its affiliates have been paid in full on or prior to such date, and (ii) no event or condition which constitutes or which with notice or the lapse of time would constitute an event of default with respect to the Guaranteed Obligations shall be continuing on or as of the payment date; (b) Guarantor will either place a legend indicating such subordination on every note, ledger page or other document evidencing any part of the Subordinated Debt or deliver such documents to Bank; and (c) except as permitted by this paragraph, Guarantor will not request or accept payment of or any security for any part of the Subordinated Debt, and any proceeds of the Subordinated Debt paid to Guarantor, through error or otherwise, shall immediately be forwarded to Bank by Guarantor, properly endorsed to the order of Bank, to apply to the Guaranteed Obligations.

MISCELLANEOUS. Assignment. This Guaranty and other Loan Documents shall inure to the benefit of and be binding upon the parties and their respective heirs, legal representatives, successors and assigns. Bank's interests in and rights under this Guaranty and other Loan Documents are freely assignable, in whole or in part, by Bank. Any assignment shall not release Guarantor from the Guaranteed Obligations. **Organization; Powers.** Guarantor (i) is (a) an adult individual and is sui juris, or (b) a corporation, general partnership, limited partnership, limited liability company or other legal entity (as indicated below), duly organized, validly existing and in good standing under the laws of its state of organization, and is authorized to do business in each other jurisdiction wherein its ownership of property or conduct of business legally requires such organization, (ii) has the power and authority to own its properties and assets and to carry on its business as now being conducted and as now contemplated; and (iii) has the power and authority to execute, deliver and perform, and by all necessary action has authorized the execution, delivery and performance of, all of its obligations under this Guaranty and any other Loan Document to which it is a party. **Applicable Law; Conflict Between Documents.** This Guaranty shall be governed by and construed under the laws of the state named in Bank's address shown above without regard to that state's conflict of laws principles. If the terms of this Guaranty should conflict with the terms of any commitment letter that survives closing, the terms of this Guaranty shall control. **Guarantor's Accounts.** Except as prohibited by law, Guarantor grants Bank and its affiliates a security interest in all of Guarantor's accounts with Bank and its affiliates. **Jurisdiction.** Guarantor irrevocably agrees to non-exclusive personal jurisdiction in the state named in Bank's address shown above. **Severability.** If any provision of this Guaranty or of the other Loan Documents shall be prohibited or invalid under applicable law, such provision shall be ineffective but only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Guaranty or other Loan Documents. **Notices.** Any notices to Guarantor shall be sufficiently given if in writing and mailed or delivered to Guarantor's address shown above or such other address as provided hereunder, and to Bank, if in writing and mailed or delivered to Wachovia Bank, National Association, Mail Code VA7391, P. O. Box 13327, Roanoke, VA 24040 or Wachovia Bank, National Association, Mail Code VA7391, 10

South Jefferson Street, Roanoke, VA 24011 or such other address as Bank may specify in writing from time to time. Notices to Bank must include the mail code. In the event that Guarantor changes Guarantor's address at any time prior to the date the Guaranteed Obligations are paid in full, Guarantor agrees to promptly give written notice of said change of address to Bank by registered or certified mail, return receipt requested, all charges prepaid. **Plural; Captions.** All references in the Loan Documents to borrower, guarantor, person, document or other nouns of reference mean both the singular and plural form, as the case may be, and the term "person" shall mean any individual person or entity. The captions contained in the Loan Documents are inserted for convenience only and shall not affect the meaning or interpretation of the Loan Documents. **Binding Contract.** Guarantor by execution of and Bank by acceptance of this Guaranty agree that each party is bound to all terms and provisions of this Guaranty. **Amendments, Waivers and Remedies.** No waivers, amendments or modifications of this Guaranty and other Loan Documents shall be valid unless in writing and signed by an officer of Bank. No waiver by Bank or its affiliates of any Default shall operate as a waiver of any other Default or the same Default on a future occasion. Neither the failure nor any delay on the part of Bank or its affiliates in exercising any right, power, or privilege granted pursuant to this Guaranty and other Loan Documents shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise or the exercise of any other right, power or privilege. All remedies available to Bank or its affiliates with respect to this Guaranty and other Loan Documents and remedies available at law or in equity shall be cumulative and may be pursued concurrently or successively. **Partnerships.** If Guarantor is a partnership, the obligations, liabilities and agreements on the part of Guarantor shall remain in full force and effect and fully applicable notwithstanding any changes in the individuals comprising the partnership. The term "Guarantor" includes any altered or successive partnerships, and predecessor partnership(s) and the partners shall not be released from any obligations or liabilities hereunder. **Loan Documents.** The term "Loan Documents" refers to all documents executed in connection with or related to the Guaranteed Obligations and may include, without limitation, commitment letters that survive closing, loan agreements, other guaranty agreements, security agreements, instruments, financing statements, mortgages, deeds of trust, deeds to secure debt, letters of credit and any amendments or supplements (excluding swap agreements as defined in 11 U.S.C. § 101, as in effect from time to time). **LIMITATION ON LIABILITY; WAIVER OF PUNITIVE DAMAGES.** EACH OF THE PARTIES HERETO, INCLUDING BANK BY ACCEPTANCE HEREOF, AGREES THAT IN ANY JUDICIAL, MEDIATION OR ARBITRATION PROCEEDING OR ANY CLAIM OR CONTROVERSY BETWEEN OR AMONG THEM THAT MAY ARISE OUT OF OR BE IN ANY WAY CONNECTED WITH THIS AGREEMENT, THE LOAN DOCUMENTS OR ANY OTHER AGREEMENT OR DOCUMENT BETWEEN OR AMONG THEM OR THE OBLIGATIONS EVIDENCED HEREBY OR RELATED HERETO, IN NO EVENT SHALL ANY PARTY HAVE A REMEDY OF, OR BE LIABLE TO THE OTHER FOR, (1) INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES OR (2) PUNITIVE OR EXEMPLARY DAMAGES. EACH OF THE PARTIES HEREBY EXPRESSLY WAIVES ANY RIGHT OR CLAIM TO PUNITIVE OR EXEMPLARY DAMAGES THEY MAY HAVE OR WHICH MAY ARISE IN THE FUTURE IN CONNECTION WITH ANY SUCH PROCEEDING, CLAIM OR CONTROVERSY, WHETHER THE SAME IS RESOLVED BY ARBITRATION, MEDIATION, JUDICIALLY OR OTHERWISE.

FINANCIAL AND OTHER INFORMATION. Guarantor shall deliver to Bank such information as Bank may reasonably request from time to time, including without limitation, financial statements and information pertaining to Guarantor's financial condition. Such information shall be true, complete, and accurate.

NEGATIVE COVENANTS. Guarantor agrees that from the date hereof and until final payment in full of the Guaranteed Obligations, unless Bank shall otherwise consent in writing, Guarantor will not: **Default on Other Contracts or Obligations.** Default on any material contract with or obligation when due to a third party or default in the performance of any obligation to a third party incurred for money borrowed. **Government Intervention.** Permit the assertion or making of any seizure, vesting or intervention by or under authority of any governmental entity, as a result of which the management of Guarantor or any guarantor is displaced of its authority in the conduct of its respective business or such business is curtailed or materially impaired. **Judgment Entered.** Permit the entry of any monetary judgment or the

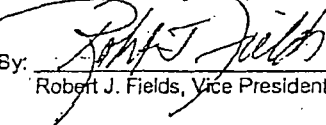
assessment against, the filing of any tax lien against, or the issuance of any writ of garnishment or attachment against any property of or debts due. Retire or Repurchase Capital Stock. Retire or otherwise acquire any of its capital stock.

PERIODIC FINANCIAL STATEMENTS. Guarantor shall deliver to Bank, within 45 days after the end of each fiscal quarter, reviewed quarterly financial statements including, without limitation, a balance sheet, profit and loss statement and statement of cash flows, with supporting schedules; all in reasonable detail and prepared in conformity with generally accepted accounting principles, applied on a basis consistent with that of the preceding year. Such statements shall be certified as to their correctness by a principal financial officer of Guarantor and in each case, if audited statements are required, subject to audit and year-end adjustments.

WAIVER OF JURY TRIAL. TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH OF GUARANTOR BY EXECUTION HEREOF AND BANK BY ACCEPTANCE HEREOF, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHT EACH MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS GUARANTY, THE LOAN DOCUMENTS OR ANY AGREEMENT CONTEMPLATED TO BE EXECUTED IN CONNECTION WITH THIS GUARANTY, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY WITH RESPECT HERETO. THIS PROVISION IS A MATERIAL INDUCEMENT TO BANK TO ACCEPT THIS GUARANTY. EACH OF THE PARTIES AGREES THAT THE TERMS HEREOF SHALL SUPERSEDE AND REPLACE ANY PRIOR AGREEMENT RELATED TO ARBITRATION OF DISPUTES BETWEEN THE PARTIES CONTAINED IN ANY LOAN DOCUMENT OR ANY OTHER DOCUMENT OR AGREEMENT HERETOFORE EXECUTED IN CONNECTION WITH, RELATED TO OR BEING REPLACED, SUPPLEMENTED, EXTENDED OR MODIFIED BY, THIS GUARANTY.

IN WITNESS WHEREOF, Guarantor, on the day and year first written above, has caused this Unconditional Guaranty to be executed under seal

Beechwood Advisory Group, Inc.

By:  (SEAL)

Robert J. Fields, Vice President

Tracking #: 88587 RKE
CAT - Deal # 288346 Facility ID 260769

THE STATE OF SOUTH CAROLINA
In The Court of Appeals

APPEAL FROM CHARLESTON COUNTY
Court of Common Pleas

The Honorable Kristi Lea Harrington, Circuit Court Judge

Appellate Case No. 2011-190886

Clifford C. Hansen.....Respondent/Appellant.

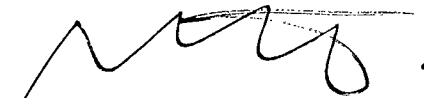
v.

Fields Company, LLC; Beechwood Advisory Group, Inc.;
Beechwood Development Group of South Carolina, LLC;
And Beechwood Development Group, Inc. Defendants,

Of Whom Beechwood Development Group
of South Carolina, LLC is the.....Appellant/Respondent.

CERTIFICATE OF COUNSEL

The undersigned hereby certifies that the Record on Appeal Contains all material
proposed to be included by any of the parties and not any other material.



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