

ARTICLE 5.

DISTRIBUTIONS

5.1. *Net Cash From Operations.* Except as otherwise provided in Article 12 hereof, Net Cash From Operations, if any, shall be, with respect to each fiscal quarter, distributed by the Partnership in the following order and priority:

(a) First, 99% to the Limited Partners, .7% to the Managing General Partner and .3% to the Administrative General Partner until each Limited Partner receives an amount equal to the excess, if any, of (1) the 10% Preferred Return calculated through the end of the calendar quarter preceding the quarter during which such distribution is made, over (2) the sum of all prior distributions to such Limited Partner pursuant to Section 5.2(a) and this Section 5.1(a) (applying this Section 5.1(a) first);

(b) Second, 99% to the Limited Partners, .7% to the Managing General Partner and .3% to the Administrative General Partner until each Limited Partner receives an amount equal to the excess, if any, of (1) the 12% Preferred Return calculated through the end of the calendar quarter preceding the quarter during which such distribution is made, over (2) the sum of all prior distributions to such Limited Partner pursuant to Sections 5.1(a), 5.2(a) and 5.2(c) hereof and this Section 5.1(b);

(c) Third, 100% to the Operating General Partners (on a basis of 70% to the Managing General Partner and 30% to the Administrative General Partner) until each Operating General Partner has received an amount equal to the unreimbursed amounts paid by it relating to Excess Offering and Organizational Expenses; and

(d) The balance, if any, 75% to the Limited Partners, 17.5% to the Managing General Partner and 7.5% to the Administrative General Partner.

The foregoing provisions of this Section 5.1 notwithstanding, distributions shall not be made pursuant hereto to the extent that such distributions are prohibited by restrictions contained in the Act, the 1940 Act or the Advisers Act applicable to distributions by the Partnership.

5.2. *Net Cash From Capital Transactions.* Except as otherwise provided in Article 12 hereof and, with respect to Sections 5.2(c) through 5.2(j), to the extent the Partnership does not reinvest any remaining Net Cash From Capital Transactions in accordance with Article 6, Net Cash From Capital Transactions shall, as soon as practicable after such Capital Transaction, be distributed in the following order and priority:

(a) First, 99% to the Limited Partners, .7% to the Managing General Partner and .3% to the Administrative General Partner until each Limited Partner receives an amount equal to the excess, if any, of (1) the 10% Preferred Return calculated through the end of the calendar quarter preceding the quarter during which such distribution is made, over (2) the sum of all prior distributions to such Limited Partner pursuant to Section 5.1(a) and this Section 5.2(a) (applying Section 5.1(a) first);

(b) Second, the Operating General Partners shall estimate and establish reserves from Net Cash From Capital Transactions in order to make a "Tax Liability Distribution" to the Partners in accordance with the terms of this Section 5.2(b) (such estimate to be based upon Capital Transactions that have previously taken place in such fiscal year). The Tax Liability Distribution shall be the product (the "Tax Liability Distribution") of (1) the aggregate taxable income and gain allocable to the Partners for such fiscal year resulting from Capital Transactions, reduced by the excess, if any, of the maximum amount allocable to the Limited Partners at the end of such fiscal year pursuant to Section 4.1(a) over the amount of Partnership Profits for such year calculated without regard to the Capital Transactions in such year, and (2) the maximum marginal federal tax rate applicable to individuals for such year (e.g., 28% for calendar year 1988) plus nine percentage points; provided, however, that no Tax Liability Distribution to any Partner shall be made hereunder in excess of amounts that would cause cumulative distributions to the Managing General Partner under this Section 5.2(b) to exceed the deficit capital account make-up obligation of the Managing General Partner pursuant to Section 12.3. Any Tax Liability Distribution shall be distributed to the Partners within 105 days of the end of the fiscal year during which such Capital Transaction occurred and shall be made to each Partner entitled to such distribution in the ratio which

the taxable income and gain resulting from Capital Transactions allocated to such Partner for such fiscal year bears to the aggregate taxable income and gain resulting from Capital Transactions allocated to all of the Partners for such fiscal year;

(c) Third, 99% to the Limited Partners, .7% to the Managing General Partner and .3% to the Administrative General Partner until each Limited Partner receives an amount equal to the excess, if any, of (1) the 12% Preferred Return calculated through the end of the calendar quarter preceding the quarter during which such distribution is made, over (2) the sum of all prior distributions to such Limited Partner pursuant to Sections 5.1(a), 5.1(b) and 5.2(a) hereof and this Section 5.2(c);

(d) Fourth, 99% to the Limited Partners, .7% to the Managing General Partner and .3% to the Administrative General Partner until each Limited Partner has received cumulative amounts pursuant to Section 3.6 and this Section 5.2(d) equal to the amount of his Capital Contributions;

(e) Fifth, subject to Sections 5.2(h) and 5.2(i), 70% to the Managing General Partner and 30% to the Administrative General Partner until the Managing General Partner and the Administrative General Partner shall have received amounts pursuant to this clause (e) equal to any deferred distributions resulting from the application of Sections 5.2(h) and 5.2(i), respectively;

(f) Sixth, 100% to the Operating General Partners (on a basis of 70% to the Managing General Partner and 30% to the Administrative General Partner) until each Operating General Partner has received an amount equal to the unreimbursed amounts paid by it relating to Excess Offering and Organizational Expenses;

(g) The balance, if any, 75% to the Limited Partners, 17.5% to the Managing General Partner and 7.5% to the Administrative General Partner;

(h) Notwithstanding any other provision of this Section 5.2, distributions pursuant to Section 5.2 which, if paid pursuant to the terms thereof, would result in the receipt by the Managing General Partner of cumulative distributions from Sales in excess of 14% of the cumulative capital gains based on actual costs of investments then or theretofore realized by the Partnership (net of realized capital losses and unrealized net capital depreciation based on actual costs of investments), shall not be made pursuant hereto. The distribution of any amount not paid to the Managing General Partner pursuant to the terms of this Section 5.2(h) shall be deferred until payable pursuant to Section 5.2(e); provided, however, that in the event any deferred distributions remain unpaid at the time of the liquidation of the Partnership pursuant to Article 12, such deferred distributions shall be distributed as provided in Article 12;

(i) Notwithstanding any other provision of this Section 5.2, distributions pursuant to Section 5.2 which, if paid pursuant to the terms thereof, would result in the receipt by the Administrative General Partner of cumulative distributions from Sales in excess of 6% of the cumulative capital gains based on actual costs of investments then or theretofore realized by the Partnership (net of realized capital losses and unrealized net capital depreciation based on actual costs of investments), shall not be made pursuant hereto. The distribution of any amount not paid to the Administrative General Partner pursuant to the terms of this Section 5.2(i) shall be deferred until payable pursuant to Section 5.2(e); provided, however, that in the event any deferred distributions remain unpaid at the time of the liquidation of the Partnership pursuant to Article 12, such deferred distributions shall be distributed as provided in Article 12; and

(j) The provisions of Sections 5.2(h), 5.2(i) and the last paragraph of Section 12.2 of this Agreement are intended to comply with the 20% limitation on distributions of realized capital gains set forth in Section 205(b) of the Advisers Act. In the event that Section 205(b) of the Advisers Act is amended by the Securities and Exchange Commission in a manner that increases such 20% limitation, then the 14% and 6% limitations set forth in Sections 5.2(h) and 5.2(i), respectively, and the last paragraph of Section 12.2 shall be increased proportionately (but in no event to more than 17.5% and 7.5%, respectively) in order to allow the Operating General Partners to receive collectively the amount of realized capital gains permitted by such amended Section 205(b) of the Advisers Act. Any valuation of the Partnership's assets that is performed in order to allow the Partnership to comply with Sections

5.2(h), 5.2(i) and the last paragraph of Section 12.2 shall be made in compliance with Section 14.2 hereof.

For the purposes of Sections 5.2(h), 5.2(i) and the last paragraph of Section 12.2 only, "Sale" means any sale, exchange, disposition or realization upon any Temporary Investment or Eligible Investment (other than receipt of Capital Contributions), provided, however, that (a) the receipt by the Partnership of any amount derived from interest or dividends on investments (including on investment of any Capital Contributions or Partnership borrowings) or otherwise shall not be considered a Sale for the purpose of Sections 5.2(h), 5.2(i) and the last paragraph of Section 12.2, and (b) the receipt by the Partnership of any proceeds of a Financing or a refinancing of an investment by the Partnership shall not be considered a Sale for the purpose of Sections 5.2(h), 5.2(i) and the last paragraph of Section 12.2.

The foregoing provisions of this Section 5.2 notwithstanding, distributions shall not be made pursuant hereto to the extent that such distributions are prohibited by restrictions contained in the Act, the 1940 Act or the Advisers Act applicable to distributions by the Partnership.

5.3. *Excess Offering and Organizational Expenses.* Notwithstanding any other provision of this Article 5, in the event that the amount of Excess Offering and Organizational Expenses previously paid by the Managing General Partner exceeds an amount equal to 70% of the Excess Offering and Organizational Expenses, then the Managing General Partner shall be entitled to receive the distributions that would, in the absence of this paragraph, otherwise be payable to the Administrative General Partner pursuant to this Article 5 until the Managing General Partner receives pursuant to this paragraph an amount equal to the Extra MGP Expenses.

5.4. *Approval of Distributions.* Notwithstanding any other provision of this Agreement, the Partnership shall not make any distribution pursuant to Section 5.1 or 5.2 unless the date of such distribution and, except as otherwise provided in Sections 5.2(a) and 5.2(b), the aggregate amount of such distribution have been approved by the unanimous vote of the Kagan Executive Committee.

5.5. *Division Among Limited Partners.* Except with respect to distributions pursuant to Sections 5.1(a), 5.1(b), 5.2(a), 5.2(b), 5.2(c) and 5.2(d), all distributions to the Limited Partners, as a class, pursuant to this Article 5 shall be made to each Limited Partner entitled to such distribution in the ratio which the number of Units owned by such Limited Partner bears to the total number of Units owned by all Limited Partners entitled to such distribution. All distributions to the Limited Partners, as a class, pursuant to Sections 5.1(a), 5.1(b), 5.2(a) and 5.2(c) shall be made in proportion to their relative 10% Preferred Returns. All distributions to the Limited Partners, as a class, pursuant to Section 5.2(d) shall be made to the Limited Partners pro rata in proportion to their Capital Contributions. All distributions pursuant to Section 5.2(b) shall be made in accordance with Section 5.2(b).

5.6. *Amounts Withheld.* Notwithstanding any other provision of this Article 5, each Partner hereby authorizes the Partnership to withhold and to pay over, or otherwise pay, any withholding taxes payable by the Partnership or any of its Affiliates with respect to such Partner or as a result of such Partner's participation in the Partnership. All amounts withheld pursuant to the Code or any provision of any state or local tax law with respect to any payment or distribution to the Partnership or the Limited Partners shall be treated as amounts distributed to the Limited Partners pursuant to this Article 5 for all purposes under this Agreement. The General Partners may allocate any such amounts among the Limited Partners in any manner that is in accordance with applicable law.

ARTICLE 6.

MANAGEMENT

6.1. *Management and Control of the Partnership.* (a) Subject to the consent of the Limited Partners where required by this Agreement, the General Partners shall have the full, exclusive and complete discretion in the management and control of the business and affairs of the Partnership and shall make all decisions regarding the business of the Partnership and shall have all of the rights, powers and obligations of a general

partner of a limited partnership under the laws of the State of Delaware. The Independent General Partners shall approve the Guidelines, shall review certain investment and other decisions of the Partnership as described in this Agreement, shall perform all duties imposed on the directors of business development companies by the 1940 Act or by any exemptive order of the Securities and Exchange Commission granted to the Partnership and shall exercise all other powers expressly granted to them herein. Subject to the terms of this Agreement, the General Partners shall provide overall guidance and supervision with respect to the operations of the Partnership and are hereby granted the right, power and authority to do on behalf of the Partnership all things which, in their sole judgment, are necessary or appropriate to manage the Partnership's affairs and fulfill the purposes of the Partnership.

(b) No Limited Partner shall participate in the management of or have any control over the Partnership's business, nor shall any Limited Partner have the power to represent, act for, sign for or bind the General Partners or the Partnership. The Limited Partners hereby consent to the exercise by the General Partners of the powers conferred on them by this Agreement.

6.2. Kagan Executive Committee. The Operating General Partners shall establish the Kagan Executive Committee, which committee will be required to exercise the authority described in Section 6.4. Each of the Operating General Partners shall designate at least one representative to serve on the Kagan Executive Committee, each of which representatives shall be an authorized officer of the Operating General Partner appointing him or her. Each Operating General Partner from time to time may add members representing it to, or delete members representing it from, the Kagan Executive Committee. Each Operating General Partner shall have one vote at each meeting of the Kagan Executive Committee, which shall be cast by the representative(s) of such Operating General Partner present at such meeting. The Kagan Executive Committee shall be deemed to have approved an action only if such action is approved by the vote of both of the Operating General Partners. The Operating General Partners may approve an action at a meeting at which at least one committee representative of each of the Operating General Partners is present, at a telephonic meeting in which each of the committee representatives of the Operating General Partners can hear and be heard by each of the other committee representative(s) of the Operating General Partners participating in such telephonic meeting, or by written consent in lieu of a meeting signed by at least one of the committee representatives of each of the Operating General Partners.

6.3. Authority of the Managing General Partner. It is the intention of the Partners that, subject to the terms of this Agreement, the Managing General Partner of the Partnership shall discharge the executive functions of the Partnership and shall have the authority to take the following actions on behalf of the Partnership.

(a) The Administrative General Partner and the Independent General Partners hereby delegate to the Managing General Partner the authority to take the following actions so long as in doing so the Managing General Partner complies with the provisions of Sections 6.4 and 6.5:

(1) to identify potential Partnership investments, to negotiate the terms of such investments (subject to the approval of such investments pursuant to Section 6.4 and/or Section 6.5) and to present to the Kagan Executive Committee and (if required by Section 6.4) to the Independent General Partners the terms of potential Partnership investments, the recommendation of the Investment Adviser and such other information pertaining to potential Partnership investments as the Managing General Partner deems appropriate or as the Kagan Executive Committee or the Independent General Partners may request;

(2) upon the approval of a Partnership investment pursuant to Section 6.4 and/or Section 6.5, to implement such investment on a basis consistent with such approval in all material respects and to pay from Partnership funds all Acquisition Expenses incurred in connection therewith to the extent consistent with such approval; to administer, monitor, manage and oversee such investment; upon the approval of any amendment of the terms of such investment or of the disposition thereof pursuant to Section 6.4 and/or Section 6.5, to implement the amendment of the terms or the disposition of such investment on a basis consistent with such approval in all material respects; and to engage attorneys and engineers as the Managing General Partner shall deem appropriate (or as the Kagan Executive Committee shall direct as

part of the approval of any such transaction), and such appraisers and consultants as the Kagan Executive Committee shall unanimously authorize, in connection with the discharge of such functions;

(3) to incur all expenditures permitted by this Agreement and as described in the Prospectus including, without limitation, Organization and Offering Expenses, and to reimburse itself for the reasonable third party expenditures incurred by it in the discharge of its management functions hereunder (provided that the Partnership shall not reimburse the Managing General Partner for (i) its overhead expenses or the salaries paid to its officers or employees, or (ii) any expenses consisting of fees paid to Affiliates of the Managing General Partner, unless the Administrative General Partner and a majority of the Independent General Partners shall have approved such reimbursement and such fees and expenses do not exceed the lesser of (A) the actual cost to such Affiliate of the performance of the services charged for or (B) the fees that would be charged by an independent third party regularly engaged in the business of performing similar services in the same geographic location);

(4) to enter into, execute, amend, supplement, acknowledge, deliver and perform any and all agreements, contracts, documents, certifications, and instruments necessary or convenient in connection with managing the affairs of the Partnership including, without limitation, contracts with banks (provided that the Kagan Executive Committee has first approved the selection of each such bank), trust companies or other investment advisers, not including the General Partners and any of their Affiliates, for the performance of such functions, provided in the case of any such agreement, contract, document, certificate or instrument pertaining to a transaction required to be approved pursuant to the provisions of Sections 6.4 and/or 6.5 that such transaction has first been so approved and that the material terms of such agreements, contracts, documents, certificates or instruments are consistent with the terms so approved in all material respects;

(5) to care for and distribute funds to the Limited Partners by way of cash, income, return of capital or otherwise, all in accordance with the provisions of this Agreement;

(6) to protect and preserve the title and interest of the Partnership with respect to the assets at any time owned or acquired by the Partnership (provided that the institution of any litigation required to be approved pursuant to Section 6.4 or Section 6.5 is first so approved);

(7) to collect all amounts due to the Partnership and otherwise to enforce all rights of the Partnership (provided that the institution of any litigation required to be approved pursuant to Section 6.4 or Section 6.5 is first so approved);

(8) to establish and maintain one or more bank accounts for the Partnership in such bank or banks having assets of at least \$50,000,000 as the Managing General Partner may, from time to time, designate as depositories of the funds of the Partnership (provided that the Kagan Executive Committee has first approved the selection of such bank or banks);

(9) to cause securities owned by the Partnership to be registered in the Partnership's name or in the name of a nominee or to be held in street name, as the Managing General Partner shall elect, and to enter into, execute, deliver and perform any custodian agreement that has been approved by a majority of the Independent General Partners and to cause the assets of the Partnership to be held in custody in accordance with the terms of such agreement and in compliance with the requirements of the 1940 Act;

(10) to the extent that funds of the Partnership are available, to pay all debts and obligations of the Partnership (provided that the prepayment of any long term debt obligation of the Partnership shall first be approved pursuant to Section 6.4);

(11) to enter into, execute, deliver and perform any sales agency or dealer agreements and escrow agreements with respect to the sale of Units under the Prospectus that have been approved by the Independent General Partners pursuant to Section 6.5, and in accordance with the terms of such agreements to provide for the distribution of such Units by the Partnership through the Selling Agent, to pay, or cause the Partnership to pay, the fees, commissions, charges and expenses related thereto, and to indemnify and hold harmless the Selling Agent (and any selected dealer participating with the Selling

Agent in a distribution of Units pursuant to the terms of such agreement) from any liability incurred by it in so acting for the Partnership pursuant to the terms of such agreement;

(12) upon the approval of a Registration Statement or any amendment thereof pursuant to Section 6.4, to cause the Registration Statement and such amendment(s) thereto with respect to the Units to be filed with the Securities and Exchange Commission and the securities commissions, or similar agencies or offices, of such jurisdictions as the Partnership's agreement with the Selling Agent shall require in order to register the Units for offer and sale to the public;

(13) to institute, prosecute, defend, settle, compromise and dismiss lawsuits or other judicial or administrative proceedings brought on or on behalf of, or against, the Partnership or the Limited Partners as a class in connection with activities arising out of, connected with or incidental to this Agreement, and to engage counsel or others in connection therewith (provided that the institution, settlement, compromise or dismissal of any litigation required by Section 6.4 or Section 6.5 to be approved is first so approved);

(14) to establish and maintain the books and records of the Partnership in accordance with this Agreement;

(15) to perform all normal business functions, and otherwise operate and manage the business and affairs of the Partnership, in accordance with and as limited by this Agreement;

(16) to establish and maintain a Capital Account for each Partner in accordance with this Agreement;

(17) subject to the provisions of Sections 6.9 and 6.10, to deal with, or otherwise engage in business with, or provide services to, and receive compensation therefor from, any Person who has in the past dealt or engaged in business with the General Partners or any of their Affiliates or may in the future have such dealings or do such business with General Partners or any of their Affiliates;

(18) to engage in any kind of activity and to perform and carry out contracts of any kind (including, without limitation, contracts of insurance covering Partnership, General Partner or employee liability) necessary to, or in connection with or convenient or incidental to, the accomplishment of the purposes of the Partnership so long as said activities and contracts may be lawfully carried on or performed by a partnership under the laws of each state in which the Partnership is then formed or qualified, in accordance with and as limited by this Agreement and so long as any such activity or contract required to be approved pursuant to Sections 6.4 or 6.5 has first been so approved;

(19) to offer to provide and, if accepted, provide, management assistance to Managed Companies to the extent required by the 1940 Act or otherwise considered necessary or appropriate by the Managing General Partner;

(20) to make any and all elections for federal, state and local tax purposes including, without limitation, any election, if permitted by applicable law: (i) to adjust the basis of the Partnership's property and assets pursuant to Code Sections 754, 734(b) and 743(b), or comparable provisions of state or local law, in connection with transfers of interests in the Partnership and Partnership distributions; (ii) to extend the statute of limitations for assessment of tax deficiencies against General Partners and Limited Partners with respect to adjustments to the Partnership's federal, state or local tax returns; and (iii) to represent the Partnership, General Partners and Limited Partners before taxing authorities or courts of competent jurisdiction in tax matters affecting the Partnership, General Partners and Limited Partners in their capacity as General Partners and Limited Partners, and to execute any agreements or other documents relating to or affecting such tax matters, including agreements or other documents that bind the General Partners and Limited Partners with respect to such tax matters or otherwise affect the rights of the Partnership, General Partners and Limited Partners. The Managing General Partner is specifically authorized to act as the "Tax Matters Partner" under the Code and in any similar capacity under state or local law;

(21) to take such actions and execute, deliver and cause the Partnership to perform such contracts, agreements and instruments as may be necessary or appropriate to consummate and implement each of the actions and transactions that have been approved pursuant to Section 6.4 and/or 6.5 on a basis that is consistent in all material respects with such approval, and in general to manage the Partnership's business and in connection therewith to discharge such responsibilities and duties as are necessary or appropriate thereto consistent with the terms of this Agreement (other than administrative functions which are the obligations of the Administrative General Partner as described in Section 6.6);

(22) to enter into the investment advisory agreement with the Investment Adviser on behalf of the Partnership upon its approval by the Independent General Partners pursuant to Section 6.5;

(23) subject to the rights and obligations of the Administrative General Partner and the Independent General Partners provided elsewhere in this Agreement, to supervise the Investment Adviser in managing and controlling the Investments of the Partnership and in providing services to the Partnership as provided in the investment advisory agreement between the Investment Adviser and the Partnership; and

(24) to make temporary investments of Partnership capital in Temporary Investments pending final investment disposition or cash distributions to the Partners.

(b) The Managing General Partner is hereby directed to and shall take the following actions:

(1) to pay to the Investment Adviser the investment advisory fee required to be paid by the Partnership, which initially shall be \$75,000, escalating by an amount equal to 5% of the prior year's annual fee in each calendar year, and the expense reimbursements, all as described in the investment advisory agreement;

(2) to pay to the Selling Agent the fees and expenses described in the sales agency agreement to be entered into by the Partnership with the Selling Agent;

(3) to pay to the Administrative General Partner the Financial Advisory Fee; provided, however, that in the event there are Excess Offering and Organizational Expenses, the amount of the Financial Advisory Fee to be received by the Administrative General Partner shall be reduced by a maximum aggregate amount equal to 30% of such Excess Offering and Organizational Expenses; notwithstanding any other provision of this Agreement, the Financial Advisory Fee shall never be reduced to an amount equal to less than 1.78% of the aggregate Capital Contributions received by the Partnership from the Limited Partners at a Closing;

(4) to pay to the Selling Agent and the other appropriate parties the Organization and Offering Expenses;

(5) to purchase on behalf of the Partnership key man life insurance on the life of Paul Kagan in the policy amount of \$5,000,000;

(6) to provide to the Kagan Executive Committee and the Independent General Partners such reports and information with respect to the investments of the Partnership as they shall reasonably require in order to discharge their respective duties hereunder; in the case of information presented to the Kagan Executive Committee or the Independent General Partners with respect to a proposed investment in a Media Property, except where the Administrative General Partner shall approve the omission of a specific item of information, such information shall include information with respect to (i) the quality of the management team of the Media Property; (ii) an analysis of the Media Property; (iii) an analysis of the economic and growth prospects of the community in which the Media Property is located; (iv) financial projections; and (v) capital structures and other capital sources;

(7) to solicit the affirmative approval of the investment advisory agreement with the Investment Adviser, Articles 4, 5 and 6 of this Agreement and other matters required to be approved by Independent General Partners on at least an annual basis, and to present to the Independent General Partners such information as they shall reasonably require in connection therewith;

(8) to make the distributions of Net Cash From Capital Transactions contemplated by Sections 5.2(a) and 5.2(b);

(9) to pay to the Operating General Partners the Subordinated Management Fee, which fee shall be payable only to the extent amounts are available (i) out of Net Cash From Operations for a given fiscal year after the distributions contemplated by Section 5.1(a) with respect to such fiscal year and (ii) out of Net Cash From Capital Transactions remaining after the distributions contemplated by Section 5.2(a), 5.2(b), 5.2(c) and 5.2(d). No deduction will be taken by the Partnership with respect to the Subordinated Management Fee until such fee is paid by the Partnership;

(10) to solicit within one year following the initial Closing the approval of a majority in interest of Limited Partners of the investment advisory agreement and Articles 4, 5 and 6 of this Agreement in accordance with Section 7.2(c); and

(11) to pay to the Managing General Partner the Investment Analysis Fee with respect to each Senior-Participation Instrument acquired by the Partnership.

The grant of exclusive power and authority to the Managing General Partner under this Section 6.3 in no way limits the rights, powers or authority of the Independent General Partners under this Agreement, or as otherwise provided by the 1940 Act.

6.4. Authority of the Kagan Executive Committee. The Kagan Executive Committee shall have the responsibilities described in this Section 6.4 and the authority to approve the actions proposed to be taken by the Managing General Partner as described in this Section 6.4.

(a) The Managing General Partner shall have the authority to cause the Partnership to take the actions described in this Section 6.4(a) only upon the approval of the Kagan Executive Committee pursuant to the procedures described in Section 6.2 or, in the case of any action described in this Section 6.4(a) that has been recommended by the Managing General Partner and that has not been approved by the Kagan Executive Committee, upon the approval by a majority of the Independent General Partners:

(1) to consummate the acquisition of any Eligible Investment that has been certified by the Managing General Partner to meet the Guidelines;

(2) to amend the terms of, to sell or otherwise dispose of and to refinance, any investment acquired by the Partnership;

(3) to consummate the reinvestment of any or all of the Net Cash From Capital Transactions (after making the distribution of the portions thereof required by Sections 5.2(a) and 5.2(b)) received by the Partnership prior to the seventh anniversary of the initial Closing (provided that the terms of any such reinvestment provide for its maturation or liquidation at the option of the Partnership prior to the end of the term of the Partnership);

(4) to cause the Partnership to borrow funds and to secure the same in circumstances where the Managing General Partner certifies to the Kagan Executive Committee that such borrowing is necessary in order to avoid a default on the part of an issuer of an investment held by the Partnership or is otherwise necessary to protect the value of a Partnership investment; provided, however, that the Partnership shall not borrow money unless immediately following such borrowing the Partnership will have an asset coverage of at least 200% (for purposes of such asset coverage test, the Partnership will treat any accrued but unpaid portion of the Subordinated Management Fee, and any interest payable with respect thereto, as a borrowing of the Partnership); and provided further that the Partnership shall not borrow money on a basis that is recourse to the General Partners without the unanimous consent of the General Partners;

(5) to grant any consents or exercise any authorities that the Partnership is entitled to grant or exercise pursuant to the terms of any of its Investments if the grant or the exercise of the same is likely materially to affect the value, security or amount realized in respect of such Investment; and

(6) to institute, settle, compromise and dismiss litigation on behalf of the Partnership if the same relates to the enforcement by the Partnership of rights accorded to it by the terms of any Investment or is otherwise likely to affect the value, security or amount realized in respect of such Investment.

(b) The Managing General Partner shall have the authority to take the actions described in this Section 6.4(b) only upon the approval of the Kagan Executive Committee pursuant to the procedures described in Section 6.2:

(1) to consummate the reinvestment of any or all of the Net Cash From Capital Transactions (after making the distribution of the portions thereof required by Sections 5.2(a) and 5.2(b)) received by the Partnership on or following the seventh anniversary of the initial Closing;

(2) to consummate the borrowing of money and issuance of evidences of indebtedness necessary, convenient or incidental to the accomplishment of the purposes of the Partnership (including, without limitation, senior or subordinated debt securities of the Partnership to be issued by the Partnership in a private or public offering), and securing the same by mortgage, pledge or other lien on the Partnership's investments or any other assets of the Partnership, and to refinance and/or repay, in whole or in part, any such borrowings or indebtedness; provided, however, that the Partnership shall not borrow money unless immediately following such borrowing the Partnership will have an asset coverage of at least 200% (for purposes of such asset coverage test, the Partnership will treat any accrued but unpaid portion of the Subordinated Management Fee, and any interest payable with respect thereto, as a borrowing of the Partnership); provided further that the Managing General Partner shall not cause the Partnership to borrow money on a basis that is recourse to the General Partners without the unanimous consent of the General Partners; and provided further that notwithstanding the provisions of this Section 6.4(b) (2), the Managing General Partner shall have the authority to cause the Partnership to borrow funds and secure the same in the circumstances contemplated by Section 6.4(a) (4);

(3) to approve the prepayment in whole or in part, refinancing, recasting, increase, modification or extension of any liabilities of the Partnership and in connection therewith the execution of any extensions or renewals of encumbrances on any or all of the assets of the Partnership;

(4) to establish, from the proceeds from the sale of Units, from income derived from the Partnership's operations and from proceeds received by the Partnership upon the sale, repayment, disposition or refinancing of an Investment by the Partnership, reserves to meet anticipated Partnership expenses;

(5) to admit Limited Partners to the Partnership in accordance with Section 3.3(a);

(6) to select the bank or banks to be designated as the depositories of the funds of the Partnership or with which the Partnership contracts in connection with the management of the affairs of the Partnership;

(7) to approve the date and, except as otherwise provided in Sections 5.2(a) and 5.2(b), the aggregate amount of all distributions of Net Cash From Operations and Net Cash From Capital Transactions;

(8) to engage appraisers and consultants at the expense of the Partnership;

(9) at such time as current law is amended or modified to permit the same without adverse tax consequences to the holders of the Units, to establish or enter into agreements with broker-dealers contemplating the establishment of a secondary market in the Units; and

(10) if there is a determination by the Internal Revenue Service which in the opinion of counsel is likely to be sustained by a court of competent jurisdiction, or if at any time in the opinion of counsel there is a substantial risk that the Partnership will or, at some future date, would be classified as a corporation or a publicly traded partnership for federal income tax purposes, to take such steps as the Kagan Executive Committee deems necessary or desirable to minimize the adverse tax consequences of such classification including, without limitation, (i) suspend all transfers of Units for one quarter, (ii) amend

this Agreement to the extent necessary to ensure that the Partnership will, in the opinion of counsel, be classified as a partnership for federal income tax purposes, (iii) reorganize the Partnership so that it qualifies as a regulated investment company pursuant to section 851 of the Code, or (iv) liquidate, in a prompt and orderly fashion as determined by the Kagan Executive Committee in its sole discretion, the Partnership.

(c) The Managing General Partner shall have the authority to cause the Partnership to take the actions described in this Section 6.4(c) only upon the approval of the Kagan Executive Committee pursuant to the procedures described in Section 6.2 and upon the approval of a majority of the Independent General Partners:

(1) to finalize the Registration Statement and the form of any amendment thereto and to cause the same to be filed with the Securities and Exchange Commission;

(2) to establish such procedures as are necessary in order to comply with the 1940 Act and any requirements imposed by the Securities and Exchange Commission in connection with having more than one Closing, including, without limitation, selling Units at their "current net asset value," and to establish the terms on which the Partnership offers and sells Units after the Offering Termination Date in compliance with the terms hereof and of the 1940 Act;

(3) to consummate the acquisition of any Eligible Investment that does not meet the Guidelines;

(4) to approve the engagement by the Partnership of any service provider that is an Affiliate of a General Partner and the terms of such engagement; provided, however, that the Managing General Partner shall not approve the engagement of any such service provider except upon making a determination that extraordinary circumstances exist; and, provided further that the following conditions shall be satisfied: (i) the compensation, price or fee payable to such service provider is comparable and competitive with the compensation, price or fee of any other person who is rendering comparable services or selling or leasing comparable goods, which could reasonably be made available to the Partnership and are on competitive terms; (ii) the fees and other terms of the contract are fully disclosed; (iii) the service provider has been previously engaged in the business of rendering such services or selling or leasing such goods, independently of the Partnership and as an ordinary and ongoing business; (iv) all services or goods for which the provider is to receive compensation shall be embodied in a written contract, which precisely describes the services to be rendered and all compensation to be paid, and which may only be modified by a vote of a majority in interest of the Limited Partners; and (v) such contract shall contain a clause allowing termination without penalty on sixty (60) days' notice; and

(5) to amend or modify the Guidelines following their approval by the Independent General Partners pursuant to Section 6.5(b).

6.5. Authority of the Independent General Partners. The Independent General Partners shall have and discharge the powers and authorities required to be discharged by them pursuant to the 1940 Act. Without limiting the generality of the foregoing, the Independent General Partners shall have the responsibilities described in Section 6.4(a), Section 6.4(c) and this Section 6.5 and the authority to approve the actions proposed to be taken by the Managing General Partner as described in Section 6.4(a) and Section 6.4(c), and the Managing General Partner shall have the authority to cause the Partnership to take the actions described in Section 6.4(a) (in the event of a split vote of the Kagan Executive Committee) or Section 6.4(c) only upon the approval of the Independent General Partners. The Independent General Partners shall have the following rights and powers pursuant to this Section 6.5:

(a) subject to such approvals by the Limited Partners as may be required by the 1940 Act, to appoint the Accountants for the Partnership and to appoint and to establish the terms of engagement of the custodian of any assets of the Partnership;

(b) to approve the Guidelines proposed by the Operating General Partners setting forth the manner in which investment decisions will be made by the Partnership and the types and structure of investments permitted to be made by the Partnership;

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(c) to approve the sales agency agreement to be entered into by the Partnership with the Selling Agent, and any selected dealer and escrow agreements to be entered into by the Partnership, in connection with the offering and sale of the Units described in the Prospectus or any other offering of Units;

(d) by their execution thereof to approve the investment advisory agreement to be entered into by the Partnership with the Investment Adviser, and annually to affirmatively approve such investment advisory agreement and Articles 4, 5 and 6 of this Agreement;

(e) to the extent permitted by the 1940 Act, to designate and appoint one or more agents for the Partnership who shall have such authority as may be conferred upon them by the Independent General Partners, and who may perform any of the duties and exercise any of the powers and authority conferred upon the Independent General Partners hereunder;

(f) to approve the valuation guidelines and policies contemplated by Section 14.2.

6.6. Authority of the Administrative General Partner. In addition to any other rights that the Administrative General Partner may possess under this Agreement as a member of the Kagan Executive Committee, the Administrative General Partner is hereby granted the exclusive power, authority and responsibility from time to time to do the following:

(a) to determine the most appropriate manner for the discharge, and to discharge, all necessary Partnership administrative functions including, without limitation, the timely preparation of all reports to and correspondence with Limited Partners required hereunder or by law and the timely filing of any required reports or filings with the Securities and Exchange Commission under the Exchange Act or the 1940 Act; provided, however, that the Managing General Partner shall review and approve all such reports, correspondence and filings prior to their dissemination. In connection with the discharge of its duties as described in this Section 6.6(a), the Administrative General Partner is hereby authorized on behalf of the Partnership to enter into an administrative services agreement pursuant to which an unaffiliated third party will provide all or some of such services; provided, however, that the Administrative General Partner may enter into an administrative services agreement with an Affiliate of the Administrative General Partner only upon receipt of the approval of such agreement by the Managing General Partner and a majority of the Independent General Partners and only if such Affiliate provides such services at the lower of cost or fair market value. In the event that the Administrative General Partner enters into an administrative services agreement with a third party, the Administrative General Partner shall provide overall guidance and supervision with respect to the discharge of the Partnership's administrative functions.

(b) in connection with discharging the Partnership's administrative functions and safeguarding the interests of the Limited Partners, to contract on behalf of the Partnership for the employment and services of employees, agents, lawyers, consultants, and other third parties deemed necessary or appropriate by the Administrative General Partner in connection with the discharge of its duties under this Section 6.6.

(c) to admit an assignee of a Limited Partner's Unit as a Substituted Limited Partner in the Partnership, pursuant to and subject to the terms of Section 10.5, without the consent of any Limited Partner or any other General Partner.

6.7. Other Powers of General Partners. In addition to the powers granted to the General Partners pursuant to Sections 6.3, 6.4, 6.5 and 6.6 hereof, the General Partners, acting unanimously, and subject to the express terms of this Agreement, shall have and discharge all other rights and powers required or appropriate to the management of the Partnership's business. The Limited Partners hereby consent and agree to the exercise by the General Partners in accordance with the terms of this Agreement of any of the rights and powers set forth in Sections 6.3, 6.4, 6.5 and 6.6 hereof in addition to any other right or power exercised by the General Partners as required or appropriate to their management of the Partnership.

6.8. *Right to Rely on General Partners.* (a) Except in connection with the approval of Substituted Limited Partners and the implementation of their admission to the Partnership as such (in connection with which the signature of the Administrative General Partner alone shall suffice), the signature of the Managing General Partner shall be required to bind the Partnership, and in no event shall the Independent General Partners acting alone have the power to bind the Partnership (provided that the Operating General Partners may determine that any agreement or instrument requiring the approval of the Independent General Partners pursuant to Section 6.5 should be executed by them to confirm such approval). Any document executed by the Managing General Partner while acting in the name and on behalf of the Partnership shall be deemed to be the action of the Partnership vis-a-vis any third parties (including the Limited Partners as third parties for such purpose).

(b) Any Person dealing with the Partnership may rely (without duty of further inquiry) upon a certificate signed by the Managing General Partner as to:

(1) the identity of any General Partner or Limited Partner;

(2) the existence or nonexistence of any fact or facts which constitute a condition precedent to acts by a General Partner or which are in any other manner germane to the affairs of the Partnership;

(3) the Persons who are authorized to execute and deliver any instrument or document of the Partnership; or

(4) any act or failure to act by the Partnership or any other matter whatsoever involving the Partnership or any Partner.

6.9. *Prohibited Transactions.* The following transactions are prohibited to the Partnership except to the extent expressly permitted by this Agreement:

(a) The Partnership shall not lend money or other property to a General Partner or any Affiliate of a General Partner.

(b) The Partnership shall not sell or purchase any security or other property to or from a General Partner, the Investment Adviser, or any of their Affiliates or effect any transaction in which a General Partner, the Investment Adviser, or any of their Affiliates is a joint or a joint and several participant or effect any reciprocal transactions or business arrangements in which a General Partner, the Investment Adviser or any of their Affiliates is a party.

(c) All expenses of the Partnership will be billed directly to and paid by the Partnership (except (i) Organization and Offering Expenses of the Partnership paid by an Operating General Partner prior to the initial Closing and (ii) Excess Offering and Organizational Expenses as provided in Section 3.4(d)), and no reimbursements shall be made therefor to the General Partners or any of their affiliates, except as permitted by Sections 5.1(c) and 5.2(f) (to the extent permitted by Section 6.9(k)).

(d) The General Partners shall not permit or cause the funds of the Partnership to be commingled with the funds of any other Person.

(e) The Partnership shall not incur any borrowings nor make any distributions unless immediately following such borrowings or distributions the Partnership will have an asset coverage of at least 200% (for purposes of such asset coverage test, the Partnership will treat any accrued but unpaid portion of the Subordinated Management Fee, and any interest payable with respect thereto, as a borrowing of the Partnership).

(f) Neither the Kagan Executive Committee nor the Independent General Partners shall approve the Partnership's acquisition of an Eligible Investment in a Non-Managed Company, and the Managing General Partner shall not invest the assets of the Partnership in Temporary Investments that are not Exempt Investments unless, at the time such investment is made, at least 70 percent of the value of the total assets of the Partnership, as computed pursuant to Section 55(b) of the 1940 Act, is invested in Eligible Investments in Managed Companies and Temporary Investments that are Exempt Investments.

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(g) The Partnership shall not invest more than \$15 million in any one Media Property.

(h) The Partnership shall not acquire or otherwise invest in Other Investments unless immediately following such acquisition or investment not more than 10% of the value of the Partnership's assets are invested in Other Investments.

(i) The Partnership shall not make an investment that would result immediately following such investment in the Partnership owning more than 50% of the common equity of a partnership, corporation or other entity; provided, however, that nothing herein shall prevent the exercise by the Partnership of rights or remedies with respect to an investment if the exercise of such right or remedy results in the Partnership owning more than 50% of the common equity of an entity.

(j) The Partnership shall not sell Units to any Person that is not a citizen of the United States.

(k) Notwithstanding any other provision of this Agreement, the Partnership shall not reimburse to the Operating General Partners any amount of Excess Offering and Organizational Expenses which exceeds 3% of the aggregate Capital Contributions of the Limited Partners, and the Aggregate Offering Expenses paid or reimbursed by the Partnership may not exceed an amount equal to 15% of the aggregate Capital Contributions of the Limited Partners.

(l) Neither the Managing General Partner, the Administrative General Partner nor any of either of their affiliates shall, directly or indirectly, pay or award any commissions or other compensation to any Person engaged to render investment advice to a potential purchaser of Units as an inducement to advise the purchase of Units, except the amounts payable to the Selling Agent and the selected dealers pursuant to the express terms of the sales agency agreement in connection with the sale of Units.

(m) No rebates or give-ups may be received by the Managing General Partner, the Administrative General Partner nor any of either of their affiliates, nor may the Managing General Partner, the Administrative General Partner nor any of either of their affiliates participate in any reciprocal business arrangements that would circumvent the rules contained in the Statement of Policy Regarding Real Estate Programs promulgated by the North American Securities Administrators Association, Inc. or circumvent the restrictions against the Partnership dealing with the Operating General Partners and their affiliates.

(n) The Partnership shall not pay any duplicate fees in connection with making a Joint Venture Investment.

6.10. *Restrictions on Authority of General Partners.* (a) Without the consent of all of the Limited Partners, but subject to the provisions of Section 9.8, no General Partner shall have the authority to:

(1) do any act in contravention of this Agreement;

(2) except as provided in Article 12, do any act which would make it impossible to carry on the ordinary business of the Partnership;

(3) confess a judgment against the Partnership;

(4) possess the Partnership's property or assets, or assign rights in the Partnership's property or assets, for other than a Partnership purpose;

(5) knowingly perform any act that would subject any Limited Partner to liability as a general partner in any jurisdiction; or

(6) admit a Person as a General Partner or a Limited Partner, except as provided in this Agreement.

(b) Except as permitted by the 1940 Act or any exemptive order issued by the Securities and Exchange Commission thereunder, the General Partners and their Affiliates shall not, acting as principal:

(1) sell any security or other property to the Partnership or to any Person controlled by the Partnership;

(2) purchase any security or other property from the Partnership or from any Person controlled by the Partnership;

(3) borrow money or other property from the Partnership or from any Person controlled by the Partnership; and

(4) effect any transaction in which the Partnership or a Person controlled by the Partnership is a joint or a joint and several participant with such General Partner or Affiliates thereof. Except as permitted by the 1940 Act or any exemptive order issued by the Securities and Exchange Commission thereunder, the Partnership shall not purchase any Eligible Investment that has been sponsored by any Affiliate of the General Partners.

(c) Except as permitted by the 1940 Act or any exemptive order issued by the Securities and Exchange Commission thereunder, the General Partners shall not, acting as agent or broker, accept from any source any compensation, other than pursuant to the express terms hereof and the investment advisory agreement approved by the Independent General Partners, for the purchase or sale of any property or asset to or for the Partnership or any Person controlled by the Partnership, or for effecting any such transaction.

(d) Except as provided in Section 6.4(b)(10), without the consent of a majority in interest of the Limited Partners, but subject to the provisions of Section 9.8, no General Partner shall have the authority to:

(1) sell or otherwise dispose of at one time all or substantially all of the assets of the Partnership, except for a liquidating sale of the Partnership's assets in connection with the dissolution of the Partnership;

(2) elect to dissolve the Partnership; or

(3) amend the Agreement, except in accordance with the provisions of Article 9.

(e) Except as otherwise provided by this Agreement, no General Partner shall have any right to participate in the management or control of the Partnership or its business and affairs or to act for or bind the Partnership in any way. Any Partner who acts beyond the scope of the authority granted by this Agreement shall, in addition to any other remedy available to the Partnership or the other Partners, be liable in damages to the Partnership and each other Partner for any loss or damages that they may incur or suffer as a consequence of such act.

6.11. Duties and Obligations of General Partners. (a) The General Partners shall take all actions which may be necessary or appropriate (1) for the continuation of the Partnership's valid existence as a limited partnership under the laws of the State of Delaware (and under the laws of each other jurisdiction in which such existence is necessary to protect the limited liability of the Limited Partners or to enable the Partnership to conduct the business in which it is engaged), and (2) for the accomplishment of the Partnership's purposes, including the acquisition, holding and disposition of the Partnership's investments in accordance with the provisions of this Agreement and applicable laws and regulations.

(b) The General Partners shall devote to the Partnership such time as may be necessary for the proper performance of all duties hereunder, but the General Partners shall not be required to devote full time to the performance of such duties.

(c) The General Partners shall be under a fiduciary duty to conduct the affairs of the Partnership in the best interests of the Partnership and of the Limited Partners, including the safekeeping and use of all of the Partnership's funds and assets and the use thereof for the exclusive benefit of the Partnership. Neither the General Partners nor any of their Affiliates shall enter into any transactions with the Partnership that may significantly benefit the General Partners or such Affiliates unless the transaction is expressly permitted hereunder and under the 1940 Act or is entered into principally for the benefit of the Partnership in the ordinary course of Partnership business.

(d) The General Partners shall take all actions which may be necessary or appropriate to prevent the Partnership from being treated as a publicly traded partnership within the meaning of Code Section 7704.

(e) The General Partners shall prepare or cause to be prepared and shall file on or before the due date (or any extension thereof) any federal, state or local tax returns required to be filed by the Partnership. The General Partners shall cause the Partnership to pay any taxes payable by the Partnership; provided, however, that the General Partners shall not be required to cause the Partnership to pay any tax so long as the General Partners or the Partnership are in good faith and by appropriate legal proceedings contesting the validity, applicability or amount thereof and such contest does not materially endanger any right or interest of the Partnership.

(f) The General Partners shall, from time to time, submit to any appropriate state securities administrator all documents, papers, statistics and reports required to be filed with or submitted to such state securities administrator.

(g) The General Partners shall use their best efforts to cause the Partnership to be formed, reformed, qualified to do business, or registered under any applicable assumed or fictitious name, statute or similar law in any state in which the Partnership then makes investments or transacts business, if such formation or reformation, qualification or registration is necessary in order to protect the limited liability of the Limited Partners or to permit the Partnership lawfully to own, make investments or transact business.

(h) The General Partners shall, from time to time, prepare and file, or cause to be prepared and filed, any amendment to the Certificate or this Agreement and other similar documents that are required by law to be filed and recorded for any reason, in such office or offices as are required under the laws of the State of Delaware or any other state in which the Partnership is then formed or qualified. The General Partners shall, to the extent required by law, promptly register the Partnership under any assumed or fictitious name, statute or similar law in force and effect in each state in which the Partnership is then formed or qualified. The General Partners shall do all other acts and things (including making publication or periodic filings of the Certificate or this Agreement or other similar documents, or amendments thereto) that may now or hereafter be required, or deemed by the General Partner to be necessary, (1) for the perfection and continued maintenance of the Partnership as a limited partnership under the laws of the State of Delaware and each other state in which the Partnership is then formed, (2) to protect the limited liability of the Limited Partners as limited partners under the laws of the State of Delaware and each other state in which the Partnership is then formed or qualified, and (3) to cause the books and records of the Partnership, and if required by law, to cause the Certificate and this Agreement to reflect accurately the agreement of the Partners, the identity of the Limited Partners and the General Partners and the amounts of their respective Capital Contributions.

(i) The General Partners shall cause the Partnership to invest at least 80% of the Capital Contributions in Investments. The remaining amounts of Capital Contributions may be used to fund Front End Fees to the extent otherwise permitted in this Agreement.

6.12. Exculpation and Indemnification of General Partners. (a) Neither any of the General Partners nor any of their Affiliates shall be liable, responsible or accountable in damages or otherwise to the Partnership or any Limited Partner for any loss or damage incurred by reason of any act or omission performed or omitted by such General Partner or such Affiliate in good faith and reasonably believed by it to be in the best interests of the Partnership and within the scope of the authority granted to it by this Agreement or by law or by the consent of the Limited Partners in accordance with the provisions of this Agreement, provided that such General Partner or such Affiliate was not guilty of gross negligence, willful misfeasance, bad faith or reckless disregard of its duties with respect to such act or omission and, with respect to the Operating General Partners and any Affiliate of the Operating General Partners, was not guilty of any of the foregoing, or negligence or misconduct with respect to such act or omission. To the fullest extent permitted by law, the Partnership, out of its assets and not out of the assets of the General Partners, shall indemnify and hold harmless any General Partner and any of its Affiliates who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (including any action by or in the right of the Partnership), by reason of any act or omission or alleged act or omission arising out of such Person's activities as a General Partner or as an officer, partner, director, shareholder or Affiliate of a General Partner if such activities were performed in good faith and were reasonably believed by such Person to be in the best interests of the Partnership and to be within the scope of

the authority conferred by this Agreement or by law or by the consent of the Limited Partners in accordance with the provisions of this Agreement, against losses, damages, or expenses for which such Person has not otherwise been reimbursed (including attorneys' fees, judgments, fines and amounts paid in settlement) actually and reasonably incurred by such Person in connection with such action, suit or proceeding so long as such Person was not guilty of gross negligence, willful misfeasance, bad faith or reckless disregard of such Person's duties with respect to such acts or omissions and, with respect to the Operating General Partners or any Affiliate of the Operating General Partners, was not guilty of any of the foregoing, negligence or misconduct with respect to such acts or omissions and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful and provided (1) that the satisfaction of any indemnification and any holding harmless shall be from and limited to Partnership assets and no Limited Partner shall have any personal liability on account thereof, and (2) that such an indemnification of an Affiliate shall be limited to losses, damages or expenses (i) which such Affiliate incurred solely as a result of such Affiliate's status as an Affiliate of a General Partner, or (ii) to which the Affiliate is subject because it has performed an obligation of a General Partner on behalf of such General Partner. Notwithstanding the foregoing, absent a judicial or administrative determination that a General Partner or any of its Affiliates seeking indemnification was not liable on the merits or guilty of disabling conduct within the meaning of Section 17(h) of the 1940 Act, the decision by the Partnership to indemnify a General Partner or any such Affiliate must be based upon the reasonable determination of Independent counsel or Independent General Partners not parties to the claim for which indemnification is to be sought after review of the facts, that such disabling conduct did not occur. The Partnership may not incur that portion of liability insurance which insures the General Partners or their Affiliates for any liability as to which the General Partners may not be indemnified pursuant to this Section 6.12.

(b) Notwithstanding the provisions of Section 6.12(a), neither the Operating General Partners nor any controlling Person of the Operating General Partners nor any of their Affiliates acting as a broker-dealer or underwriter in connection with the offering of Units shall be indemnified by the Partnership for any losses, liabilities or expenses arising from or out of an alleged violation of Federal or state securities laws unless (1) there has been a successful adjudication on the merits of each count involving alleged securities violations and a court shall have approved the proposed indemnification, (2) such claims have been dismissed with prejudice on the merits by a court of competent jurisdiction and a court shall have approved the proposed indemnification, or (3) in the case of a legal proceeding which has been settled without a court ruling, a court, after having been informed in writing of the terms of the proposed indemnification and of the opinion of the Securities and Exchange Commission with respect to such indemnification, shall have approved the proposed indemnification.

6.13. *Indemnification of the Investment Adviser.* To the extent permissible under the 1940 Act and state law, upon the approval of the Independent General Partners, the investment advisory agreement in effect with the Investment Adviser may provide for indemnification by the Partnership of the Investment Adviser, or any Affiliate thereof for any act or omission or alleged act or omission arising out of its activities as investment adviser to the Partnership so long as the Investment Adviser is not guilty of negligence, misconduct, bad faith or reckless disregard of its duties. Absent a judicial or administrative determination that the Investment Adviser or any of its Affiliates seeking indemnification was not liable on the merits or guilty of disabling conduct within the meaning of Section 17(h) of the 1940 Act, the decision by the Partnership to indemnify the Investment Adviser or any such Affiliate must be based upon the reasonable determination of Independent counsel or the Independent General Partners not parties to the claim for which indemnification is to be sought after review of the facts, that such disabling conduct did not occur.

6.14. *Indemnification of the Independent General Partners by the Operating General Partners.* To the extent that an Independent General Partner has a valid claim for indemnification from the Partnership pursuant to Section 6.12 and has pursued such claim against the Partnership, but such claim has not been satisfied, the Operating General Partners shall satisfy such claim; provided, however, that the maximum aggregate amount payable hereunder by the Operating General Partners shall be an amount equal to the initial principal balance of the demand notes contributed by the shareholders of the Operating General Partners to the Operating General Partners. In the event that the Operating General Partners become liable for a claim

pursuant to this Section 6.14, the Managing General Partner shall satisfy 70%, and the Administrative General Partner shall satisfy 30%, of the aggregate amount of such claim, and the Operating General Partners shall be subrogated to the Independent General Partner's claim for indemnification up to the amount satisfied by the Operating General Partners pursuant to this Section 6.14 (which subrogation shall be subject to compliance with the standards set forth in Section 6.12).

6.15. *Authorization of Registration Statement.* Each of the Partners and each other Person who may acquire an interest in the Partnership hereby approves, ratifies and confirms the execution, delivery and performance of the Agreement, the Investment Advisory Agreement, to be entered into between the Investment Adviser and the Partnership, the Sales Agency Agreement, to be entered into among the Operating General Partners, the Selling Agent and the Partnership, and the other transactions described in or contemplated by the Registration Statement, and agrees that the General Partners are authorized to execute, deliver and perform the other agreements, acts, transactions, and matters contemplated hereby or described in or contemplated by the Registration Statement on behalf of the Partnership without any further act, approval or vote of the Partners of the Partnership, notwithstanding any other provision of this Agreement, the Act or any applicable law, rule or regulation.

6.16. *Compensation and Expenses of General Partners.* Except as set forth in the Prospectus or as otherwise permitted by this Agreement or the investment advisory agreement approved by the Independent General Partners, no General Partner shall receive any fees or other compensation for serving as a General Partner, unless such fees or other compensation are approved by a majority in interest of the Limited Partners or by a majority of the Independent General Partners. However, each General Partner shall be entitled to the distributions and allocations provided for in Articles 4 and 5 of this Agreement.

ARTICLE 7.

ROLE OF LIMITED PARTNERS

7.1. *Rights or Powers.* No Limited Partner shall have any right or power to participate in the control of the business or affairs of the Partnership or to act for or bind the Partnership in any way. The Limited Partners shall not be permitted to contract away the fiduciary duty owed by the General Partners to the Limited Partners as described herein.

7.2. *Approval Rights.* Subject to Section 9.8, the Limited Partners shall have the following approval rights:

(a) the right to propose and approve or disapprove the removal of General Partners pursuant to Section 11.3(a);

(b) the right to approve or disapprove in accordance with Section 58 of the 1940 Act, such proposed changes in the nature of the Partnership's business as would cause the Partnership to cease to be, or to withdraw its election as, a business development company under the 1940 Act;

(c) the right to approve or disapprove within one year of the initial closing in accordance with Section 15 of the 1940 Act, any proposed investment advisory agreement (including, without limitation, Articles 4, 5 and 6 of this Agreement) or investment management agreement or the termination of any such existing contracts; provided, however, that any such contracts to be approved are also approved by a majority of the Independent General Partners;

(d) the right to approve or disapprove the admission of a successor Operating General Partner pursuant to Section 11.2(d);

(e) the right to approve amendments to the Agreement as provided in Section 9.1; provided, however, that no such amendments shall conflict with the 1940 Act; and

(f) the right to approve or disapprove of any other matters that the 1940 Act or an exemptive order of the Securities and Exchange Commission issued pursuant to such Act requires to be approved by the Limited Partners so long as the Partnership is a business development company subject to the provisions

of the 1940 Act; provided, however, that prior to the exercise of any such right of approval or disapproval, the General Partners may amend this Agreement to reflect such additional right, which amendment may be made by the General Partners without the consent of the Limited Partners.

7.3. Compliance With FCC Requirements. If, in the opinion of counsel to the Partnership, the Partnership is at substantial risk of violating the attribution rules or multiple and cross ownership rules of the FCC, as described in the Prospectus, as a result of the investment by one or more Limited Partners in an entity which holds or is seeking to acquire a license issued by the FCC, then such Limited Partner shall either (a) divest itself of its interest (1) in the Partnership in accordance with the provisions of Article 10, or (2) in such entity, in a manner which, in the opinion of counsel to the Partnership, will eliminate the risk to the Partnership of being in violation of the attribution rules or multiple and cross ownership rules, or (b) obtain a waiver from the FCC from such rules at its own cost and expense.

7.4. Disclosure Obligation. Each Limited Partner shall have an obligation to disclose to the Partnership, upon the request of the Operating General Partners, any investment held by such Limited Partner in an entity which holds a license issued by the FCC.

7.5. FCC Matters. (a) It is specifically recognized that the business of the Partnership and the acquisition and operation of any broadcast stations in which the Partnership shall acquire any interest, directly or indirectly, shall be the exclusive province and control of the General Partners alone and that no Limited Partner may participate or seek to participate (except as expressly provided by this Agreement) in any manner or way in the control or operation of the Partnership or of any broadcast station operated by the Partnership or by an entity in which the Partnership has any interest, direct or indirect;

(b) No Limited Partner shall have any personal liability whatsoever, of any kind, whether to the Partnership, to any of its Partners, or to any creditors of the Partnership, for the debts of the Partnership or any of its losses except to the extent of such Limited Partner's individual rights and interests in the Partnership and its assets or as otherwise provided by Delaware law;

(c) The Partnership and all of its Partners recognize that the standards set by the FCC to satisfactorily insulate Limited Partners from operation, control and management of the Partnership and of any and all broadcast stations in which the Partnership may have any interest, direct or indirect, are necessary to assure that such Limited Partners are exempt from attribution as parties to any application to be filed with the FCC by the Partnership or by any entity in which the Partnership has an interest, direct or indirect. In recognition thereof, and consistent with the standards established by the FCC in Corporate Ownership Reporting and Disclosure By Broadcast Licensees, 58 RR 2d 604 (1985), as modified in Corporate Ownership Reporting and Disclosure By Broadcast Licensees, 1 FCC Rcd. 802 (1986) (the "Attribution Rulemaking"), the Partnership and its Partners agree that the following specific restrictions shall apply to the Limited Partners and to their respective officers and directors or partners:

(1) No Limited Partner (nor any director, officer or partner of a Limited Partner, if such Limited Partner is not a natural person) may act as an employee of the Partnership if his or her functions, directly or indirectly, relate to the media enterprises of the Partnership, or to the media enterprises in which the Partnership has any interest, directly or indirectly;

(2) No Limited Partner (nor any officer, director or partner of a Limited Partner) may serve, in any material capacity, as an independent contractor or agent with respect to the media enterprises in which the Partnership has an interest, directly or indirectly;

(3) No Limited Partner (nor any officer, director or partner of a Limited Partner) may initiate communication with any General Partner, or with the licensee of any broadcast station in which the Partnership has an interest, directly or indirectly, concerning matters pertaining to the day-to-day operations of the business of any such broadcast station or its licenses;

(4) No Limited Partner (nor any officer, director or partner of a Limited Partner) shall perform any services for the Partnership materially relating to the Partnership's media activities or interests, with the exception of making loans to, or acting as surety for, the business of the Partnership;

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(5) No Limited Partner shall become involved in the management or operation of the media businesses of the Partnership.

(d) It is the intention of the Partnership and its Partners that the rights granted to Limited Partners under this Agreement do not exceed those allowable by the FCC to assure for the Limited Partners exemption from attribution as owners of the broadcast stations in which the Partnership may have an interest, direct or indirect, within the meaning of the Attribution Rulemaking. Notwithstanding any other provision of this Section 7.5, the provisions of Section 7.5 shall not be deemed to create rights in the Limited Partners that are broader than the rights otherwise created by this Agreement.

ARTICLE 8.

BOOKS AND RECORDS

8.1. *Books and Records.* At all times during the existence of the Partnership, the Operating General Partners shall keep or cause to be kept full and true books and records of account. Such books and records of account shall be maintained at the principal place of business of the Partnership or at such other place as the Operating General Partners may determine. A current list of the names and addresses of Limited Partners, copies of the Partnership's federal, state, and local income tax returns and reports and copies of this Agreement and any amendments hereto shall be maintained at the administrative office of the Partnership. Any Limited Partner or his or its duly authorized representative shall have the right, for a purpose reasonably related to such Person's interest in the Partnership, to inspect and examine, and for a reasonable charge to copy, such books and records, information regarding the state of business and financial condition of the Partnership and other information regarding the affairs of the Partnership upon reasonable notice during business hours. Any Limited Partner or his duly authorized representative shall have the right to receive by mail, upon written request to the Partnership and at such Person's sole cost and expense, a copy of a list of names and addresses of the Limited Partners and the number of Units owned by each of them, provided that such request is for a purpose reasonably related to such Person's interest in the Partnership.

8.2. *Reports.* (a) Within 120 days after the end of each fiscal year of the Partnership, the Operating General Partners shall cause to be prepared and distributed to each Person who is a Limited Partner as of the mailing of such report, a report of the business and operations of the Partnership during such fiscal year (the "Annual Report"). The Annual Report shall contain financial statements, including a balance sheet as of the end of the Partnership's fiscal year and statements of income, partners' equity and changes in financial position, all of which shall be prepared in accordance with generally accepted accounting principles and shall be audited by the Accountants, shall include a detailed statement of each transaction with a General Partner and of fees, commissions, compensation, reimbursements, and other benefits paid or accrued to a General Partner, the Investment Adviser or any Affiliate of a General Partner or the Investment Adviser for such fiscal year, showing the amount paid or accrued to each recipient and the services performed, and shall otherwise be in such form and have such content as the General Partners deem proper. The Annual Report shall include income from every source. The Annual Report shall set forth the distributions to the Limited Partners for such fiscal year and shall separately identify distributions from (1) Net Cash From Operations during such fiscal year, (2) Net Cash From Capital Transactions and Net Cash From Operations from a prior period that had been held as reserves, (3) Net Cash From Capital Transactions, and (4) unexpended Capital Contributions.

(b) The Operating General Partners shall maintain for at least four years a record of the information obtained to indicate that a purchase of Units from the Partnership meets the suitability standards for investors established by the Partnership and the various state securities and "Blue Sky" laws.

(c) No later than March 15 of each year, the Partnership shall deliver to each Person who was a Limited Partner at any time during the previous fiscal year adequate information to enable such Person to complete and file his federal income tax return.

(d) Within 60 days after the end of each of the first three fiscal quarters, the Operating General Partners shall send to each Person who was a Limited Partner at any time during the quarter then ended, the following (none of which need be audited): (1) quarterly financial statements prepared in accordance with generally

accepted accounting principles; (2) a report as to the nature and terms of each acquisition or disposition of an Investment (other than a Temporary Investment) occurring in the quarter then ended and as to the Profits (including the amount of any recapture gain) or Losses and distributable proceeds arising from such transaction; (3) a report in narrative form describing dealings between the Partnership and the General Partners, the Investment Adviser or their Affiliates, including (i) any new contract or arrangement entered into by the Partnership and any Partner or any Affiliate of any Partner during the period then ended, and (ii) the amount of all fees and other compensation and distributions paid by the Partnership for such period to the General Partners or any of their Affiliates; and (4) a narrative report of the activities of the Partnership during such quarter.

8.3. *Bank Accounts.* The bank accounts of the Partnership shall be maintained in such banking institutions as the Operating General Partners shall determine, and withdrawals shall be made only in the regular course of Partnership business on such signature or signatures as the Operating General Partners may determine. All deposits and other funds not needed in the operation of the business may be deposited in Temporary Investments; provided, however, that no such investment shall be made in a Temporary Investment which is not an Exempt Investment if, at the time of such Investment, less than 70% of the Partnership's assets is invested in Exempt Investments and Eligible Investments in Managed Companies.

8.4. *Accounting and Fiscal Year.* The books of the Partnership shall be kept on the accrual basis, and the Partnership shall report its operations for tax purposes on the accrual method. The fiscal year of the Partnership shall be the calendar year.

ARTICLE 9.

AMENDMENTS; MEETINGS

9.1. *Amendments.* (a) Amendments to this Agreement to reflect the addition or substitution of a Limited Partner, the admission of an additional or successor General Partner or the withdrawal or substitution of a General Partner shall be made at the time and in the manner referred to in Section 11.5(a) or 9.1(b) (2), as the case may be. Any other amendment to this Agreement may be proposed by the General Partners or by Limited Partners holding 10% or more of the then outstanding Units. The Partners proposing such amendment shall submit (1) the text of such amendment, and (2) a statement of the purpose of such amendment. The Operating General Partners shall, within 20 days after receipt of any proposal under this Section 9.1, give notice to all Partners of such proposed amendment, together, in the case of an amendment proposed by Limited Partners, with the views, if any, of the Independent General Partners with respect to such proposed amendment. However, the Operating General Partners shall not be required to give notice to all Partners as provided in this Section 9.1 of any such proposed amendment and no such proposed amendment shall be voted on by the Partners if, within 20 days after receipt by the Operating General Partners of any proposed amendment under this Section 9.1, counsel for the Partnership has submitted to the Partners proposing such amendment an opinion to the effect that there is a substantial likelihood that such amendment, or any vote thereon or vote provided for therein, would not be permitted by the Act, would affect adversely the liability of the Limited Partners or would affect adversely the classification of the Partnership as a partnership for federal income tax purposes.

(b) Notwithstanding Section 9.1(a) hereof,

(1) This Agreement shall not be amended without the consent of each Person adversely affected if such amendment would (i) convert a Limited Partner's interest in the Partnership into a General Partner's interest, (ii) modify the limited liability of a Limited Partner, (iii) alter the method of determining, or the interest of a Partner in, Profits, Losses, or any Partnership distributions, (iv) increase the liabilities or responsibilities of, or diminish the rights or protections of, the General Partners under this Agreement, and (v) amend this Section 9.1 or Section 9.8; and

(2) Amendments to this Agreement giving effect to the admission of Limited Partners pursuant to Section 3.3(a) or Substituted Limited Partners pursuant to Section 10.5 or the withdrawal of Limited Partners pursuant to Article 10 shall be made without the consent of any Limited Partner. This

Agreement also may be amended by the General Partners, without the consent of any of the Limited Partners (i) to add to the representations, duties or obligations of the General Partners or surrender any right or power granted to the General Partners herein, for the benefit of the Limited Partners; (ii) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provisions hereof, or to make any other provision with respect to matters or questions arising under this Agreement not inconsistent with the intent of this Agreement; (iii) to change any provision of this Agreement required to be so changed by the staff of the Securities and Exchange Commission or other federal agency or by a state "Blue Sky" commissioner or similar official, which change is deemed by such commissioner, agency or official to be for the benefit or protection of the Limited Partners; (iv) to ensure the continuation of partnership status; (v) to reflect any additional rights of the Limited Partners as contemplated by Section 7.2(f); (vi) to ensure that the assets of the Partnership will not be deemed "plan assets" within the meaning of the Employee Retirement Income Security Act of 1974, as amended; and (vii) to conform the terms of this Agreement with any Regulations issued under Section 704(b) of the Code as described in the definition of Capital Account contained in Article 1 hereof; provided, however, that no amendment shall be adopted pursuant to this Section 9.1(b)(2) unless the adoption thereof (A) is for the benefit of or not adverse to the interests of the Limited Partners, and (B) does not violate Section 9.1(b)(1) hereof.

(c) Upon the adoption of any amendment to this Agreement, the amendment shall be executed by the General Partners on behalf of themselves and all Limited Partners and, if required by the Act, an amendment to the Certificate shall be filed in the proper records of the State of Delaware and of each jurisdiction in which recordation is necessary for the Partnership to conduct its business or to preserve the limited liability of the Limited Partners.

(d) Except as otherwise expressly provided in this Agreement, the vote of a majority in interest of the Limited Partners shall be required to amend this Agreement.

9.2. Amendments on Admission or Withdrawal of Partners. If this Agreement shall be amended to reflect the admission of an additional or successor General Partner, such amendment shall be signed by all remaining General Partners and such additional or successor General Partner. If this Agreement shall be amended to reflect the withdrawal or removal of a General Partner and the continuation of the business of the Partnership, such amendment shall be signed by the remaining and successor General Partners.

9.3. Copies of Amendments. The Certificate and this Agreement and each amendment thereto shall be kept in the files of the Administrative General Partner and copies thereof shall be made available to each Limited Partner upon written request for any purpose reasonably related to the Limited Partner's interest as a limited partner in the Partnership, the General Partners not being otherwise obligated to deliver or mail a copy of the Certificate or this Agreement or any amendment thereto to the Limited Partners, either before or after its filing, if any, in the State of Delaware.

9.4. Meetings of the Partners. (a) Meetings of the Partners may be called by any General Partner and shall be called upon the written request of Limited Partners holding ten percent or more of the then outstanding Units. The call shall state the nature of the business to be transacted. Notice of any such meeting shall be given by the General Partners to all Partners not less than ten days or more than 60 days prior to the date of such meeting. Partners may vote in person or by proxy at such meeting. Except as otherwise expressly provided in the Agreement, the vote of a majority in interest of the Limited Partners shall control.

(b) For the purpose of determining the Partners entitled to vote on, or to vote at, any meeting of the Partners or any adjournment thereof, the General Partners or the Partners requesting such meeting may fix, in advance, a date as the record date for any such determination. Such date shall not be more than 60 days nor less than ten days before any such meeting.

(c) Each Limited Partner may authorize any Person or Persons to act for him by proxy on all matters in which a Limited Partner is entitled to participate, including waiving notice of any meeting, or voting or participating at a meeting. Every proxy must be signed by the Limited Partner or his attorney-in-fact. No

proxy shall be valid after the expiration of eleven months from the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the Limited Partner executing it.

9.5. *Action by the Independent General Partners.* Except as provided herein, the Independent General Partners shall act by majority vote at a meeting duly called or by written consent of a majority of the Independent General Partners given without a meeting, unless the 1940 Act requires that a particular action be taken only at a meeting of the Independent General Partners. Meetings of the Independent General Partners may be called by any General Partner. Subject to the requirements of the 1940 Act, the Independent General Partners by majority vote may delegate to any one of their number, or a committee thereof, their authority to approve particular matters or take particular actions on behalf of the Partnership. A quorum for all meetings of Independent General Partners shall be a majority of the Independent General Partners.

9.6. *Election of General Partners.* Without limiting the generality of Section 9.4(a), meetings of the Limited Partners may be called for the purpose of removing a General Partner or General Partners pursuant to Section 11.3(a), or electing or ratifying the appointment of a General Partner pursuant to Sections 11.2(d) or 11.3(a). In any election of Independent General Partners by Limited Partners, those candidates receiving the highest number of votes cast, at a meeting at which a majority in interest of the Limited Partners is present in person or by proxy, up to the number of Independent General Partners proposed to be elected, shall be elected; and each Limited Partner shall have one vote for each Unit owned by him. In the election of a Managing General Partner or Administrative General Partner, the candidate receiving the highest number of votes cast shall be elected pursuant to the foregoing provision. Any vote for the election of General Partners shall be subject to the limitations of Section 9.8.

9.7. *Submissions to Limited Partners.* The Operating General Partners shall give all the Limited Partners notice of any proposal or other matter required by any provision of this Agreement or by law to be submitted for the consideration and approval of the Limited Partners. Such notice shall include any information required by the relevant provision of this Agreement or by law.

9.8. *Limitations on Voting Rights.* A vote of the Limited Partners to amend this Agreement, to dissolve the Partnership, to remove a General Partner, to elect a General Partner or to approve or disapprove the sale or pledge of all or substantially all of the assets of the Partnership shall be void ab initio, if prior to such vote, either (a) the Partnership shall have received an opinion of counsel, which counsel has been approved by a majority in interest of the Limited Partners, that such action may not be effected without subjecting the Limited Partners to liability as general partners under the Act or under the laws of such other jurisdictions in which the Partnership owns properties or is doing business, or (b) a court of competent jurisdiction shall have entered a final judgment to the foregoing effect.

For purposes of this Section 9.8, counsel will be deemed approved by the Limited Partners if proposed by the General Partners and approved affirmatively in writing within 45 days by a majority in interest of the Limited Partners; provided, however, that if Limited Partners holding 10% or more of the then outstanding Units propose counsel for this purpose, such proposed counsel, and not counsel proposed by the General Partners, shall be submitted for approval by the Limited Partners.

The existence of such an opinion of counsel or court judgment with respect to a particular contemplated Partnership action shall not affect the rights of the Limited Partners to vote on other future actions or the existence of such rights.

If the opinion of counsel or court judgment referred to above has not been obtained prior to the vote of the Limited Partners, such vote shall proceed as scheduled and shall not be delayed or postponed for any reason except as otherwise permitted by the Act.

ARTICLE 10.

TRANSFERS OF UNITS

10.1. *Restriction on Transfers.* No Limited Partner shall Transfer all or any portion of his Units except pursuant to the terms of this Article 10.

10.2. *Permitted Transfers.* A Limited Partner may Transfer all or any portion of his Units subject to the following conditions precedent (any Transfer of such Units satisfying such conditions precedent is referred to herein as a "Permitted Transfer"):

(a) Except in the case of a Transfer of Units at death or involuntarily by operation of law, the transferor and transferee shall execute and deliver to the Partnership such documents and instruments of conveyance as may be necessary or appropriate in the opinion of counsel to the Partnership to effect such Transfer and to confirm the agreement of the transferee to be bound by the provisions of this Article 10. In any case not described in the preceding sentence, the Transfer shall be confirmed by presentation to the Partnership of legal evidence of such Transfer, in form and substance satisfactory to counsel to the Partnership. In all cases, the Partnership shall be reimbursed by the transferor and/or transferee for all costs and expenses that it reasonably incurs in connection with such Transfer.

(b) Except in the case of a Transfer at death or involuntarily by operation of law, the transferor shall furnish to the Partnership an opinion of counsel, which counsel and opinion shall be satisfactory to the Administrative General Partner, that the Transfer will not cause the Partnership to terminate for federal income tax purposes, that the Transfer will not cause the partnership to be deemed a publicly traded partnership for federal income tax purposes, that the Transfer will not result in the application of Code Section 168(h)(6) and that such Transfer will not violate any federal or state securities laws regulating the Transfer of securities; provided, however, that such opinion shall be waived by the Administrative General Partner unless the Administrative General Partner determines in good faith that a substantial risk exists that the Transfer would cause the Partnership to terminate for federal income tax purposes, that the Transfer would cause the Partnership to be deemed a publicly traded partnership for federal income tax purposes, that the Transfer would result in the application of Code Section 168(h)(6) or that the Transfer would violate any federal or state securities laws regulating the Transfer of securities.

(c) The transferor and transferee shall furnish the Partnership with the transferee's taxpayer identification number and sufficient information to determine the transferee's initial tax basis in the Units transferred.

(d) Except in the case of Transfers incident to divorce and gratuitous Transfers or assignments to or for the benefit of the transferor's spouse, parents, children, other descendants, spouses of children, heirs or legatees, the transferee shall meet the suitability requirements for Limited Partners contained in the Prospectus.

(e) Except in the case of a Transfer at death or involuntarily by operation of law, no Transfer may occur that will result in either the transferor or the transferee holding a fractional Unit.

(f) The transferee must be a citizen of the United States and must not be purchasing on behalf of, or for the benefit of, a foreign citizen.

10.3. *Prohibited Transfers.* (a) Any purported Transfer of Units that is not a Permitted Transfer shall be null and void and of no effect whatever; provided, however, that if the Partnership is required to recognize a Transfer that is not a Permitted Transfer (or if the Partnership, in its sole discretion, elects to recognize a Transfer that is not a Permitted Transfer), the interest transferred shall be strictly limited to the transferor's rights to allocations and distributions as provided by this Agreement with respect to the transferred Units, which allocations and distributions may be applied (without limiting any other legal or equitable rights of the Partnership) to satisfy the debts, obligations, or liabilities for damages that the transferor or transferee of such Units may have to the Partnership.

(b) In the case of a Transfer or attempted Transfer of Units that is not a Permitted Transfer, the parties engaging or attempting to engage in such Transfer shall be liable to indemnify and hold harmless the Partnership and the other Partners from all cost, liability and damage that any of such indemnified Persons may incur (including, without limitation, incremental tax liability and lawyers fees and expenses) as a result of such Transfer or attempted Transfer and efforts to enforce the indemnity granted hereby. Any Limited Partner who shall assign all of his Units shall cease to be a Limited Partner and shall not have any of the rights of a Limited Partner under the Act or this Agreement.

10.4. *Rights of Unadmitted Assignees.* (a) A Person who acquires one or more Units but who is not admitted as a Substituted Limited Partner pursuant to Section 10.5 hereof shall be entitled only to allocations and distributions with respect to such Units in accordance with this Agreement, but shall have no right to any information or accounting of the affairs of the Partnership, shall not be entitled to inspect the books or records of the Partnership, and shall not have any of the rights of a General Partner or a Limited Partner under the Act or the Agreement.

(b) Notwithstanding anything to the contrary contained in this Agreement, both the Partnership and the General Partners shall be entitled to treat the assignor of a Unit as the absolute owner thereof in all respects, and shall incur no liability for distributions made in good faith to him, until such time as a written assignment by such assignor that conforms to the requirements of this Article 10 has been received by the Partnership and accepted by the Administrative General Partner.

10.5. *Admission of Assignees as Substituted Limited Partners.* Subject to the other provisions of this Article 10, a transferee of Units may be admitted to the Partnership as a Substituted Limited Partner only upon satisfaction of the conditions set forth below in this Section 10.5:

(a) The Administrative General Partner consents to such admission;

(b) The Units with respect to which the transferee is being admitted were acquired by means of a Permitted Transfer;

(c) The transferee becomes a party to this Agreement as a Limited Partner and executes such documents and instruments as the Administrative General Partner may reasonably request as may be necessary or appropriate to confirm such transferee as a Limited Partner in the Partnership and such transferee's agreement to be bound by the terms and conditions hereof;

(d) The transferee pays or reimburses the Partnership for all reasonable legal, filing and publication costs that the Partnership incurs in connection with the admission of the transferee as a Limited Partner with respect to the transferred Units (which payment or reimbursement shall not exceed an amount equal to \$150 with respect to each Transfer, including the cost of any legal opinion required pursuant to Section 10.2(b)); and

(e) If the transferee is not an individual of legal majority, the transferee provides the Partnership with evidence satisfactory to counsel for the Partnership of the authority of the transferee to become a Partner and to be bound by the terms and conditions of this Agreement.

10.6. *Representations; Legend.* (a) Each Limited Partner and assignee thereof hereby covenants and agrees with the Partnership for the benefit of the Partnership and all Limited Partners and their assignees, that (1) he is not currently making a market in Units, (2) he will not Transfer any Unit on an established securities market or a secondary market (or the substantial equivalent thereof) within the meaning of Code Section 7704(b) (and any regulations, proposed regulations, revenue rulings or other official pronouncements of the Internal Revenue Service or Treasury Department that may be promulgated or published thereunder), and (3) in the event such regulations, revenue rulings or other pronouncements treat any or all arrangements which facilitate the selling of partnership interests and which are commonly referred to as "matching services" as being a secondary market or substantial equivalent thereof, he will not Transfer any Unit through a matching service that is not approved in advance by the Partnership. Each Limited Partner further agrees that he will not Transfer any Unit to any Person unless such Person agrees to be bound by this Section 10.6(a) and to Transfer such Units only to Persons who agree to be similarly bound. The Partnership shall, from time to time, at the request of a Limited Partner consider whether to approve a matching service and shall notify all Limited Partners of any matching service that is so approved.

(b) Each Limited Partner hereby agrees that the following legend may be placed upon any counterpart of this Agreement or any other document or instrument evidencing ownership of Units:

"The Units represented by this document are subject to restriction as to their sale, transferability, or assignment as set forth in the Amended and Restated Agreement of Limited Partnership and agreed to by each Limited Partner. Said restriction provides, among other things, that no vendee, transferee, or

assignee shall become a Substituted Limited Partner unless consented to by the Administrative General Partner."

10.7. *Distributions and Allocations in Respect to Transferred Units.* If any Unit is sold, assigned or transferred during any period in compliance with the provisions of this Article 10, Profits, Losses, each item thereof and all other items attributable to such Unit for such period shall be divided and allocated between the transferor and the transferee by taking into account their varying interests during the period in accordance with Code Section 706(d) and the Regulations thereunder, using any conventions permitted by law and selected by the Operating General Partners. All distributions on or before the date of such transfer shall be made to the transferor, and all distributions thereafter shall be made to the transferee. Solely for purposes of making such allocations and distributions, the Partnership shall recognize such transfer not later than the end of the calendar month during which it is given notice of such Transfer, provided that if the Partnership does not receive a notice stating the date such Unit was transferred and such other information as the Operating General Partners may reasonably require within 30 days after the end of the accounting period during which the Transfer occurs, then all of such items shall be allocated, and all distributions shall be made, to the Person who, according to the books and records of the Partnership, on the last day of the accounting period during which the Transfer occurs, was the owner of the Unit. Neither the Partnership nor any General Partner shall incur any liability for making allocations and distributions in accordance with the provisions of this Section 10.7, whether or not any General Partner or the Partnership has knowledge of any Transfer of ownership of any Unit.

ARTICLE 11.

GENERAL PARTNERS

11.1. *Withdrawal or Retirement by an Independent General Partner.* An Independent General Partner may voluntarily resign or withdraw from the Partnership, but only upon compliance with all of the following procedures:

(a) The Independent General Partner shall give written notice of resignation or withdrawal to the remaining General Partners. Such resignation or withdrawal shall be effective upon the earlier of (1) the election of a successor Independent General Partner as provided in Section 3.1(b), which successor Independent General Partner shall hold office as provided in Section 3.1(c), or (2) 120 days from the date of receipt of such notice by the Operating General Partners.

(b) The withdrawing Independent General Partner shall cooperate fully with the successor Independent General Partner so that the responsibilities of the withdrawing Independent General Partner may be transferred to the successor Independent General Partner with as little disruption of the Partnership's business and affairs as practicable.

11.2. *Withdrawal or Retirement by an Operating General Partner.* Subject to Section 11.5, either of the Operating General Partners may voluntarily resign or withdraw from the Partnership or assign all of its interest as General Partner to another Person, but only upon compliance with all of the following procedures:

(a) Such Operating General Partner shall, at least 60 days prior to such withdrawal, give notification to all Partners that it proposes to withdraw and that there be substituted in its place a Person designated and described in such notification or that it proposes to assign its interest as General Partner to such Person.

(b) Enclosed with the notification shall be a certificate, duly executed by or on behalf of such proposed successor Operating General Partner, to the effect that (1) it is experienced in performing (or employs sufficient personnel who are experienced in performing) functions that such Operating General Partner is required to perform under this Agreement; (2) it has a net worth which, in the opinion of counsel to the Partnership, is sufficient to meet the net worth requirements of any statute, federal income tax regulations or the courts applicable to a general partner of a limited partnership in order to ensure that the Partnership will not fail to be classified for federal income tax purposes as a partnership rather than as