

2.31 “**Fair Market Value**” means the fair market value of an investment, asset, security or Interest as determined by the Manager in accordance with its valuation policy.

2.32 “**FATCA**” means Sections 1471 through 1474 of the Code, as amended from time to time, and any regulations thereunder or official interpretations thereof, including any successor regulations or interpretations, and any intergovernmental agreement implementing the foregoing.

2.33 “**Fiscal Year**” has the meaning set forth in Section 9.2.

2.34 “**Fund**” has the meaning set forth in the Recitals.

2.35 “**Hurdle Amount**” means, with respect to any Member and for any period, (x) the amount equal to an annual return of eight percent (8%) computed on the basis of the actual number of days in such period over a year, compounded annually, on the amount of such Member’s Adjusted Capital Contribution outstanding from time to time during such period, less (y) the amount of such Member’s Preferred Return determined for the same period.

2.36 “**Indenture**” means that certain Indenture dated as of May 2, 2006 by and among the Issuer, Ambac Assurance UK Limited and Assured Guaranty (UK) Ltd. as financial guarantors, The Bank of New York (acting through its London Branch) as trustee, The Bank of New York as auction agent and The Bank of New York as securities intermediary.

2.37 “**Initial Member**” means WNL Limited.

2.38 “**Interest**” means an interest in the Fund entitling a Member to a share of the profits, losses, distributions, capital and assets of Fund as provided herein. Interests need not be evidenced by certificates. There are no voting rights associated with any Interests issued by the Fund.

2.39 “**Issuer**” means Ballantyne Re, plc, a public limited company incorporated under the laws of Ireland.

2.40 “**IRS**” means the U.S. Internal Revenue Service.

2.41 “**Key Person Event**” means, with respect to Eric Meyer or William Van de Water (each, a “**Key Person**”): (i) such Key Person ceases to be actively involved in the management activities of the Fund for a period of sixty (60) consecutive days, (ii) the Manager becoming aware that it is reasonably likely that such Key Person will cease to be actively involved in the management activities of the Fund for a period of sixty (60) consecutive days, (iii) any resignation, termination of employment, death, or permanent disability which interferes with such Key Person’s ability to perform its responsibilities related to the Fund, or (iv) the Bankruptcy of such Key Person.

2.42 “**Majority-in-Interest of the Members**” means, with respect to a particular amendment to this Agreement or other action that requires the consent or approval of the Members, Members whose aggregate Capital Commitment at such time exceeds 50% of the aggregate Capital Commitment of all Members (in each case not counting for purposes of this calculation any Defaulting Members or any Members who are Affiliated Members).

2.43 “**Manager**” has the meaning set forth in Section 7.1.

2.44 “**Manager Parties**” has the meaning set forth in Section 7.6.1.