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RECEIVED STATE

THE LIMITED PARTNERSHIP INTEREST REPRESENTED BY THIS AGREEMENT HAS NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND IS OFFERED PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY SECTION 4(2) OF THE ACT AND THE RULES AND REGULATIONS ADOPTED THEREUNDER AND SIMILAR EXEMPTIONS UNDER §30-1435 OF THE SECURITIES ACT OF IDAHO. SUCH INTEREST MAY NOT BE OFFERED FOR SALE, SOLD, DELIVERED AFTER SALE, TRANSFERRED, PLEDGED, OR HYPOTHECATED TO ANY PERSON IN THE ABSENCE OF AN OPINION OF COUNSEL SATISFACTORY TO THE GENERAL PARTNER THAT SUCH REGISTRATION OR QUALIFICATION IS NOT REQUIRED.

CERTIFICATE AND AGREEMENT OF LIMITED PARTNERSHIP OF
AMERICAN ENTERTAINMENT LIMITED PARTNERSHIP

This Certificate and Agreement of Limited Partnership is entered into by and between American Cowboys, Inc. as General Partner and Neil Nicholas as the Initial Limited Partner. The parties hereto do hereby form a Limited Partnership pursuant to the Idaho Limited Partnership Act (Title 53, Chapter 2) as amended and for that purpose do hereby agree as follows:

ARTICLE I
NAME

- 1.1 The Partnership name shall be American Entertainment Limited Partnership.
- 1.2 The General Partner, in its discretion, may change the Partnership name at any time, or from time to time, and may cause the Partnership to do business at the same time, under one or more fictitious names if the General Partner deems it in the best interest of the Partnership. However, the surname of any Limited Partner shall not appear in the Partnership name or in a fictitious name to be used by the Partnership.

ARTICLE II
FORMATION OF PARTNERSHIP

- 2.1 The parties hereby form a Limited Partnership (hereinafter referred to as the "Partnership") pursuant to the provisions of the Limited Partnership Act as adopted by the State of Idaho. The partners shall execute and cause to be recorded a Certificate of Limited Partnership and any additional documents as may be necessary or appropriate to form a limited partnership pursuant to the laws of the State of Idaho.

ARTICLE III
PURPOSES

- 3.1 The purposes for which the Partnership is formed shall be:
- A. To lease, license, distribute and exploit Sound Recordings of all types, including but not limited to commercial advertising "jingles", broadcast "images", recordings of live entertainment performances and musical recordings.
 - B. To produce live entertainment events within and without the State of Idaho.
 - C. To acquire, lease, license, purchase, hold, manufacture, modify, customize, sell, trade or otherwise dispose of real or personal property, copyrights and marketing rights.
 - D. To make any investments or expenditures, and to take any and all action, and to engage in any and all activity which is incidental or reasonably related to any purpose of the Partnership as described herein.
 - E. To incur indebtedness, secured or unsecured, for any of the purposes of the Partnership.
 - F. Any other purposes as are necessary to protect or enhance the assets of the Partnership.

ARTICLE IV
PRINCIPAL BUSINESS ADDRESS AND ADDRESS OF GENERAL PARTNER

- 4.1 The principal mailing address, principal place of business and specified office of the Partnership, unless changed by the General Partner upon notice to the Limited Partners, shall be:

2310 North 4th Street
Coeur d'Alene, Idaho 83814

- 4.2 The address of the General Partner is:

2310 North 4th Street
Coeur d'Alene, Idaho 83814

ARTICLE V
TERM

- 5.1 The term of the Partnership shall commence upon the filing hereof with the office of the Secretary of State and terminate in the year 2005 on the anniversary date of the Partnership unless earlier terminated in accordance with Article XIX.

ARTICLE VI
DEFINITIONS

- 6.1 Assumption Agreement. The agreement whereby each Limited Partner agrees to assume personal liability a pro rata portion of the Partnership's liability under \$700,000 Promissory Note in an amount not to exceed \$20,000 per Unit plus accrued interest thereon.
- 6.2 Cash Available for Distribution. Partnership Revenues, less cash disbursements made for Partnership purposes as determined by the General Partner, said disbursements including but not limited to all expenses (including fees and expenses to the General Partner and lease payments) and debt payments and less any amount set aside by the General Partner for creation or restoration of reserve or working capital accounts.
- 6.3 Capital Account. The total capital contributed to the Partnership by a Partner increased by the Partner's share of Partnership profits and any additional capital contributions and decreased by the Partner's share of Partnership losses and any cash distributions.
- 6.4 Cash Capital Contribution. The cash payment by each Limited Partner is a total of \$52,000 per Unit, payable \$26,000 upon subscription and \$26,000 on or before March 1, 1984.

- 6.5 Closing Date. The date after which no further sale of Units will be made. December, 15 1983 is the Closing Date, unless extended without notice by the General Partner to no later than December 31, 1983.
- 6.6 General Partner. The persons or entities which have full and exclusive powers of management and control of Partnership affairs. American Cowboys, Inc. is the Corporate General Partner of the Partnership.
- 6.7 Initial Capital Contribution. The total of the Cash Capital Contributions and the liability assumed equalling \$72,000 per Unit.
- 6.8 Investors Notes. A series of promissory notes, face value \$20,000, to be issued by the partnership which notes carry a subordinated interest in distributions made by the Partnership.
- 6.9 Limited Partner. Any person who properly executes a Subscription Agreement, including Appendices, which is accepted by the General Partner and who is admitted to the Partnership as evidenced by thereafter filing a Certificate of Limited Partnership or an amendment thereto, and any person who is duly admitted to the Partnership as a substituted Limited Partner.
- 6.10 Limited Partnership Unit. An interest in the Partnership's capital of \$72,000 sometimes referred to as "Unit(s)".
- 6.11 Partners. The General Partner, any successor General Partner, and all Limited Partners, collectively.
- 6.12 Partnership. American Entertainment Limited Partnership, an Idaho Limited Partnership.
- 6.13 Partnership Revenues. All revenues received by the Partnership from its operations after payment of distributors but before other expenses.

ARTICLE VII PARTNERS AND CAPITAL CONTRIBUTIONS

- 7.1 The General Partner will contribute to the capital of the Partnership Fifty Thousand Dollars (\$50,000) in the form of a demand promissory note, due in any event in ten (10) years, to the Partnership, and it shall share in the profits, losses and distributions in the manner and amount as hereinafter described in this Agreement. The General Partner shall have no right to withdraw or reduce their

contribution to capital except upon dissolution and as otherwise provided by law. The General Partner shall have no right to demand or receive property other than cash in return for their contribution nor may they share in a partition of Partnership property.

7.2 Neil Nicholas, 1441 E. Aloha, Seattle, Washington, 98112, shall be the Initial Limited Partner at the formation of the Partnership, and he shall contribute the sum of One Hundred Dollars (\$100.00) in cash to the capital of the Partnership. The Initial Limited Partner shall withdraw as a Limited Partner concurrent with the filing of an amendment to this Certificate and Agreement of Limited Partnership which admits additional Limited Partners. The Initial Limited Partner's capital contribution will be returned to him in cash on the first business day after the admission of additional Limited Partners, upon which occurrence the interest of the Initial Limited Partner in the Partnership shall be liquidated and the Initial Limited Partner shall cease to be a Limited Partner. The additional Limited Partners consent to the Initial Limited Partner's withdrawal of his capital contribution and waive and release the Initial Limited Partner and the General Partner from any right, claim or action that they may have against any of them as a consequence of such withdrawal.

7.3 The Partnership intends to offer Thirty-Five (35) Limited Partnership interests ("Units") to qualified prospective investors. The minimum investment by a Limited Partner shall be one (1) Limited Partnership Unit, provided that, in the sole discretion of the General Partner subscriptions for less than one (1) unit may be accepted. However, the General Partner may not accept any subscription if such acceptance would result in over thirty-five (35) nonaccredited investors becoming Limited Partners and holders of the Investor Notes. Each Limited Partner agrees to and shall make, at the time of the execution of the Subscription Agreement, the Initial Capital Contribution as set forth in Paragraph 7.6. Each such person shall be admitted to the Partnership at such time as:

- A. The Partner has executed a Subscription Agreement for a Limited Partnership Unit or Units and the General Partner has accepted said Subscription Agreement.
- B. The Limited Partner has executed and acknowledged or sworn to, such documents as the General Partner may require pursuant to which the Limited Partner evidences to the General Partner his suitability to make the investment and agrees to be bound by the terms and

provisions of this Agreement, and grants to the General Partner the Power of Attorney required by this Agreement.

- 7.4 Within 30 days of the admission of a new or substitute Limited Partner, the General Partner shall cause to be recorded with the Secretary of State of the State of Idaho, this Certificate and Agreement of Limited Partnership, or an amendment to this Certificate and Agreement of Limited Partnership naming such person as a Limited Partner.
- 7.5 No person shall be admitted to the Partnership as a Limited Partner except those persons who subscribe before the date or other termination of the Offering of Limited Partnership Units and whose subscriptions are accepted by the General Partner in their sole discretion.
- 7.6 The Initial Capital Contribution shall equal Seventy-Two Thousand Dollars (\$72,000) per Unit, payable as follows:
- A. \$26,000 in cost upon subscription;
 - B. \$26,000 in cash on or before March 1, 1984 as evidenced by a non-interest bearing Promissory Note payable to the Partnership; and
 - C. Assumption of a pro rata portion on a \$700,000 Promissory Note to be issued by the Partnership, said liability not to exclude \$20,000 per Unit in any event.
- 7.7 A capital account shall be established for each Partner, and Such capital account shall be credited with each contribution to the Partnership capital made by each Partner. Each such capital account for Limited Partners shall consist initially of the Cash Initial Contribution made by each Limited Partner in the amount of \$72,000 per Unit. Further, additional contributions made pursuant to paragraph 7.9 and net profits, losses and distributions, as determined under Article XII and the provisions thereunder, shall be debited or credited to each Partner's capital account as appropriate.

In the event of termination and liquidation, distributions shall be made in accordance with paragraph 19.2 and each Partner's capital account excepting however, that upon sale of any Partnership property at liquidation there shall be charged back to any Partner who received a special allocation with respect to such property the amount of any gain received, limited however to the amount of the special allocation.

- 7.8 No Partner shall have the right to demand the return of his contribution to capital, or to withdraw or reduce his contributions to the capital of the Partnership except upon the dissolution of the Limited Partnership and liquidation of its assets, provided, however, that the capital contributions may be reduced by distributions authorized by the General Partner and made concurrently to all Partners. In no event shall a Partner have the right to demand property other than cash in return for his contribution. No Limited Partner shall have the right or power to cause the dissolution and break up of the Limited Partnership by court decree or otherwise, except as provided below. No Limited Partner shall have the right or power to bring an action for partition against the Partnership.
- 7.9 The General Partner shall have no right to assess or otherwise require additional capital contributions from the Limited Partners without amendment to this Agreement as provided in Article XXI. Any proposed Amendment allowing for assessment of additional capital contributions shall set forth the total amount of capital required, the need for and uses of such capital as specifically as possible, and the amount of contribution required per Unit of Limited Partnership held.
- 7.10 In the event that a Limited Partner fails, for whatever reason, to discharge his obligation described in Section 7.6 or fails to honor a mandatory assessment of additional capital contributions if any shall be made pursuant to Section 7.9, the General Partner, in its sole discretion, may elect to take whatever actions deems in the best interest of the Partnership to collect the amounts owing to the Partnership, declaring the amount of primary liability assumed by the Limited Partner to become immediately due and payable pursuant to the terms of the Assumption Agreement and Assumption Note a forfeiture of the partner's interest in the Partnership which forfeiture shall not relieve the defaulting partner of any liability to the Partnership, filing legal action against the Limited Partner to recover the entire amounts owing, collecting interest monthly at the maximum rate permitted by law on any unpaid balance and/or selling the Limited Partner's interest in the Partnership which secures the payment of the obligations under Paragraphs 7.6B and 7.6C and mandatory assessments, and filing suit for any deficiency. In the event of sale of a Partner's interest, the Partner's interest will be offered for sale first to all other Partners and then to persons who are not Partners of the Partnership and sold to the person who submits the best offer. The cash proceeds of such a sale shall be applied first, to legal fees and the reasonable expenses incurred in selling the interest;

second, to the amount due under the Note or assessment; Third, to the amounts due under the Assumption Agreement and Assumption Note; and the balance of such proceeds, if any, shall be paid to the defaulting Limited Partner. To the extent the proceeds are insufficient to pay the entire amount of the obligation or the mandatory assessment, he shall remain personally liable for the unpaid balance of such obligation or mandatory assessment including the amount due under the Assumption Agreement. The purchaser of the defaulting Limited Partner's interest shall not be personally liable for such obligations. The General Partner is hereby authorized by the Limited Partners pursuant to the Power of Attorney granted by Article XX hereof to execute any and all necessary instruments and documents, including amendments hereto, to effectuate the foregoing. However, no failure to discharge an obligation or honor a mandatory assessment shall be considered a default until five (5) days after such failure. Upon default the General Partner must give the Partner notice of the failure and allow the Partner twenty (20) days after said notice to cure such default before proceeding with any remedy described above. The Partner may cure this default by payment of the said obligation or assessment together with interest at 1.5% per month.

ARTICLE VIII COMPENSATION OF THE GENERAL PARTNER

- 8.1 The Corporate General Partner shall receive organizational fees of Fifty Thousand Dollars (\$50,000) if the Partnership fully funds. Some of this amount or other funds of the Corporate General Partner may be paid by the Corporate General Partner to sales agents, as commissions or finder's fees.
- 8.2 The Corporate General Partner will receive overhead expense reimbursement totalling Two Thousand Five Hundred Dollars (\$2,500) per month. The Corporate General Partner, acting in its fiduciary capacity, may choose to reduce this.
- 8.3 The General Partner shall receive an one percent (1%) of all cash distributions by the Partnership until the Limited Partners have been paid an amount equal to one hundred percent (100%) of their Initial Capital Contribution and Partnership Revenues have totaled 197.8% of the Cash Capital Contributions of the Limited Partners. Thereafter, the General Partner share receive twenty-five percent (25%) of all cash distributions as a subordinated organization and management fee. The General Partner shall have the right to

assign portions of its subordinated interest in cash distributions to third persons as finder's fees, sales commissions or other compensation.

ARTICLE IX
STATUS OF LIMITED PARTNERS

- 9.1 Each Limited Partner's interest in the Limited Partners' share of the Partnership and its profits and losses shall be in the proportion that the number of Limited Partnership Units owned by the Limited Partner in the Partnership bears to the total number of Limited Partnership Units which from time to time exist, as adjusted by nonproportional contributions and distributions.
- 9.2 A Limited Partner shall not be personally liable for the expenses, liabilities, or obligations of the Partnership beyond the amount of his assumed liability under the Lease, his share of undistributed profits of the Partnership, if any, and his unpaid capital contribution, if any.

ARTICLE X
RIGHTS, AUTHORITY, POWERS, RESPONSIBILITIES
AND DUTIES OF THE GENERAL PARTNER

- 10.1 The Corporate General Partner shall have the full, exclusive and complete discretion in the management and control of the business of the Partnership for the purposes herein stated and shall make all decisions affecting the business of the Partnership.
- 10.2 The Corporate General Partner shall manage and control the affairs of the Partnership to the best of its ability and shall use its best effort to carry out the purposes of the Partnership and, in connection therewith, the powers of the Corporate General Partner include, but are not limited to, the power:
- A. To sell, transfer, assign, convey, lease, sublet, or otherwise disburse or deal with any of the Partnership property or leases of the Partnership subject to the limitations set forth in Paragraphs 10.3 and 10.6;
 - B. To borrow money for Partnership purposes and, if security is required therefore, to mortgage, or subject to any other security device, any Partnership asset;
 - C. To employ, engage, retain or deal with any persons, firms or corporations, whether or not any Partner is

employed by, or is directly or indirectly connected with, any such person, firm or corporation except as provided in Article XV hereof, in such capacities as the Corporate General Partner may determine, on behalf of the Partnership, provided that such services are necessary and the compensation to be paid by the Partnership therefore is reasonable;

- D. To acquire and enter into any contract of insurance at competitive rates, which the Corporate General Partner reasonably deems necessary and proper for the protection of the Partnership, for the conservation of the Properties or any other asset of the Partnership, or for any purpose beneficial to the Partnership;
- E. To maintain adequate records and accounts of all operations and expenditures and furnish the Limited Partners with the reports and other information as required by Article XIII hereof; to prepare all filings required by United States or Idaho Law;
- F. To lend or advance money to the Partnership and charge the Partnership interest which shall not, in any event, exceed the maximum rate permitted by the law of Idaho State. The aggregate sums advanced shall become an obligation of the Partnership and may be evidenced by a promissory note secured by a mortgage or security agreement signed by the Corporate General Partner. The sums advanced shall be repaid at such time or times as sufficient cash is available to the Partnership to permit such repayment without impairing the solvency of the Partnership; except that any sums shall immediately become due and payable upon dissolution and termination of the Partnership. Nothing in this paragraph shall be construed so as to place any obligation whatsoever upon the General Partner to make any loan or advance to the Partnership;
- G. To execute, acknowledge and deliver any and all instruments to effectuate the business of the Partnership;
- H. To open accounts and deposit funds in the name of the Partnership in banks or savings and loan associations and to make interim investments in such debt securities as would not bring the Partnership within the Investment Company Act of 1940;
- I. To admit, in its discretion, substituted Limited Partners;

- J. To make elections under the tax laws of the State of Idaho, the United States or any other state as to the treatment of Partnership income, gain, loss, deduction and credit, and as to all other relevant matters;
 - K. To serve as the Tax Matters Partner under §6221 of the Internal Revenue Code and have all powers granted under that section.
 - L. The Corporate General Partner shall be responsible for Tax Defense. It shall create a fund from 5% of Partnership Revenue up to a total of \$50,000 to pay for Tax Defense. This fund shall be invested and all gains and interest shall become part of the fund. This fund shall be added to the Partnership's general funds or distributed to the Partners at such time as the Corporate General Partner determines it is no longer needed, whether before or after Partnership dissolution. This Fund and working capital may be used to pay penalties against preparers of returns for the Partnership and the Partners and against promoters of the Partnership.
- 10.3 Notwithstanding anything contained herein to the contrary, without the prior written consent of all the Limited Partners, the General Partner shall have no authority to, and they covenants and agrees that they will not:
- A. Do any act in contravention of this Agreement;
 - B. Do any act which would make it impossible to carry on the ordinary business of the Partnership, except as provided in Article XIX and paragraph 10.6;
 - C. Confess a judgment against the Partnership;
 - D. Possess Partnership property or assign the rights of the Partnership in specific Partnership property for other than a Partnership purpose;
 - E. Admit a person as a General Partner except as provided in Article XVIII.
- 10.4 The General Partner shall devote such time to the Partnership as they in their sole discretion deem necessary for the discharge of their obligations and duties hereunder.
- 10.5 Any Partner may engage in or possess an interest in any other business venture of every nature and description, including those directly competitive with the Partnership.

- 10.6 Notwithstanding the foregoing, the General Partner shall have no authority to, and they covenant and agree that they will not, sell or otherwise dispose of all or substantially all of the assets of the Partnership without the vote or written consent of sixty-six percent (66%) in interest of the Limited Partners.

ARTICLE XI
RIGHTS, AUTHORITY, POWERS AND
RESPONSIBILITIES OF LIMITED PARTNERS

- 11.1 A Limited Partner, as such, shall take no part in, or interfere in any manner with, the conduct or control of the Partnership business and shall have no right or authority to act for or bind the Partnership except as otherwise provided in this Agreement.
- 11.2 The Limited Partners shall have the right to vote upon the following subjects:
- a. Termination and dissolution of the Partnership;
 - b. Amendment of this Agreement; provided that such amendment would not adversely alter the basic substance of the Partnership or the interest of any Partner without that Partner's consent;
 - c. Removal of a General Partner;
 - d. Approval, disapproval or ordering the sale of all, or substantially all, of the Partnership's assets.
 - e. To have an immediate audit of the Partnership's books and records by an independent accountant selected by the Limited Partners.
- 11.3 The affirmative vote of sixty-six percent (66%) in interest, as defined herein, of the Limited Partners shall be required to approve any matter on which the Limited Partners vote unless otherwise specified in this Agreement. Each Limited Partner agrees to be bound by the decision made in accordance with this agreement by a vote of the Limited Partners.
- 11.4 A Limited Partner shall have the right, at all reasonable times, and upon three (3) days' notice to the Corporate General Partner, to inspect and copy the Partnership books and to have, on demand, true and full information of all things affecting the Partnership. Such rights may be exercised in person or by an agent or attorney of a Limited

Partner, provided, that any such agent or attorney shall, on request of the Corporate General Partner, furnish reasonable evidence of his authority to act on behalf of a Limited Partner.

- 11.5 A Limited Partner also may, with the consent of the Corporate General Partner, lend money to and transact other business with the Partnership on such terms as the Limited Partner and the General Partner agree. No Limited Partner shall be permitted to make a loan upon the security of Partnership property if, at the time such secured loan is made, the assets of the Partnership are not sufficient to discharge Partnership liabilities to persons not claiming as General or Limited Partners.

ARTICLE XII
ALLOCATION OF INCOME, LOSSES AND EXPENSES
AND DISTRIBUTION OF CASH FLOW

- 12.1 Until the aggregate total of Partnership Revenues equals 197.8% of the Limited Partners Cash Capital Contributions and the Limited Partners have received the return of their Cash Capital Contribution, ninety-nine percent (99%) of the profits and losses of the Partnership shall be divided among and charged against the holders of the Limited Partnership Units of record, proportionately, at the end of each quarter of each taxable year of the Partnership in proportion to their capital accounts. Thereafter, the Limited Partners shall be allocated and divide in the above manner 75% of the profits and losses of the Partnership. The General Partner shall be allocated the remainder of the profits and losses of the Partnership.
- 12.2 All items of depreciation, gain, loss, deduction and credit shall, for Partnership book purposes and for tax purposes, be allocated in the same manner in which the Partners' share profits and losses.
- 12.3 As between a Limited Partner and his Transferee, profits and losses for any fiscal year shall be allocated on the basis of the number of days in such year that each was the holder of the Units transferred in accordance with this Agreement, without regard to the results of the Partnership's operations during the period before and after such transfer and without regard to whether cash distributions were made to the Transferor or Transferee.

- 12.4 The General Partner shall make distributions from the "Cash Available for Distribution" at such time or times as the General Partner determine, but at least annually, in the following manner:

The General Partner shall receive one percent (1%) of the cash available for distribution and the Limited Partners shall receive ninety-nine percent (99%) of the cash available for distribution until the Limited Partners have received cash disbursements totalling one hundred percent (100%) of their initial Capital Contributions and the total of all Partnership Revenues received equals or exceeds 197.8% of the Cash Capital Contributions of the Limited Partners. Thereafter the General Partner shall receive twenty-five percent (25%) and the Limited Partners up to seventy-five percent (75%) of the cash available for distribution, subject to the rights of any holders of Investor Notes to receive cash distributions from the Limited Partners portion of any such distributions.

- 12.5 In the event that a Limited Partner fails to discharge any obligation or assessment due under paragraphs 7.6 or 7.9 and the General Partner choose to proceed under paragraph 7.10 to collect the amount owing, the Limited Partner shall receive no interest in profits, losses or distributions until the amount is paid. If the Limited Partnership Units are sold by the General Partner as authorized by paragraph 7.10, the New Limited Partner shall receive a proportionate interest in profits, losses and distributions for the year in which sold and a full interest in all future years. The previous owner of the Limited Partnership Units shall have no interest in profits, losses and distributions for the year in which sold nor in any future years.

ARTICLE XIII BOOKS, RECORDS, ACCOUNTINGS AND REPORTS

- 13.1 The Partnership shall keep at its principal place of business at all times of its continuance proper and complete records and books of account in accordance with generally accepted accounting practice, and such records and books shall be open for inspection and copying by any Partner at any time during reasonable business hours. Such records and books shall initially be kept on the accrual basis; provided, however, that the General Partner may from time to time change the accounting basis on which such records and books are kept as may be required or permitted by law. Such records and books of account may be audited at Partnership expense as of the end of each fiscal year of the Partnership

and at any other time that the General Partner may deem necessary or appropriate by a firm of independent certified public accountants, selected by the General Partner.

- 13.2 As soon as reasonably practicable after the end of each fiscal half year, and in no event later than ninety (90) days thereafter, each Partner shall be furnished with a statement of income, partners' equity and changes in financial position and a balance sheet for the half year then ended, none of which need be audited.
- 13.3 Within ninety (90) days after the end of each fiscal year of the Partnership, an annual report shall be issued including:
- A. A balance sheet, a statement of income and expenses, a statement of sources and uses of funds, and a statement of changes in the Partners' capital account, prepared in accordance with generally accepted accounting principles.
 - B. A statement of the balances in the capital accounts of the Limited Partners and of the General Partner; and
 - C. A report of the activities of the Partnership during such fiscal year, which shall include a statement of fees and expenses paid to the General Partner and their Affiliates.
- 13.4 As soon as reasonably practicable after the end of each fiscal year, and in no event later than ninety (90) days thereafter, each Partner shall be furnished with a copy of Schedule K-1 for the filing of the partner's tax return with either or both the federal and state tax authorities, showing the amount allocated to said Partner pursuant to this Agreement during or in respect to such year, and any items of income, expense or credit allocated to him pursuant to this Agreement for purposes of the Internal Revenue Code.
- 13.5 The accounting year of the Partnership shall be the calendar year.
- 13.6 The Corporate General Partner shall elect on behalf of the Partnership the accrual method of accounting for federal and state income tax purposes. All elections required or permitted to be made by the Partnership under the Idaho Revenue Code, the Internal Revenue Code and state revenue laws shall be made by the Corporate General Partner in such manner as will, in its opinion, be most advantageous to a majority in interest of the Limited Partners.

- 13.7 In the event of a distribution of property to a Partner or the transfer of an interest in the Partnership by sale, exchange or upon the death of a Partner, the Corporate General Partner may, in its discretion, cause the Partnership to file an election under Section 754 of the Internal Revenue Code in accordance with the Regulations thereunder to adjust the basis of Partnership property in the manner provided in §§734 and 743 of the Internal Revenue Code.

ARTICLE XIV
TRANSACTIONS WITH THE GENERAL PARTNER OR THEIR AFFILIATES

- 14.1 The Partnership may enter into transactions, contracts, agreements, or arrangements with the General Partner or their partners or affiliates for the performance of services or the furnishing of goods, materials, supplies or equipment for the benefit or use, directly or indirectly, of the Partnership subject to the following:
- A. The fee or compensation paid for the performance of any services shall be competitive with the fee or compensation of independent persons engaged in the business of rendering comparable services and is no greater than the amount the General Partner or Affiliates customarily charge independent third parties for comparable services.
 - B. If the General Partner or Affiliates sell, rent, or otherwise furnish goods, materials, supplies, or equipment, the charges, rents and prices therefor shall be fair and competitive with those prevailing in the community.
 - C. Neither the General Partner nor Affiliates, shall receive any rebates or give-ups, nor shall they participate in any reciprocal business arrangements which would circumvent these provisions or any of the federal or state laws or regulations dealing with securities or Limited Partnership.
 - D. Any transaction, contract, agreement or arrangement between the Partnership and the General Partner or their Affiliates, shall be fully and promptly disclosed to the Limited Partners in the periodic reports as required herein and the Limited Partners may vote, by sixty-six percent (66%) in interest, to cancel any such transaction, contract, agreement or arrangement upon thirty (30) days notice.

- 14.2 Neither the General Partner, nor the Limited Partners nor Affiliates, shall borrow money from the Partnership.

ARTICLE XV
ASSIGNMENT OF PARTNERSHIP INTERESTS AND
SUBSTITUTION OF LIMITED PARTNERS

- 15.1 Subject to the provisions of this Agreement, a Limited Partner shall have no right to assign his Limited Partnership Unit(s) in the Partnership except as provided in this Article or Article XVI and further provided that no less than a full Unit may be assigned. The assignment shall not be in contravention of any of the provisions of this Agreement or any applicable State or Federal law. Any attempted assignment of Limited Partnership Units which is prohibited by this Agreement or which is in contravention of State or Federal law shall be ineffective to transfer the Limited Partnership Units. Each assignment shall be duly executed by the Assignor and Assignee and received by the Partnership and recorded on the books thereof, subject to the following:
- 15.2 A person who has acquired the beneficial interest in one or more Units by assignment or otherwise from a Limited Partner shall have the right to become a Substituted Limited Partner only if all of the following conditions are first satisfied:
- A. A duly executed and acknowledged written instrument of assignment of such Units shall have been filed with the Partnership, which instrument shall specify the number of Units being assigned and set forth the intention of the Assignor that the Assignee succeed to Assignor's interest as a substituted Limited Partner in his place;
 - B. The Assignor and Assignee shall have executed and acknowledged such other instruments as the Corporate General Partner may deem necessary or desirable to effect such substitution, including the written acceptance and adoption by the assignee of the provisions of this Agreement and his execution and delivery to the Corporate General Partner of a Special Power of Attorney, the form and content of which shall be prescribed by the Corporate General Partner;
 - C. The written consent of the Corporate General Partner, in its sole discretion, to such substitution shall be obtained.

- D. A transfer fee shall have been paid to the Partnership which is sufficient to cover all reasonable expenses connected with such substitution.
- 15.3 In the event a Limited Partner transfers all of his Units, he will cease to be a Limited Partner. The General Partner may, in its discretion, refuse to recognize any assignment which would result in fractional Units.
- 15.4 In the event of an assignment or transfer complying with all the requirements of Articles XV or XVI, the profits, losses and other allocations allocable to such Units shall be allocated among the persons who held such Units during such calendar year in proportion to the number of days each person held such Units, and without regard to when the profits, losses or other allocations were actually realized, received or distributed.
- 15.5 By executing or adopting this Agreement, each Limited Partner hereby consents to the admission of additional or Substituted Limited Partners by the General Partner and to any Assignee of Units becoming a Substituted Limited Partner, as provided in this Article.
- 15.6 The General Partner shall cause this Agreement and any separate Certificate of Limited Partnership to be amended to reflect the substitution of Limited Partners.
- 15.7 Notwithstanding the foregoing, a Limited Partner may not transfer his Units in any case if such a transfer, when aggregated with all other transfers within a 12-month period, would cause the termination of the Partnership as a partnership for federal income tax purposes pursuant to Section 708 of the Internal Revenue Code of 1954, as amended.
- 15.8 Notwithstanding any other provisions of this Agreement to the contrary, a Limited Partner shall not assign all or any part of his interest to any person who is insane, incompetent, has not attained his eighteenth (18th) birthday or to a person or entity not lawfully empowered to own such Units, and any assignment or transfer directly to a person or entity under any such disability may be disregarded by the Partnership in its discretion.
- 15.9 The General Partner and Limited Partners hereby represent and warrant that their respective interests in the Partnership are being acquired for investment purposes and that they are not acquiring the same with a view toward the sale or distribution thereof. In furtherance of this representation, all Partners acknowledge that the

Partnership interests have not been registered under the Securities Act of 1933, as amended (the "1933 Act") in reliance on the exemptions afforded by §4(2) of the 1933 Act and similar exemptions under state securities laws. Therefore, to preserve such exemptions and notwithstanding anything contained herein to the contrary, the Partners hereby agree that interests of the Limited Partners shall be nontransferable and nonassignable, except in compliance with the registration provisions of the 1933 Act, or an exemption or exemptions therefrom, and in compliance with applicable state securities laws and rules and regulations promulgated thereunder, and any attempted or purported transfer or assignment in violation of the foregoing shall be void and of no effect. Accordingly, as an additional condition precedent to any assignment or other transfer of any interest in the Partnership, the General Partner may require an opinion of its counsel that such assignment or transfer will be made in compliance with the registration provisions of the 1933 Act or exemption therefrom, and in compliance with or exemption from applicable state securities laws and rules and regulations promulgated thereunder, and such Transferor or Assignor shall be responsible for paying said counsel's fee for the opinion. The foregoing shall not limit the restrictive legend set forth at the beginning of this Agreement.

ARTICLE XVI
DEATH, INCOMPETENCY, BANKRUPTCY,
RETIREMENT OR DISSOLUTION OF A LIMITED PARTNER

- 16.1 The death, adjudication of bankruptcy, insolvency, dissolution, retirement or legal incompetency of a Limited Partner will not terminate the Partnership. The personal representative, if any, of such a Limited Partner shall succeed to his Limited Partnership Units and have all the liabilities and obligations of the Limited Partner under this Agreement, and shall have the right to become a substituted Limited Partner in accordance with the provisions of this Agreement.

ARTICLE XVII
LIABILITY OF THE GENERAL PARTNER AND INDEMNIFICATION

- 17.1 The General Partner shall have the right and authority to require in all Partnership contracts that the General Partner will not be personally liable thereon and that the person or entity contracting with the Partnership is to look solely to the Partnership and its assets for satisfaction.

- 17.2 The Partnership shall indemnify, save harmless and pay all judgments against the General Partner, and their employees and agents, from any liability or damage incurred by reason of any act performed or omitted to be performed by them in connection with the business of the Partnership or in promotion of the Partnership, including attorney's fees incurred by them in connection with the defense of any action based on any such act or omission, which attorney's fees may be paid as incurred, including all such liabilities under state and federal securities acts (including the Securities Act of 1933) as permitted by law. In the event of any action by a unit holder against the General Partner, including a Partnership derivative suit, the Partnership will indemnify, save harmless and pay all expenses of the General Partner, including attorney's fees incurred in the defense of said action, if the General Partner are successful in said action. Notwithstanding the foregoing, neither the General Partner nor its employees or agents shall be relieved from any liability to the unit holders imposed by law including liability for fraud, bad faith, willful neglect or negligence. All judgments against the Partnership and the General Partner, wherein the General Partner are entitled to indemnification, must first be satisfied from Partnership assets before the General Partner are responsible for these obligations.
- 17.3 The General Partner shall indemnify and hold the Partnership and each Limited Partner harmless against any claim, demand, liability, cost, damage or cause of action arising out of or related to:
- A. The proven willful misconduct of the General Partner; or
 - B. The proven breach of this Agreement or its fiduciary duties by the General Partner.

ARTICLE XVIII
WITHDRAWAL AND SUBSTITUTION OF A GENERAL PARTNER

- 18.1 In the event of a General Partner's death, incompetency, dissolution or cessation to exist, removal, bankruptcy, insolvency or withdrawal in accordance with this Agreement, the Partnership shall be dissolved upon the ninety-first (91st) day thereafter, except as provided in Article XVIII and XIX.
- 18.2 If a General Partner ceases to be a General Partner, it shall be and remain liable for all obligations and

liabilities incurred by the Partnership during the period it was a General Partner, but it shall not be liable for or on account of obligations and liabilities incurred subsequent to it ceasing to be a General Partner.

18.3 A General Partner may withdraw and substitute another General Partner upon not less than ninety (90) days' notice, provided:

A. That the substitute (herein called "substitute General Partner") is proposed by the withdrawing General Partner to serve as a General Partner; and

B. The Limited Partners holding sixty-six percent (66%) in interest authorize such withdrawal and substitution.

18.4 In the event a proposed substitute General Partner becomes a substitute General Partner, the substitute General Partner shall be assigned the General Partner Unit of the withdrawing General Partner, and the Partnership Agreement shall be amended as hereafter provided. The substitute General Partner shall receive all of the previous General Partner's management power and responsibility.

18.5 In the event of a General Partner's death, incompetency, dissolution or cessation to exist, removal, bankruptcy, insolvency, or withdrawal in accordance with this agreement, its direct interest in the Partnership shall cease and the new and withdrawing General Partner shall agree on a price to be paid by the new General Partner. If they are unable or unwilling to agree, they shall select an independent appraiser, or have one selected for them by the American Arbitration Association, to appraise the General Partner interest at Partnership expense. An amount paid the withdrawing General Partner for his interest out of Partnership assets shall be refunded to the Partnership by the new General Partner.

ARTICLE XIX DISSOLUTION AND TERMINATION OF THE PARTNERSHIP

19.1 The Partnership shall be dissolved and terminated upon the happening of any of the following events:

A. Upon the ninety-first (91st) day after the death, incompetency, dissolution or cessation to exist, removal, withdrawal in accordance with this Agreement, or adjudication of bankruptcy or insolvency of a General Partner if sixty-six percent (66%) in interest of the Limited Partners fail to elect a successor to

the General Partner or to elect to continue the Partnership provided at least one General Partner remains;

- B. The affirmative vote of the owners of sixty-six percent (66%) of the Limited Partnership Units;
- C. The disposition or sale by the Partnership of all or substantially all of the assets of the Partnership; or
- D. Entry of a Decree of Dissolution by a court of competent jurisdiction.

19.2 Upon a dissolution of the Partnership, the General Partner, or their successors, or a person elected by the Limited Partners for such purpose in the absence of the General Partner, shall take full account of the Partnership assets and liabilities, and the assets shall be liquidated as promptly as is consistent with obtaining the fair market value thereof, and the proceeds therefrom together with assets distributed in kind, to the extent sufficient therefor, shall be applied and distributed in the following order and priority:

- A. To the payment of creditors, including the General Partner and their affiliates to the extent of sums due under contracts, agreements or arrangements entered into in accordance with Article XIV of this Agreement, in order of priority as provided by law, except the claims of the Partners on account of their Partnership Units, claims of the General Partner or their affiliates, in regard to advances or loans made to the Partnership under Paragraph 10.2(F) of this Agreement, or sums made subordinate by this Agreement, and claims of secured creditors whose obligations will be assumed or otherwise transferred on the liquidation of Partnership assets;
- B. To the establishment of any reserve which the General Partner shall deem reasonably necessary to provide for any contingent or unforeseen liabilities or obligations of the Partnership including reserves for working capital, provided, however, that at the expiration of such period of time as the General Partner shall deem advisable, the balance of such reserve remaining after payment of such contingencies shall be distributed to the Partners as hereinafter set forth in this Article;
- C. To the General Partner or affiliates for payment of any loans or advances made under paragraph 10.2(F);

- D. The balance distributed ninety-nine percent (99%) to the Limited Partners pro rata and one percent (1%) to the General Partner until the Limited Partners have received cash equal to 100% of their Initial Capital Contributions less prior cash disbursements. Thereafter, the distribution will be twenty-five percent (25%) to the General Partner and seventy-five percent (75%) to the Limited Partners subject to the rights of the holders of Investor Notes to payment from cash disbursements.

The General Partner shall be required to restore to the Partnership any deficit balance in their capital accounts. The Limited Partners shall be required to restore to the Partnership any deficit balance in their capital account limited to the amount of any unpaid capital contribution, including assumed liability.

- 19.3 A reasonable time shall be allowed for the orderly liquidation of the assets of the Partnership and the discharge of liabilities to creditors so as to enable the General Partner to minimize the normal losses attendant upon liquidation.
- 19.4 Each of the Limited Partners shall be furnished with a statement prepared at Partnership expense by the General Partner, which shall set forth the assets and liabilities of the Partnership at the commencement of liquidation and an accounting with respect to the liquidation. When the General Partner have completed the liquidation and distribution, the Limited Partners shall cease to be such, and the General Partner, as the sole remaining partners of the Partnership, shall execute, acknowledge and cause to be filed a certificate of cancellation of the Partnership.

ARTICLE XX
SPECIAL AND LIMITED POWER OF ATTORNEY

- 20.1 The Corporate General Partner shall at all times during the existence of the Partnership have a Special Power of Attorney as the attorney-in-fact for each Limited Partner, with power and authority to act in the name and on the behalf of each Limited Partner to make, execute, acknowledge and file the following documents and any other documents deemed by the General Partner to be necessary for the business of the Partnership:
- A. This Agreement, any separate certificates of limited partnership, fictitious business name statements, as

well as any amendments to the foregoing which, under the laws of any state, are required to be filed or which the General Partner deem it advisable to file;

- B. The documents required to lease the Sound Recordings and the Promissory Notes required to pay the annual rental on them including those Notes for which the Limited Partners have agreed to assume liability, and the documents required to produce and distribute any movies.
- C. Any other instrument or document which may be required to be filed by the Partnership under the laws of the State of Idaho or the United States or by any governmental agency, or which the General Partner deem it advisable to file; and
- D. Any instrument or document which may be required to effect the continuation of the Partnership, the admission of an additional or substituted Limited Partner, or the dissolution and termination of the Partnership (provided such continuation, admission or dissolution and termination are in accordance with the terms of this Agreement), or to reflect any reductions in amount of contributions of Partners, or to exercise the powers granted by this Agreement.

20.2 The Special Power of Attorney granted to the Corporate General Partner shall be deemed to be coupled with an interest, shall be irrevocable, shall survive the death, dissolution, bankruptcy, incompetency or legal disability of a Limited Partner and shall extend to such Limited Partner's heirs, successors and assigns; and may be exercised by such agent and attorney-in-fact for any Limited Partner by listing the Limited Partners required to execute any such instrument, and executing such instrument acting as attorney-in-fact for them or in such other manner, including by facsimile signature, as such agent and attorney-in-fact may deem appropriate. Each Limited Partner hereby agrees to be bound by any representations made by the Corporate General Partner acting in good faith pursuant to such power of attorney, and each Limited Partner hereby waives any and all defenses which may be available to contest, negate or disaffirm any action of the Corporate General Partner taken in good faith under such power of attorney.

ARTICLE XXI
AMENDMENT

- 21.1 This Agreement may be amended at any time or from time to time by the vote, in person or by proxy, or written consent of the holders of sixty-six percent (66%) of the Limited Partnership Units, provided that no such amendment may be made which will constitute the Partnership as a general partnership or a partnership in which the Limited Partners have unlimited liability, and in no event shall this Agreement be amended to change, without full and adequate consideration therefor, the participation in profits, losses or distributions of any Partner. Amendments may be proposed by the General Partner or by Limited Partners holding at least ten percent (10%) of the Units then held by Limited Partners. Following such proposal, the General Partner shall submit to the Limited Partners a verbatim statement of any proposed amendment, provided that counsel for the Partnership may make such changes in form thereto as may be necessary, and the General Partner shall include in any such submission its recommendation as to the proposed amendment. This Agreement shall be amended without the prior agreement of the Limited Partners whenever required by law or necessary to effect changes of ministerial nature which do not adversely affect the rights or increase the obligations of the Limited Partners.

ARTICLE XXII
MEETINGS AND VOTING

- 22.1 Meetings of the Partnership may be called by the General Partner and they, or their successor, shall call such a meeting following receipt of written request therefor by Limited Partners holding at least ten percent (10%) of the then outstanding Limited Partnership Units. The General Partner, or their successor, shall establish and notify the Limited Partners within twenty (20) days after receipt of such written request of the time and place, of the meeting and the nature of the business to be transacted. The Limited Partners of record on the date stated in the notice (and not more than twenty (20) days before the mailing date of the notice) shall receive the notice. The meeting shall be held no less than ten (10) days nor more than sixty (60) days following the mailing of the notice, as stated in that notice, or as otherwise provided in this Agreement. Expenses of the meeting and such notification shall be borne by the Partnership.
- 22.2 In any matter described in this Agreement on which a Limited Partner is entitled to grant (or deny) his consent or cast

his vote, he may accomplish the same by attending any meeting convened for all of the Limited Partners entitled to vote on the matter, or he may grant to any person a special or general proxy to vote for him at any such meeting, or he may grant (or deny) his consent in writing. Said written consent may be utilized at any duly held meeting of the Limited Partners or it may be utilized in obtaining approval or denial by the Limited Partners (without a meeting) of a matter submitted to all Limited Partners entitled to grant or deny consent on said matter.

- 22.3 In the event a vote of the Limited Partners is taken pursuant to this Agreement for any reason, each Limited Partner, including the General Partner to the extent of their Limited Partnership Units, shall have one (1) vote for each Limited Partnership Unit he owns of record, including Limited Partnership Units assigned by him to persons who are not at the time of the vote Substituted Limited Partners.

ARTICLE XXIII MISCELLANEOUS

- 23.1 This Agreement may be executed in several counterparts, and all so executed shall constitute one Agreement, binding on all of the parties hereto, notwithstanding that all of the parties are not signatory to the original or to the same counterpart.
- 23.2 The terms and provisions of this Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the respective parties hereto and shall be construed in accordance with, and governed by, the laws of the State of Idaho.
- 23.3 In the event that any provision of this Agreement or the application thereof to any person or in any circumstances shall be invalid, unlawful or unenforceable to any extent, the remainder of this Agreement, and the application of such provision to persons or circumstances other than those as to which it is determined to be invalid, unlawful or unenforceable, shall not be affected thereby, and each remaining provision of this Agreement shall continue to be valid and may be enforced to the fullest extent permitted by law.
- 23.4 All notices under this Agreement shall be in writing and shall be given to the Limited Partners entitled thereto, by personal service or by mail, postage prepaid, addressed to the address of each Limited Partner shown on annexed Schedule A, or to such other address as may be specified in

writing by a Limited Partner to the General Partner. If such notice be to the General Partner, then it should be sent to the following address:

2310 North 4th Street
Coeur d'Alene, Idaho 83814

- 23.5 The agent for service of process on the Limited Partnership shall be Ronald Branson whose address, which is also the address of the specified office, is:

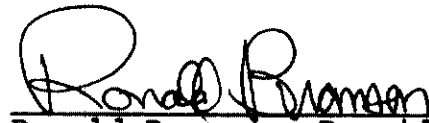
2310 North 4th Street
Coeur d'Alene, Idaho 83814

- 23.6 Section titles or captions contained in this Agreement are inserted only as a matter of convenience and for reference. Such titles and captions in no way define, limit, extend or describe the scope of this Agreement nor the intent of any provision hereof.

- 23.7 Whenever required by the context hereof, the singular shall include the plural, and vice versa; the masculine gender shall include the feminine and neuter genders, and vice versa; and the word "person" shall include a corporation, partnership, firm or other form of association.

GENERAL PARTNER

AMERICAN COWBOYS, INC.



Ronald Branson, President

INITIAL LIMITED PARTNER



Neil Nicholas

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