

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

1.3 "Affiliate" means, with respect to any Person, any other Person that, directly or indirectly, controls, is under common control with, or is controlled by the former Person. For purposes of this definition, "control" (including, with correlative meaning, the terms "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct and cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

1.4 "Agreement" means this Operating Agreement of the Company, and all amendments thereto.

1.5 "Artwork" means any and all works of art, including, without limitation, paintings, drawings, sculptures, photographs, decorative pieces, and other fine art artwork acquired by the Company.

1.6 "Capital Account" means, with respect to each Member, the Capital Account maintained for such Member in accordance with the following provisions:

(a) To each Member's Capital Account there shall be credited such Member's Capital Contributions, such Member's distributive share of Profits and the amount of any Company liabilities assumed by such Member or which are secured by any property distributed to such Member by the Company.

(b) To each Member's Capital Account there shall be debited the amount of cash and the Gross Asset Value of any property distributed to such Member pursuant to any provision of this Agreement, and such Member's distributive share of Losses.

(c) In the event all or a portion of a Member's Membership Interests are transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred Membership Interests.

(d) In determining the amount of any liability for purposes of the foregoing subparagraph (a), there shall be taken into account Code Section 752(c) and any other applicable provisions of the Code and Regulations.

The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulations Sections 1.704-1(b) and 1.704-2, and shall be interpreted and applied in a manner consistent with such Regulations. In the event the Members acting unanimously shall reasonably determine that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto, are computed in order to comply with such Regulations, the Manager, with the Consent of the Members, may make such