

4.5 Section 704(c) Allocations. In accordance with Code Section 704(c) and the 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, including, but not limited to, special allocations to a contributing Member that are required under Code Section 704(c) to be made upon distribution of such property to any of the noncontributing Members. In the event the Gross Asset Value of any property of the Company is adjusted pursuant to subparagraph (b) of Section 1.14, subsequent allocations of income, gain, loss and deduction with respect to such property shall take account of any variation between the adjusted basis of such property for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Regulations thereunder. Any elections or other decisions relating to such allocations shall be made by the Manager with the Consent of the Members in any manner that reasonably reflects the purpose and intention of this Agreement. Allocations pursuant to this Section 4.5 are solely for purposes of federal, state, territorial, local and other jurisdiction taxes and shall not affect, or in any way be taken into account in computing, a Member's Capital Account or share of Profits or Losses, other items or distributions pursuant to any provision of this Agreement.

4.6 Distribution of Cash Flow. To the extent there is Cash Flow available for distribution, as reasonably determined by the Consent of the Members, and in any event not later than 45 days after the receipt by the Company of the proceeds from the sale of any Artwork, the Manager shall cause the Company to distribute such available Cash Flow:

(a) first, to those Members with Unreturned Capital Contributions, pro rata in proportion to the amount of such Unreturned Capital Contributions, until the amount of each Member's Unreturned Capital Contributions has been reduced to zero; and

(b) thereafter, to the Members, pro rata in accordance with their respective Membership Interests.

ARTICLE 5

MANAGEMENT

5.1 Initial Manager. The management of the Company's business shall be vested in one Manager unless a greater number of Managers shall be fixed from time to time by the Consent of the Members. The initial Manager of the Company shall be Etienne Binant. A Manager shall hold office until his, her or its death, removal, or resignation. The Company shall enter into a Management Agreement with the Manager (the "Management Agreement") that governs and provides, among other things, for (a) the Manager's management of the Company upon and subject to the provisions of this Agreement, (b) the Company's payment to the Manager of a management fee in the