

ITEM 1
COVER PAGE

PART 2A OF FORM ADV: FIRM BROCHURE

Endicott Management Company

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This brochure (this "Brochure") provides information about the qualifications and business practices of Endicott Management Company ("EMC"). If you have any questions about the contents of this Brochure, please contact Brad Maneely at (212) 450-8070 or Brad@TheEndicottGroup.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Additional information about EMC also is available on the SEC's website at www.adviserinfo.sec.gov.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

ITEM 2 MATERIAL CHANGES

This Brochure is the initial Form ADV Part 2A of Endicott Management Company ("EMC") submitted with its application for registration with the SEC, and therefore, there are no material changes to report. If EMC makes any material changes to this Brochure, this section will be revised to include a summary of such changes.

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ITEM 4
ADVISORY BUSINESS

A. General Description of Advisory Firm

Endicott Management Company ("EMC"), a Delaware S-Corporation, was formed on March 15, 1996. EMC provides discretionary investment advice and/or management services according to the stated investment objectives, restrictions and policies of its clients. The principal owners of EMC are Wayne K. Goldstein and Robert I. Usdan (the "Co-Presidents"), each of whom owns at least 25% of the equity interests in EMC.

EMC is not a publicly held company.

None of the equity interests in EMC are owned through subsidiaries.

B. Description of Advisory Services

EMC provides investment advisory services to three private equity limited partnerships, including entities formed to co-invest with such partnerships (the "Funds"). As of the date hereof, the Funds consist of Endicott Opportunity Partners, L.P. ("EOP"), Endicott Opportunity Partners II, L.P. ("EOP II"), Endicott Opportunity Partners III, L.P. ("EOP III") and related co-investment vehicles.

The general partner of EOP is W.R.D. Endicott, L.L.C. The general partner of EOP II is W.R. Endicott IIP, L.L.C. The general partner of EOP III is W.R. Endicott III, L.L.C. The foregoing general partners are collectively referred to as the "General Partners".

The Funds generally make investments in privately issued equity and equity-related investments and, to a lesser extent, publicly traded securities. EOP and EOP II have completed making investments. EOP III is currently permitted to make investments in new companies and follow-on investments in existing portfolio companies.

The descriptions set forth in this Brochure of specific advisory services that EMC offers to the Funds, and investment strategies pursued and investments made by EMC on behalf of its Funds, should not be understood to limit in any way EMC's investment activities. EMC may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that EMC considers appropriate, subject to each Fund's investment objectives and guidelines. The investment strategies EMC pursues are speculative and entail substantial risks. Investors should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Fund will be achieved.

C. Availability of Customized Services for Individual Funds

EMC's investment decisions and advice with respect to each Fund are subject to such Fund's investment objectives and guidelines, as set forth in its offering documents and governing documents. Those documents specify the investments permitted to be made by the Funds and limit the types of securities that the Funds may acquire.

D. Assets Under Management

The Funds' assets under management by EMC are \$362,736,424, which includes the total unfunded committed capital by investors to the Funds and the value of other assets.

EMC provides investment advisory services to the Funds, but does not have investment discretion over the Funds' assets. Rather, the General Partners have sole investment discretion with respect to the Funds' investments.

ITEM 5 FEES AND COMPENSATION

The fees applicable to each Fund are set forth in detail in such Fund's offering documents. A brief summary of such fees is provided below.

A. Advisory Fees and Compensation

EMC generally receives management fees (each, a "Management Fee" and collectively the "Management Fees") from the Funds. The Management Fees are calculated differently for each of the Funds.

EOP III currently pays a Management Fee in respect of each limited partner's capital commitment in an amount equal to (a) 2.0% per annum of the first \$116,666,666.67 of the capital commitment of such limited partner and (b) 0.5% per annum of the funded capital commitment of such limited partner in excess of \$116,666,666.67, if any.

In addition, each General Partner is generally entitled to receive performance based compensation ("Carried Interest") from each of its respective Funds.

The Carried Interest for EOP and EOP II is calculated after investors receive a return of their total capital contributions to the Funds and an 8% preferred return, compounded annually, subject to catch-up payments to the General Partners after such preferred return payments are made to the limited partners. The Carried Interest will be paid at a rate of 20% unless the limited partner has earned an internal rate of return of greater than 30% on their respective capital contributions to the Funds at which time the Carried Interest will be paid to the General Partners at a rate of 30%.

The Carried Interest for EOP III is calculated after investors receive a return of their total capital contributions to the Funds and LIBOR based preferred return. The Carried Interest to EOP III's General Partner will be equal to 20% unless the limited partner has contributed more than \$116,666,666.67 at which point the Carried Interest is calculated through an apportionment calculation between 20% and 10%.

B. Payment of Fees

The Funds pay the Management Fees directly to EMC; and the Funds pay the Carried Interest directly to its General Partner.

C. Additional Fees and Expenses

EMC and the General Partners do not receive any fees from the Funds, other than the Management Fees and the Carried Interest described above, but EMC and the General Partners are reimbursed by the Funds for certain expenses. The Funds do not pay EMC or the General

Partners brokerage or other transaction fees, but portfolio companies of the Funds may pay transaction and monitoring fees directly to EMC. In the case of portfolio companies owned by EOP III, receipt of such fees will reduce the Management Fees charged to the Funds by 100% of the portion of such transaction and monitoring fees attributable to such limited partners. Receipt of such fees from portfolio companies owned by EOP and EOP II do not offset the Management Fees paid by the Funds, but rather go to EMC.

The Funds will generally pay, or reimburse the General Partners or EMC for, all out-of-pocket costs and expenses relating to each Fund's activities, including the Management Fee, legal, auditing, investment banking, consulting, research, appraising, interest, auditing and accounting expenses (including expenses associated with the preparation of the Funds financial statements, tax returns and Schedules K-1), other expenses associated with the sourcing, acquiring, holding and disposing of its investments or proposed investments (such as clearing, custodial, brokerage and finder fees and expenses, if any, and commissions, and investment-related travel expenses), all expenses in connection with transactions not consummated, fees and expenses of an administrator, fees and expenses of independent valuation agents, expenses incurred in the collection of monies owed to the Funds, any taxes, fees or other governmental charges levied against the Funds, all litigation-related and indemnification expenses, if any, insurance-related expenses, organizational and offering expenses, extraordinary expenses and other costs and expenses substantially comparable to any of the foregoing.

D. Prepayment of Fees

Management Fees are paid quarterly in advance to EMC. The Carried Interest is paid, if at all, when investments are disposed of by the Funds in accordance with each Fund's limited partnership agreement. EMC will return that portion of any pre-paid Management Fee that it is not entitled to receive, including the Management Fees paid for periods after any termination of EMC as the investment manager of the Funds. The amount so returned will be based on the period during which EMC ceases to provide services.

E. Additional Compensation and Conflicts of Interest

EMC and its supervised persons do not accept compensation from the Funds for the sale of securities or other investment products.

ITEM 6
PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described above, the General Partners have the right to receive the Carried Interest distributions equal to a percentage of the profits of the Funds as described in each Fund's limited partnership agreement.

ITEM 7
TYPES OF CLIENTS

EMC provides investment advice to the Funds, which are private investment funds, as described above. EMC may in the future advise separately managed accounts for institutional and other investors.

ITEM 8

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

The descriptions set forth in this Brochure of specific advisory services that EMC offers to the Funds, and investment strategies pursued and investments made by EMC on behalf of its Funds, should not be understood to limit in any way EMC's investment activities. EMC may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that EMC considers appropriate, subject to each Fund's investment objectives and guidelines. The investment strategies EMC pursues are speculative and entail substantial risks. The Funds should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Fund will be achieved.

EMC provides investment advice designed to assist the Funds in seeking substantial capital appreciation. EMC seeks to achieve its objective by investing the Funds' assets primarily in non-marketable or highly illiquid equity, or equity-linked securities of institutions engaged in various financial services-related activities, primarily regulated banking institutions. EMC's investments could range from investing in developing companies to recapitalization, acquisition and expansion investments for more mature private businesses. With respect to the Funds, EMC may acquire substantial blocks of illiquid securities in the secondary market. The period during which EMC's investments are held may vary widely depending on, among other things, the terms, liquidity and nature of the investment. Generally, investments are based upon their potential for long-term capital appreciation. The earning of dividend or interest income is not a primary objective of EMC. EMC may from time to time utilize options and short sales with respect to the Funds.

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the Funds advised by EMC. These risk factors include only those risks EMC believes to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by EMC. An investment in a Fund involves a significant degree of risk. There can be no assurance that the Funds' investment objectives will be achieved or that there will be any return of or on capital. In addition, potential investors should be aware that there might be occasions when EMC and its affiliates could encounter potential conflicts of interest in connection with the Funds. Prospective investors should carefully consider the following risk factors before investing in the Funds.

Dependence on Principals: The success of the Funds will be dependent on the expertise and performance of EMC and its principals. The loss of one or more of these individuals could have a material adverse effect on the performance the Funds.

Competition and Risks of Locating Suitable Investments: The success of the Funds will be dependent upon EMC's ability to identify and to consummate suitable investments. The business in which the Funds will operate, however, is highly competitive and involves a high degree of

risk. EMC will be competing with a number of other sources of capital having investment objectives similar to those of the Funds. Although EMC and its affiliates have been successful in locating investments in the past, EMC may be unable to find a sufficient number of attractive opportunities to meet its investment objectives for the Funds.

Leverage of Portfolio Companies: A Fund's portfolio companies may make extensive use of leverage from a number of sources including banks, investment banks, public debt markets, mezzanine funds and bridge loan funds. The use of debt by portfolio companies would expose these companies to financial risk, including the inability to meet debt obligations as they mature and possible bankruptcy. Such risks will be heightened in an environment of increasing interest rates or an overall decline in economic conditions within the United States and the global economy.

Small to Mid-Size Portfolio Companies: A Fund may invest in small to mid-size and/or unseasoned companies. While smaller companies generally have potential for rapid growth, they often involve higher risks because they may lack the management depth and experience, markets or financial resources, product diversification, and competitive strength of larger companies. In addition, in many instances, the frequency and volume of their trading may be substantially less than is typical of larger companies and an investment in such companies may be illiquid. It is more difficult to obtain information about less seasoned and smaller capitalization companies because they tend to be less well known and have shorter operating histories and because they tend not to have significant ownership by large investors or be followed by many securities analysts. Investments in larger and more established companies present certain advantages in that such companies generally have greater financial resources, more extensive research and development, manufacturing, marketing and service capabilities, more stability and greater depth of management and technical personnel.

Minority Interests in Portfolio Companies: With respect to one or several investments, a Fund may have limited rights to participate in and to influence the conduct of the management of its portfolio company. The portfolio companies may be controlled by other investors which may have interests conflicting with those of the Funds and limited partners. Consequently, EMC and the General Partners may not always be in a position to protect the Funds' interests effectively.

Public Company Holdings: The Funds' investment portfolios may contain securities issued by publicly held companies and such securities may constitute a substantial part of the Funds' portfolio. Such investments may subject the Funds to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of EMC to dispose of such

securities at certain times, increased likelihood of shareholder litigation against such companies' board members and increased costs associated with each of the aforementioned risks.

Limited Diversification: The Funds' portfolios are concentrated in a single sector, so the risk of loss is greater than if the portfolio were invested in a more diversified manner among various sectors. In addition, although the diversification of a Fund's investments among a variety of securities is intended to reduce the exposure to adverse events associated with specific issuers, the number of investments by the Fund may be limited. A limited degree of diversification increases risk because the aggregate return of the Funds may be substantially adversely affected by the unfavorable performance of even a single investment, or an economic downturn in a particular region. In addition, the diversification of a Fund's investments could be even further limited to the extent the Fund invests a significant portion of its capital in a transaction and is unsuccessful in refinancing a portion of that investment.

Inability to Make Follow-On Investments: Following its initial investment in portfolio companies, a Fund may be called upon to provide additional funds to portfolio companies or may have the opportunity to increase its investment in successful operations. There can be no assurance that a Fund will be able to make follow-on investments or that a Fund will have sufficient resources to make such investments. Any decision by a Fund not to make follow-on investments or its inability to make them may have a substantial negative impact on portfolio companies in need of such an investment or may result in missed opportunities for a Fund to increase its participation in successful operations.

Inability to Exit Investments: It is unlikely that there will be a public market for many of the investments held by the Funds. A Fund generally will not be able to sell its investments publicly unless its sale is registered under applicable federal and state securities laws, or unless an exemption from such registration requirements is available. In some cases, a Fund may be prohibited by contract or for regulatory reasons from selling investments for a period of time. In addition, the types of investments held by a Fund may be such that they require a substantial length of time to liquidate. Thus, although a Fund intends to develop exit strategies for each investment, there can be no assurance that its exit strategies will be feasible, thereby making it difficult to liquidate the investments and return capital to investors. In particular, no assurances can be given that a Fund will be able to liquidate all of its investments prior to the scheduled expiration of its term. It is possible that participation in illiquid investments, rather than cash, may be distributed directly to the limited partners when a Fund is dissolved.

Regulatory Change: The financial institutions industry is subject to significant regulation which has materially affected the business of financial institutions in the past and is likely to do so in the future. Regulations now affecting financial institutions may be changed at any time, and the interpretation of these regulations by examining authorities of such financial institutions is also subject to change. There can be no assurance that these or any future changes in the laws or

regulations or in their interpretation will not adversely affect the business of such financial institutions.

Illiquid Investments: The Funds primarily invest in securities which are subject to legal or other restrictions on transfer or for which no liquid market exists. The market prices, if any, for such securities tend to be volatile and/or may not readily ascertainable, and a Fund may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over the counter markets. A Fund may not be able to readily dispose of such illiquid investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale.

Conflicts of Interest: Instances may arise where the interest of EMC or its principals may potentially or actually conflict with the interests of the Funds and the Fund's investors. Conflicts of interest may arise as a result of a Fund's investors having investments in both the Fund and the Fund's portfolio companies as well as other investments both public and private. In addition, certain inherent conflicts of interest may arise from the fact that certain members, partners, officers, shareholders, employees and affiliates of EMC or the General Partners may, in the future, carry on other business activities in which a Fund will have no interest, some of which may have similar investment objectives to those of the Fund.

The General Partners may offer co-investment opportunities to one or more third parties, including a Fund's investors, with respect to investments made by the Fund. The General Partners, EMC and their affiliates may be compensated on different terms under such co-investment arrangements.

Regulatory Oversight – Financial Services Industry: Banking institutions in which the Funds invest are subject to extensive regulation, supervision and examination by one of the following primary Federal regulators: the Federal Deposit Insurance Corporation (the "FDIC"), the Board of Governors of the Federal Reserve System (the "Fed") or the Office of the Comptroller of the Currency (the "OCC"). State-chartered institutions will also be subject to extensive regulation, supervision and examination by their respective state banking regulator, in addition to that of the FDIC or Fed. Furthermore, the FDIC acts as the deposit insurer for all Federally-insured institutions and, as such, has certain authority over all such institutions, regardless of their primary Federal regulator. These regulatory authorities have extensive discretion in connection with their supervisory and enforcement activities. This extensive regulatory regime governs all aspects of a banking institution's activities and, thus, may have an adverse effect on its business, financial position or results of operation. For example, all Federally-insured institutions are

subject to minimum capital requirements that may restrict an institution's ability to grow or pay dividends.

The results of operations of banking institutions also may be materially affected by general economic conditions, changes in the level of interest rates, national and local cycles in real estate, and the monetary and fiscal policies of the Federal government. Although in recent years certain banking institutions have derived an increased portion of their income from the receipt of fees, the results of operations generally continue to depend to a large extent on the level of their net interest income.

Dependence on Management of Portfolio Companies: Although EMC will monitor the performance of each investment, each Fund will also be dependent on the primary responsibility of portfolio company management to operate the portfolio companies on a day-to-day basis. There can be no assurance that such management teams will be able to operate portfolio companies in accordance with a Fund's plans.

Provision of Managerial Assistance: A Fund may obtain rights to participate substantially in and to influence substantially the conduct of the management of its portfolio companies. A Fund may designate directors (and non-executive chairmen) to serve on the boards of directors of its portfolio companies. The designation of directors and other measures contemplated could expose the assets of a Fund to claims by a portfolio company, its security holders and its creditors. The exercise of control over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability which the limited liability characteristic of business operations usually ignores. If these liabilities were to occur, a Fund could suffer in its investments. While it is expected that the Funds will be managed in a way that will minimize exposure to these risks, the possibility of successful claims cannot be precluded.

General Economic Conditions: The success of the Funds may depend on general economic conditions over which the Funds and the companies in which it invests can exercise no control. Interest rates, general levels of economic activity, the price of securities and participation by other investors in the financial markets may affect the value and number of investments made by a Fund or considered for prospective investment.

Options and Swaps: Price movements of options contracts and payments pursuant to swap agreements may be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, or national and international political and economic events and policies. The value of options and swap agreements also depends upon the price of the securities or currencies underlying them. A Fund is also subject to the risk of the failure of any of the exchanges on which its positions trade or of their clearinghouses or counterparties.

A Fund may purchase and sell ("write") options from time to time on, among other things, securities and currencies on non-U.S and U.S. commodities and securities exchanges, and in the non-U.S. and U.S. over-the-counter markets. The seller ("writer") of a put option that is covered (e.g., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security or currency above the sales price (in establishing the short position) of the underlying security or currency, plus the premium received, and gives up the opportunity for gain on the underlying security or currency below the exercise price of the option. If the seller of the put option owns a put option covering an equivalent number of shares with an exercise price equal to or greater than the exercise price of the put written, the position is "fully hedged" if the option owned expires at the same time or later than the option written. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security or currency below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option. If the buyer of the put holds the underlying security, the loss on the put will be offset in whole or in part by any gain on the underlying security.

The writer of a call option that is covered (e.g., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security or currency below the value of the underlying security or currency less the premium received, and gives up the opportunity for gain on the underlying security or currency above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security or currency above the exercise price of the option. The securities necessary to satisfy the exercise of the uncovered call option may be unavailable for purchase except at much higher prices. Purchasing securities to satisfy the exercise of the uncovered call option can itself cause the price of the securities to rise further, sometimes by a significant amount, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing its entire investment in the call option. If the buyer of the call sells short the underlying security, the loss on the call will be offset, in whole or in part, by any gain on the short sale of the underlying security.

Swaps and other custom instruments are subject to the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty.

Over-the-counter options generally are not assignable except by agreement between the parties concerned, and no party or purchaser has any obligation to permit such assignments. The over-the-counter market for options is relatively illiquid, particularly for relatively small transactions that a Fund may use in its investment strategies.

Short Sales: A Fund may utilize short sales. A short sale involves the sale of a security that is not owned in the expectation of purchasing the same security (or a security exchangeable

therefore) at a later date at a lower price. A short sale involves the risk of a theoretically unlimited increase in the market price of the security necessary to cover the short. Furthermore, if a Fund has sold short the securities offered in an exchange offer or merger and has purchased the securities of the target company, the Fund is exposed to the risk that, if the transaction is not consummated, it may suffer losses with respect to both its long and its short positions.

There can be no assurance that a Fund will be able to maintain the ability to borrow securities sold short. In such cases, the Fund can be "bought in" (i.e., forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. In addition, when a Fund effects a short sale, it may be obligated to leave the proceeds thereof with the broker and also deposit with the broker an amount of cash or other securities (subject to requirements of applicable law) that is sufficient under any applicable margin or similar regulations to collateralize its obligation to replace the borrowed securities that have been sold.

Contingent Liabilities on Disposition of Investments: In connection with the disposition of an investment in a portfolio company, a Fund may be required to make representations about the business and financial affairs of such company typical of those made in connection with the sale of a business. A Fund may be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate, incorrect or misleading. These arrangements may result in the incurrence of contingent liabilities for which a Fund may establish reserves and escrows. In that regard, distributions may be delayed or withheld until such reserve is no longer needed or the escrow period expires.

Derivatives: A Fund may invest in derivative instruments, which may include options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives typically allow an investor to hedge or speculate on the price movements of a particular security, financial benchmark, currency, index or commodity at a fraction of the cost of investing in the underlying asset. There is no assurance that derivatives that a Fund wishes to acquire will be available at any particular time, on satisfactory terms or at all. The prices of many derivative instruments, including many options and swaps, are highly volatile. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset.

Derivatives may be purchased on established exchanges or through privately negotiated transactions referred to as OTC derivatives. Exchange-traded derivatives generally are guaranteed by the clearing agency that is the issuer or counterparty to such derivatives. This

guarantee usually is supported by a daily payment system (i.e., variation margin requirements) operated by the clearing agency in order to reduce overall credit risk. As a result, unless the clearing agency defaults, there is relatively little counterparty credit risk associated with derivatives purchased on an exchange. By contrast, no clearing agency guarantees OTC derivatives.

In addition, derivative contracts may expose a Fund to the credit risk of the parties with which the Fund deals. Non-performance of such contracts by counterparties, for financial or other reasons, could expose the Fund to losses, whether or not the transaction itself was profitable. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts.

A Fund may take advantage of opportunities in any other derivatives that are not presently contemplated for use by the Fund or that are not currently available but that may be developed, to the extent such opportunities are both consistent with the Fund's investment objective and legally permissible for the Fund.

Hedging Transactions: EMC is not required to attempt to hedge investments by the Funds, and for a variety of reasons, may determine not to do so. Furthermore, EMC may not anticipate a particular risk so as to hedge against it. A Fund may utilize a variety of financial instruments (including options and derivatives), both for investment purposes and for risk management purposes in order to: (i) protect against possible changes in the market value of the Fund's investment portfolio resulting from fluctuations in the securities markets and changes in interest rates; (ii) protect the unrealized gains in the value of the Fund's investment portfolio; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or gains on any investment in the Fund's portfolio; (v) hedge the interest rate or currency exchange rate on any of the Fund's liabilities or assets; (vi) protect against any increase in the price of any securities the Fund anticipates purchasing at a later date; or (vii) for any other reason that EMC deems appropriate.

The success of the hedging strategy of a Fund is subject to EMC's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolios being hedged. For a variety of reasons, EMC may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent a Fund from achieving the intended hedge or expose a Fund to risk of loss. Since the characteristics of many securities change as markets change or time passes, the success of a Fund's hedging strategy is also subject to EMC's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While a Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Fund than if it had not engaged in any such hedging transactions. The successful utilization of hedging and risk management

transactions requires skills complementary to those needed in the selection of the Fund's portfolio holdings.

Joint Investments: A Fund may enter into partnerships or joint ventures with other parties to make investments. Such investments may involve risks not present in direct company investments, including, for example, the possibility that a co-investor might become bankrupt, or may at any time have economic or business interests or goals that are inconsistent with those of the Fund, or that such co-investor may be in a position to take action contrary to the Fund's objectives. In addition, the Fund may be liable for actions of its co-investor. While EMC will review the qualifications and previous experience of any proposed co-investor or partners, it does not expect in all cases to obtain financial information from, or to undertake private investigations with respect to, prospective co-ventures or partners.

Interest Rate Risk: Changes in interest rates can have a variety of effects on the businesses of financial institutions in which the Funds invest. A financial institution's net interest income, which is the difference between interest income received on its interest-earning assets, including loans and investment securities, and the interest expense incurred in connection with such institution's interest-bearing liabilities, including deposits, can be significantly affected by changes in market interest rates. For most banking institutions, net interest income is the largest component of net income.

Regulatory Change: As discussed above, the financial institutions industry is subject to significant regulation which has materially affected the business of financial institutions in the past and is likely to do so in the future. In fact, at present, numerous changes to governing law have been introduced or are expected. Regulations now affecting financial institutions may be changed at any time, and the interpretation of these regulations by examining authorities of such financial institutions is also subject to change. There can be no assurance that these or any future changes in the laws or regulations or in their interpretation will not adversely affect the business of such financial institutions.

Market Volatility: Volatile market conditions at various times have had a dramatic impact on private investments. The success of a Fund's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Fund's investments), trade barriers, currency exchange controls, and national and international political circumstances. In addition, acts of violence or war may affect the operations and profitability of a Fund's portfolio companies. Such events could cause consumer confidence and spending to decrease or result in increased volatility in worldwide financial markets and economy. These factors may affect the level and volatility of the prices of securities, commodities or other financial instruments and the liquidity of a Fund's investments. Volatility or illiquidity could impair a Fund's profitability or result in losses. A Fund may maintain substantial trading positions that can be adversely affected

by the level of volatility in the financial markets; the larger the positions, the greater the potential for loss.

The economies of non-U.S. countries may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross domestic product, rate of inflation, currency depreciation, asset reinvestment, resource self-sufficiency and balance of payments position. Further, certain non-U.S. economies are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. The economies of certain non-U.S. countries may be based, predominantly, on only a few industries and may be vulnerable to changes in trade conditions and may have higher levels of debt or inflation.

Small Companies: A Fund may invest a portion of its assets in small and/or unseasoned companies. While smaller companies generally have potential for rapid growth, they often involve higher risks because they may lack the management depth and experience, markets or financial resources, product diversification, and competitive strength of larger companies. In addition, in many instances, the frequency and volume of their trading may be substantially less than is typical of larger companies and an investment in such companies may be illiquid. It is more difficult to obtain information about less seasoned and smaller capitalization companies because they tend to be less well known and have shorter operating histories and because they tend not to have significant ownership by large investors or be followed by many securities analysts. Investments in larger and more established companies present certain advantages in that such companies generally have greater financial resources, more extensive research and development, manufacturing, marketing and service capabilities, more stability and greater depth of management and technical personnel.

ITEM 9
DISCIPLINARY INFORMATION

There are no legal or disciplinary events that are material to the Funds' or prospective Fund's evaluation of EMC's advisory business or the integrity of EMC's management.

ITEM 10
OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Broker-Dealer Registration Status

EMC and its management persons are not registered as broker-dealers and do not have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

B. Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Adviser Registration Status

EMC and its management persons are not registered as, and do not have any application to register as, a futures commission merchant, commodity pool operator, commodity trading advisor or associated person of the foregoing entities.

C. Material Relationships or Arrangements with Industry Participants

EMC provides investment advisory services to EOP, EOP II and EOP III. W.R.D. Endicott, L.L.C., W.R. Endicott IIP, L.L.C. and W.R. Endicott III, L.L.C. serve as the general partner of EOP, EOP II and EOP III, respectively.

An entity affiliated with EMC, Endicott Financial Advisers, L.L.C. ("EFA"), provides advice to a number of community banks in the United States. EFA was founded in 1996 by the principals of EMC to work with small to medium size banks on numerous issues including: capital structure optimization, merger & acquisition activity and operational strategy. EFA earns fees from its clients for providing these services. EFA may receive fees from portfolio companies owned by the Funds. Any such fees paid by portfolio companies of EOP III will offset management fees born by EOP III. EMC does not believe the services provided by EFA present any material conflict of interest to the Funds.

An employee of EMC, Steven Didion, is a co-manager of a non-affiliated investment manager, JCSD Capital, L.L.C. which serves as the General Partner of a non-affiliated partnership, JCSD Partners, L.P. ("JCSD"). JCSD is a private investment long/short equity fund which invests most of its assets into publicly traded small to medium capitalization financial institutions. Mr. Didion does not have portfolio management responsibilities for JCSD ; however his participation in the management of JCSD could create a conflict of interest for EMC and the managed Funds. The principal conflict of interest from the relationship with JCSD is the potential for allocation of purchase recommendations for a particular security. EMC and JCSD have instituted a restricted list procedure, pursuant to which JCSD has agreed to not transact in any security which EMC places on the restricted list. The restricted list is made up of companies in respect of which EMC possesses material non-public information or has signed a confidentiality agreement or that are

clients of EFA. In addition JCSD will not transact in any security of a portfolio company of any EMC managed Fund without first seeking definitive permission of EMC.

As indicated above, EMC and the General Partners manage several Funds which have investment programs that are similar. In addition, EMC or its affiliates may in the future establish, sponsor and become affiliated with other pooled investment vehicles and companies that have investment programs that are similar or substantially similar to the investment program of the existing Funds. As a result of the foregoing, EMC and its personnel may have conflicts of interest in allocating their time and resources between clients, in allocating investments among the Funds and other clients, and in effecting transactions between the Funds and other clients, including ones in which EMC or its personnel may have a financial interest. Accordingly, EMC will devote so much of its time and will allocate the time and resources of its operations team to its clients as in its judgment the conduct of each client's account reasonably requires.

To address potential conflicts of interests in its material relationships, EMC has adopted policies and procedures, including a Code of Ethics and a compliance manual. For a discussion of EMC's Code of Ethics and allocations and conflicts of interest policies, please see Item 11, "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading," below.

D. Material Conflicts of Interest Relating to Other Investment Advisers

EMC does not recommend or select other investment advisers for its Funds.

ITEM 11
CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS
AND PERSONAL TRADING

EMC strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. In seeking to meet these standards, EMC has adopted a Code of Ethics (the "Code"). The Code incorporates the following general principles that all employees are obligated to uphold:

- employees must at all times place the interests of EMC's clients first;
- all personal securities transactions must be conducted in a manner consistent with the Code and any actual or potential conflicts of interest or any abuse of an employee's position of trust and responsibility must be avoided;
- employees must not take any inappropriate advantage of their positions;
- information concerning the identity of investments and financial circumstances of the Funds, including the identity of each Fund's investors must be kept confidential; and
- independence in the investment decision-making process must be maintained at all times.

EMC has adopted formal policies and procedures relating to insider trading, privacy, "pay to play" and anti-money laundering regulations. Further, EMC has established policies and procedures to monitor and resolve conflicts with respect to investment opportunities in a manner it deems fair and equitable, including the restrictions placed on personal trading in the Code, as described above, and regular monitoring of employee transactions and trading patterns for actual or perceived conflicts of interest, including those conflicts that may arise as a result of personal trades in the same or similar securities made at or about the same time as client trades. Clients and prospective clients may request a copy of the Code by contacting EMC at the address or telephone number listed on the first page of this document.

EMC, its affiliates and its employees may give advice or take action for their own accounts that may differ from, conflict with or be adverse to advice given or action taken for clients. Further, instances may arise where the interests of EMC or one of its affiliates conflicts with the interests of the Funds and their limited partners. EMC and its affiliates will endeavor to ensure that these conflicts do not work to the detriment of the Funds. If a conflict of interest arises, it will be presented to the applicable committee of limited partners of the applicable Fund authorized to approve such conflict transaction for review.

If EMC makes a recommendation to the Funds to purchase or sell a security from or to any entity in which EMC or a related person has a material financial interest, such transaction will only be permitted if the Funds receive the consent of the committee of limited partners of the applicable Fund authorized to approve such conflict transaction.

Under certain circumstances outlined in each Fund's limited partnership agreement, EMC, its affiliates and its employees may invest on behalf of themselves in portfolio investments that would be appropriate for, held by, or may fall within the investment guidelines of the Funds. Such investments align the interests of EMC with its clients and are generally made on the same terms as limited partners in each Fund so that affiliates of EMC do not receive more favorable terms than investors. Notwithstanding the foregoing, EMC and its related persons may not make personal investments and investments on behalf of clients contemporaneously. EMC is permitted to offer co-investment opportunities with a Fund to limited partners and outside investors under certain circumstances in accordance with the terms of the limited partnership agreement of such Fund and applicable side letters.

EMC manages investments on behalf of a number of clients. Certain clients have investment programs that are similar to or overlap and may, therefore, participate with each other in investments. It is the policy of EMC to allocate investment opportunities among all clients fairly, to the extent practical and in a manner that is consistent with the limited partnership agreements and investment objectives of each of the Funds. If the investment period of a Fund has not yet terminated when the investment period of a new Fund has started, then EMC will allocate investment opportunities among such Funds as permitted by applicable documents on an equitable basis in its good faith discretion, based on the applicable investment guidelines of such Funds, available capital, anticipated duration of the investment, likelihood of current income, portfolio diversification requirements and other appropriate factors. EMC's executive officers shall be primarily responsible for the allocation of investment opportunities among multiple Funds.

ITEM 12 BROKERAGE PRACTICES

A. Factors Considered in Selecting or Recommending Broker-Dealers for Fund Transactions

Although EMC generally purchases securities for the Funds in privately negotiated transactions, EMC may recommend that the Funds use various brokers-dealers to execute, settle and clear securities transactions. Subject to best execution, in selecting brokers (including a prime broker) to execute transactions, provide financing and securities on loan, hold cash and provide other services EMC may consider, among other things, the ability of the brokers and dealers to effect the transaction, the brokers' or dealers' facilities, reliability and financial responsibility, as well as the provision by the brokers of marketing assistance and consulting with respect to technology, operations and equipment. Accordingly, the commission rates (or dealer markups and markdowns) charged to the Funds by brokers-dealers in the foregoing circumstances may be higher than those charged by other brokers-dealers who may not offer such services.

EMC is not required to solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread. EMC maintains policies and procedures to review the quality of executions, including periodic reviews by its investment professionals.

Research and Other Soft Dollar Benefits

EMC does not receive research or other products or services, other than execution, from a broker-dealer or a third party in connection with securities transactions of the Funds.

Brokerage for Client Referrals

Neither EMC nor any related person receives client referrals from any broker-dealer or third party.

Directed Brokerage

EMC does not routinely recommend, request or require that a Fund direct EMC to execute transactions through a specified broker-dealer.

B. Order Aggregation

There are no purchase or sales orders of securities that are aggregated for various Funds accounts.

ITEM 13
REVIEW OF ACCOUNTS

A. Frequency and Nature of Review of Client Accounts or Financial Plans

EMC performs regular reviews of each Fund's portfolio. Such reviews are conducted by EMC's investment professionals.

B. Factors Prompting Review of Client Accounts Other than a Periodic Review

A review of a client account may be triggered by any unusual activity or special circumstances.

C. Content and Frequency of Account Reports to Clients

Investors in the Funds receive from EMC or its affiliates unaudited quarterly reports providing summary financial and other information on their Fund. EMC may provide certain investors with information on a more frequent and detailed basis if agreed to by EMC or a General Partner. In addition, EMC or its affiliates provide to investors of the Funds audited financial statements concerning their respective Fund and tax information necessary for the completion of such investor's return within 120 days of the end of the Fund's fiscal year.

ITEM 14
CLIENT REFERRALS AND OTHER COMPENSATION

A. Economic Benefits for Providing Services to Clients

EMC may receive transaction and monitoring fees from portfolio companies of the Funds. These payments result in a reduction to the Management Fee that EMC receives from the Funds as discussed above. EMC does not believe that these arrangements create any conflict of interest between EMC and the Funds.

EMC does not receive economic benefits from non-clients for providing investment advice and other advisory services.

B. Compensation to Non-Supervised Persons for Client Referrals

Neither EMC nor any related person directly or indirectly compensates any person who is not a supervised person, including placement agents, for client referrals.

ITEM 15 CUSTODY

Account statements related to assets of the Funds that are sent periodically by the Fund's administrator either on a monthly or quarterly basis as described in the individual Fund's limited partnership agreement. Any estimate sent to a client by EMC should be compared to the statement generated by the Fund's administrator for discrepancies.

EMC is deemed to have custody of client funds and securities because it has the authority to obtain client funds or securities, for example, by deducting advisory fees from a client's account or otherwise withdrawing funds from a client's account. Account statements related to the clients are sent by qualified custodians to EMC.

EMC is subject to Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). However, it is not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to each Fund because it complies with the provisions of the so-called "Pooled Vehicle Annual Audit Exception", which, among other things, requires that each Fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each Fund distribute its audited financial statements to all investors within 120 days of the end of its fiscal year.

ITEM 16
INVESTMENT DISCRETION

Pursuant to the limited partnership agreement of each Fund, its General Partner has the discretion to manage securities accounts on behalf of such Fund in accordance with the restrictions set forth in such limited partnership agreement, and EMC provides investment advice with respect thereto.

ITEM 17
VOTING CLIENT SECURITIES

EMC has the authority to cause each Fund to vote securities held by such Fund and to do so in a manner that it believes is in the best interest of such Fund.

In compliance with Advisers Act Rule 206(4)-6, EMC has adopted proxy voting policies and procedures. The general policy is to vote proxy proposals, amendments, consents or resolutions (collectively, "Proxies") in a manner that serves the best interests of the Funds.

EMC may take into account relevant factors, as determined by EMC in its discretion, including, without limitation: the impact on the value of the securities or instruments owned by the relevant Fund; the anticipated associated costs and benefits associated with the proposal; the effect on liquidity; and industry and business practices.

In limited circumstances, EMC may refrain from voting Proxies where EMC believes that not voting would be in the best interests of the applicable Fund, taking into consideration, among other things, the cost and restrictions associated with voting the Proxies. Generally, clients may not direct EMC's vote in a particular solicitation.

Conflicts of interest may arise between the interests of the Funds on the one hand and EMC or its affiliates on the other hand. If EMC determines that it may have, or is perceived to have, a conflict of interest when voting Proxies, EMC will vote in accordance with its Proxy voting policies and procedures. Clients may obtain a copy of EMC's Proxy voting policies and its Proxy voting record upon request.

ITEM 18
FINANCIAL INFORMATION

EMC is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.