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interest at a price determined in accordance with the provisions of Article XII. In the event that the Partnership shall elect not to exercise its option, then such Partner shall be free to sell his Partnership interest to the persons named on the written notice above provided, and such person or persons shall, without further action, become Partners and be entitled to all rights, privileges and powers granted under the terms of this Agreement.

ARTICLE XII

VALUATION OF THE INTEREST OF A PARTNER

(1) The value of a selling, deceased, bankrupt, legally incompetent, or insolvent Partner's interest in the Partnership property, adjusted to reflect appraised value as provided in the following paragraph, shall be the sum of his capital account and his proportionate share of accrued net income in the Partnership to the date of his death, sale, bankruptcy, legal incompetency, or insolvency, unless included in his drawing account.

(2) All Partnership assets shall be valued at book value except that the appraised value of machinery, equipment, and real property shall be substituted for book value. The difference between the total appraised value of machinery, equipment and real property and their total depreciated book value shall increase or decrease the Partner's capital accounts in the proportions of their interest in profits and losses of the Partnership specified in Article VI. The appraised value shall be determined as of the date of sale, death, bankruptcy, legal incompetency, or insolvency of the Partner and shall be made by an appraiser, the appraiser shall be selected by agreement between the continuing Partner(s) and the selling Partner or the personal representative of the deceased, bankrupt, legally incompetent, or insolvent Partner. If they cannot agree with the selection of an appraiser, the appraisal shall be made in accordance with the rules of the American Arbitration Association then in effect. No value shall be attributed to Partnership goodwill in the appraisal made under this subsection.

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