

INVESTMENT ADVISER BROCHURE
(Form ADV Part 2A)

FE Clean Energy Group, Inc.

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This Brochure provides information about the qualifications and business practices of FE Clean Energy Group, Inc. and its affiliates (collectively “FE Clean Energy” or “FE”). If you have any questions about the contents of this brochure, please contact us at (203) 662-9293. FE’s Chief Compliance Officer, John Casale, can be reached directly at (203) 662-9293, ext. 128 and/or jcasale@fecleanenergy.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

FE Clean Energy is registered as an investment adviser with the SEC under the Investment Advisers Act of 1940 (the “Advisers Act”). Registration as an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

Additional information about FE Clean Energy also is available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 2 MATERIAL CHANGES

In February 2012, FE Clean Energy filed its initial application to register as an investment adviser with the SEC. Accordingly, pursuant to disclosure rules under the Advisers Act, this is the first Brochure compiled by FE Clean Energy to provide new and prospective investors with clearly written, meaningful, current disclosure of its business practices, conflicts of interest and background of its advisory personnel. We encourage all recipients of this Brochure to read it carefully in its entirety.

In the future, this Item will identify and discuss the material changes since the last annual update to assist investors and make them aware of certain information that has changed since the prior year's Brochure and that may be important to them.

ITEM 3 TABLE OF CONTENTS

Item 2	Material Changes	1
Item 3	Table of Contents	2
Item 4	Advisory Business	3
Item 5	Fees and Compensation	4
Item 6	Performance-Based Fees and Side-By-Side Management	5
Item 7	Types of Clients	6
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss	6
	A. Methods of Analysis and Investment Strategies	6
	B. Material Risks	7
	C. Particular Securities	11
Item 9	Disciplinary Information	11
Item 10	Other Financial Industry Activities and Affiliations	11
Item 11	Compliance Manual, Participation in or Interest in Client Transactions	12
	A. Compliance Manual.....	12
	B. Participation or Interest in Client Transactions	13
Item 12	Brokerage Practices	14
	A. Selection of Broker-Dealers	14
	B. Aggregation of Orders of Securities for Client Accounts	14
Item 13	Review of Accounts	14
	A. Periodic Review of Client Accounts	14
	B. Factors that Trigger a Review of Client Accounts	14
	C. Reports to Clients	14
Item 14	Client Referrals and Other Compensation	15
Item 15	Custody	15
Item 16	Investment Discretion	16
Item 17	Voting Client Securities	16
Item 18	Financial Information	16

ITEM 4 ADVISORY BUSINESS

FE Clean Energy Group, Inc. (“FE Clean Energy” or “FE”) is a Darien, Connecticut-based investment advisory firm founded by George A. Sorenson, Francisco Hoyos and Lawrence B. McGrath. FE Clean Energy began operating under its current management and investment strategy in 2001. FE provides investment advisory services to private investment funds with a focus on the middle market energy efficiency services sector and return-driven sustainable development.

FE Clean Energy, a Delaware Corporation, is registered as an “investment adviser” under the Advisers Act. Registration does not imply a certain level of skill or training.

FE, through FEGACE Management Corp. (“FEGACE Management”), a wholly-owned Cayman Islands exempted company, provides non-discretionary investment advisory services to (i) FE Global/Asia Clean Energy Services Fund, L.P., and (ii) FEGACE Asia Sub Fund, L.P., both Cayman Islands exempted limited partnerships, (together “Fund III”).

FE, through F.L.A.C.E.S. Management Corp. (“FLACES Management”), a wholly-owned Cayman Islands exempted company, provides non-discretionary investment advisory services to (i) FondElec Latin American Clean Energy Services Fund, L.P., a Cayman Islands exempted limited partnership, and FondElec Latin American Clean Energy Services Fund (Ontario), L.P., a Canadian exempted company, (together, “Fund II”).

FE is affiliated with FE Global Clean Energy Corp. (“FE Global”), a Delaware Corporation, also registered as an investment adviser under the Advisers Act. FE Global, through GEM Management IV Corp. (“GEM”), a Cayman Islands exempted company wholly owned by FE Global, provides discretionary investment advisory services to FE Global Clean Energy Services Fund IV, L.P. (“Fund IV”), a Cayman Islands exempted limited partnership. Under the governing documents of Fund IV, FE Global, through GEM, also provides non-discretionary investment advisory services to an investor who has elected to participate in co-investments through Fund IV. Certain FE Global employees provide investment advisory services to FE under a services agreement, which provides for reimbursement of payroll and related expenses, and other general administrative expenses incurred by FE Global on behalf of FE.

As used in this brochure “we,” “us” and “our” refer to FE, FEGACE Management, FLACES Management, FE’s wholly-owned general partners and other affiliates, and its investment advisory business. The “FE Funds” and “Funds” refers to Fund III and Fund II. The “FE clients” and “our clients” refer to the FE Funds.

We provide investment advice to our clients regarding the selection, monitoring and disposition of each Fund’s investments. The relationship between us and each FE Fund is governed by the Advisers Act and the terms of investment advisory agreements concluded

between us and each Fund. Investments in the FE Funds are privately offered only to qualified investors, typically institutional investors such as pension funds and corporations.

We provide advisory services specific to the investment strategies of the FE Funds. The investment strategy of the Funds is to participate in private equity and equity-related investments in companies and/or projects that provide clean renewable energy and energy efficiency services primarily throughout the emerging markets of Asia and the Americas. Investments are targeted towards projects which deliver energy efficiency, emissions reduction, renewable energy and reliable power sources to industrial, commercial and public consumers. Investment restrictions are imposed in the governing documents for the FE Funds.

As of February 9, 2012, we managed \$49,717,031 of client assets on a non-discretionary basis in Funds III and II.

ITEM 5 FEES AND COMPENSATION

In general, we receive management fees in connection with advisory services we provide to the FE Funds.

Management fees are payable quarterly in advance for Fund II and quarterly in arrears for Fund III. During the investment or “commitment” periods of the FE Funds, our clients pay us a management fee based on a percentage of aggregate limited partner capital commitments to the Funds. After the commitment period has ended and through the day preceding the termination and final liquidation of the Funds, we generally receive a management fee based on a percentage of aggregate limited partner capital contributions less the aggregate amounts invested by such Fund in any investment that has been disposed of on the date of calculation of the management fee (the “Net Invested Amount”), subject to a minimum Net Invested Amount. The annual management fee rates for the FE Funds currently range from 1.8% to 2.50%. FE reserves the right to waive or reduce management fees in its sole discretion.

Management fees are paid by capital contributions from the investors in each FE Fund, pursuant to funding notices for required contributions delivered by us, or paid out of cash otherwise distributable to investors, including when a portfolio investment of a FE Fund is sold and the proceeds are distributed to investors.

As further explained in Item 6, certain wholly-owned FE Clean Energy affiliates, who serve as the general partners of the FE Funds, receive a carried interest.

Other fees may be paid to FE or its affiliates. These fees can include, but are not limited to, finder’s fees, director’s fees, monitoring fees, incentive fees, organizational and set-up fees. In general, under the investment management agreements between FEGACE Management, FLACES Management, and our clients, any such fees received by us or by any principal or officer of FE and its affiliates from any portfolio company, other than reimbursements of reasonable

out-of-pocket expenses incurred in connection with such principal or officer's duty as a director of such portfolio company, are paid over to the respective FE Fund, which in turn distributes such fees and payments to investors in accordance with the respective FE Fund's governing documents, or deducted from management fees otherwise payable by investors in the FE Funds. If any fees are received by FE or its affiliates from any portfolio company that are not related to our duties under an investment management agreement, a portion of such fees will be paid to the respective FE Fund and distributed to investors. These potential fee arrangements are disclosed in the confidential disclosure document for each FE Fund.

Each FE Fund is required to reimburse us and our affiliates for customary organizational and operating expenses incurred by us on behalf of the Funds, as the governing documents of each FE Fund more fully describe. In addition, each FE Fund will pay costs and expenses relating to its activities, including but not limited to, legal, accounting, auditing, consulting, administration, and custodian expenses, annual meeting expenses, insurance, certain travel expenses, and other expenses associated with the acquisition, holding and disposition of each Fund's investments, extraordinary expenses such as indemnification, and expenses and costs incurred in connection with the organization, management and operation of any alternative investment vehicles.

Investors in Fund II have agreed to pay management fees quarterly in advance of any investment advisory functions. Upon termination of the investment advisory agreement with Fund II, we will return to Fund II any paid but unearned portion of the management fee.

Neither we nor our supervised persons accept compensation for the sale of securities or other investment products.

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

Each FE Fund may be assessed a carried interest or performance fee that is paid to the Fund's general partner. The carried interest is assessed periodically according to each FE Fund's governing documents. Carried interest is typically measured as a percentage of the profits of a FE Fund and is negotiated separately for each FE Fund at a rate consistent with industry standards. Carried interest is typically paid out of cash otherwise distributable to investors, such as the receipt by the FE Funds of proceeds from a portfolio investment. For each FE Fund, the carried interest distributed to the general partner is subject to a potential giveback at the end of the respective FE Fund's life if the general partner has received excess cumulative distributions. In our discretion we may waive or reduce the carried interest charge for certain investors in the FE Funds.

Performance fee arrangements may create an incentive to favor accounts with higher performance fees over other accounts in the allocation of investment opportunities. FE Clean Energy has designed and implemented procedures to ensure that all clients are treated fairly in such situations, and to prevent this potential conflict of interest from influencing the allocation

of investment opportunities among our clients. The decisions regarding the equitable allocation of investment opportunities among clients will adhere to the relevant partnership agreements of each FE Fund.

In addition, the fact that a portion of FE's compensation is directly computed on the basis of profits generated by the sale or disposition of Fund assets may create an incentive for FE to make investments on behalf of the Funds that are riskier or more speculative than would be the case in the absence of such compensation. However, this incentive may be tempered somewhat by the fact that losses will reduce the Funds' performance and thus FE's compensation.

ITEM 7 TYPES OF CLIENTS

FE Clean Energy provides non-discretionary investment advice solely to private investment funds. Private investment funds may include investment partnerships formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended. We offer interests in the FE Funds only to qualified investors, primarily institutional investors such as pension funds and corporations, and multilateral organizations. We typically impose a minimum initial subscription for investors in an FE Fund of \$1 million, although these minimums can be waived in our discretion.

ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Methods of Analysis and Investment Strategies

The investment strategy of the FE Funds is to participate in private equity and equity-related investments in companies and/or projects that provide clean renewable energy and energy efficiency services primarily throughout the emerging markets of Asia and the Americas. Investments are targeted towards projects which deliver energy efficiency, emissions reduction, renewable energy and reliable power sources to industrial, commercial and public consumers.

A top-down investment strategy is used to identify investment opportunities by assessing general industry trends and then focusing on specific sectors. This method recognizes market leaders, top management teams, and value opportunities which are then analyzed to determine growth prospects, capital needs and market position. After particular sectors are identified, detailed research and analysis are performed to pinpoint specific companies which present attractive investment opportunities.

The investment process incorporates multiple levels of reviews that address all aspects of the investment decision making process, from idea generation to the performance reporting on the investment. Detailed investment and operational due diligence is performed at various levels of the investment process and internally generated due diligence reports and investment memorandums are prepared for all client investments.

For each investment, FE seeks to implement a strategic growth plan, increase operating cash flows, and build long-term equity value. FE works to improve its portfolio companies' business models through:

- 1) Strategic planning to identify growth opportunities and operating efficiencies,
- 2) Add-on acquisitions of complementary businesses,
- 3) Profitability improvements,
- 4) Capital raising, and
- 5) Executive management recruitment

FE expects to take significant equity positions in each of its investments, with an objective of influencing the companies' operations, either through holding controlling equity interests or through appropriate board or governing body representation and negotiated consent rights relating to specific matters. FE Clean Energy seeks to identify and establish close working relationships with local project developers at an early stage in their project development process.

B. Material Risks

Investments in the FE Funds involve significant risks. Only sophisticated investors able to bear the economic risk of their investment for an indefinite period of time and able to afford a loss of their investment should consider investing in an FE Fund. There is no assurance that the investment objectives of the FE Funds will be achieved or there will be any return of capital. Investors should review the respective Fund's offering memoranda for a full list of investment risks.

The following considerations, which do not attempt to analyze all the risk aspects of an investment in an FE Fund, should be carefully evaluated. In general, the risks involved with FE Clean Energy's investment strategy and an investment in each FE Fund include, but are not limited to the following:

1) Investments in Foreign Securities

Our advisory activities involve investments in foreign securities. There are certain risks inherent in the ownership of foreign securities in that general economic, market and industry conditions could cause fluctuations in market prices for investments. These risks include national and international economic conditions, domestic and international financial policies and performance, conditions affecting particular investments such as the financial viability, sales and product lines of corporate issuers, national and international politics and governmental events, adverse changes in the credit quality of the companies with which we enter into energy performance contracts, and changes in federal and local income tax laws and foreign tax laws. Moreover, we may have only limited ability to vary the investment portfolio in response to changing economic,

financial and investment conditions. This may expose our investments to events beyond our control that could cause significant and immediate loss in value of the investment portfolio.

2) Early-Stage Investments

The FE Funds may invest in portfolio companies that are at a conceptual or early stage of development or that may have little or no operating history; may offer services, products or technologies that are not yet developed or that have no established market; may be operating at a loss or have significant fluctuations in operating results; may be engaged in a rapidly changing business; and may need substantial additional capital to set up infrastructure, hire management and personnel, support expansion or achieve or maintain a competitive position. Such portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and service capabilities and a larger number of qualified managerial and technical personnel.

The FE Funds may invest a significant portion of their assets in the securities of smaller, less established portfolio companies. Investments in such companies may involve greater risks than are generally associated with investments in more established companies. Less established companies tend to have less capital and fewer resources and, therefore, are often more vulnerable to financial failure. Such companies may also have shorter operating histories on which to judge future performance.

3) Dependence on Portfolio Companies

We will invest the FE Funds' assets in portfolio companies. As such, the success of the FE Funds' investments depends upon our ability to identify and manage investments that achieve the respective Fund's investment strategies, and also depends on the ability of portfolio companies to successfully generate and/or provide renewable clean energy and energy efficiency services. Subjective decisions made by a portfolio company and its managers may cause a Fund's investment in the company to incur losses.

4) A Potentially Competitive Market for Investments

The business of identifying and structuring a Fund's targeted investments can be competitive and involves a high degree of uncertainty. There can be no assurance that we will be able to locate and complete attractive investments or that we will be able to fully invest our clients' capital.

5) Leverage

To the extent that we invest in a portfolio company with a leveraged capital structure, such investment will be subject to increased exposure to adverse economic factors such

as a significant rise in interest rates, a severe downturn in the economy or deterioration in the condition of such company or its industry. In the event a portfolio company with a leveraged capital structure is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of a Fund's investments could be significantly reduced or even eliminated. The adverse effect of leverage is exacerbated where a significant portion of a Fund's or of a portfolio company's indebtedness is denominated in U.S. Dollars (or another hard currency) and where there is a substantial and rapid devaluation of the relevant local currency.

6) Minority or Joint Venture Investments

The Funds may hold a minority interest in certain portfolio companies and, therefore, may have limited ability to protect its position in such portfolio companies, although as a condition of an investment in any portfolio company, it is expected that appropriate rights generally will be sought to protect a Fund's interests.

An FE Fund may pursue investments with one or more strategic investors or joint venture partners. Such investments may involve risks in connection with such third-party involvement, including the possibility that a co-investor may have financial difficulties resulting in a negative impact on such investment, may have economic or business interests or goals which are inconsistent with those of a FE Fund, or may be in a position to take (or block) action in a manner contrary to a FE Fund's investment objectives.

7) Reporting Standards

Companies in certain investment jurisdictions in which a FE Fund may invest are subject to accounting, auditing and financial standards and requirements that differ somewhat from those applicable to the U.S., Japanese or Western European companies. In particular, the assets and profits appearing on the financial statements of such companies may not reflect their financial position or results of operation in the way they would be reflected had such financial statements been prepared in accordance with U.S. generally accepted accounting principles or International Financial Reporting Standards. In addition, financial data may be materially affected by restatements for inflation and may not accurately reflect the real condition of companies and securities markets. There is substantially less publicly available information about the companies in these market jurisdictions than there is about U.S., Japanese or Western European companies. As a result, investors may have difficulty in obtaining information about the value of their investment other than from information provided by or on behalf of an FE Fund.

8) Unlisted Securities

The FE Funds will primarily invest in portfolio companies the securities of which are not at the time of investment, and may never be, publicly traded or listed on any securities

exchange. Our investments in such unlisted (and otherwise illiquid) equity securities in general are subject to less liquidity and greater risks than those inherent in publicly traded securities. Companies whose securities are not publicly traded are not subject to the same disclosure and reporting requirements that are generally applicable to companies with publicly traded securities, nor are the trading of such non-publicly traded securities regulated by any government agency. Accordingly, the protections accorded by such regulation are not available in making such investments.

Valuations of companies whose securities are unlisted or illiquid may be very difficult. To the extent that there is no liquid trading market for particular investments, the FE Funds may be unable to liquidate such investments or may be unable to do so at a profit.

9) Investment and Repatriation Restrictions

Certain jurisdictions require governmental approval prior to investments by foreign persons or limit the amount of investment by foreign persons in a particular company or economic activity. Certain jurisdictions also restrict investment opportunities in issuers or industries, including certain utility infrastructure sectors such as electrical power generation and distribution. The FE Funds could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital and gains, as well as by the application to the Funds of any restrictions on investments. In addition, jurisdictions may impose new, or strengthen existing, restrictions on the inflow of foreign capital into such countries.

10) Limitations on Transfer; No Market for Limited Partnership Interests

Investors' limited partnership units ("LP Units") in an FE Fund have not been and will not be registered under the United States Securities Act of 1933, U.S. state securities laws or under the securities laws of any non-U.S. jurisdiction, and cannot be re-sold, pledged, assigned or otherwise disposed of in the United States unless subsequently registered under applicable securities laws or an exemption from such registration is available. It is not intended that a secondary market in the LP Units will be established. All transfers of LP Units are subject to the prior consent of the respective FE general partner, and investors do not have the right to require an FE Fund to redeem its LP Units prior to dissolution of the FE Fund.

11) Risk of Limited Number of Investments

The FE Funds will participate in a limited number of investments and, as a consequence, the aggregate return of the Fund may be substantially adversely affected by the unfavourable performance of even a single Investment.

12) Long-Term Investments

The return of an FE Fund's capital and the realization of gains, if any, will occur only upon completion of facilities to provide renewable energy and energy efficiency services to the customers of the FE Fund's portfolio companies, which may not occur for a number of years. In addition, disposition of an investment may not occur for a number of years, and at a price below the projected price envisioned by the FE Funds at the time of the investment.

C. Particular Securities

The FE Funds invest in private equity and equity-related investments in companies and/or projects that provide clean renewable energy and energy efficiency services primarily throughout the emerging markets of Asia and the Americas. This concentration of investments in one sector could result in greater short-term price volatility and overall risk of investment loss than a more diversified investment portfolio. As a general matter, the governing documents of the FE Funds provide for certain investment restrictions which serve to reduce this risk including limitations on the aggregate amount of a FE Fund's capital which can be invested in any one geographic region.

ITEM 9 DISCIPLINARY INFORMATION

There are no legal or disciplinary matters that would be material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

We are not registered, and do not have an application pending to register, as a broker-dealer or registered representative of a broker-dealer.

Neither we nor any of our management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing types of entities.

FE and its affiliated advisers (FEGACE Management and FLACES Management) organize and sponsor the Funds, which are private investment companies. These pooled investment vehicles managed by FE and its affiliated advisers, are controlled by affiliated General Partner entities ("GP Entities"). FE's affiliated advisers or the GP Entities will be responsible for making all investment recommendations regarding portfolio transactions of the Funds. While the GP Entities and the affiliated advisers are not separately registered as investment advisers with the SEC, all of their investment advisory activities are subject to the Advisers Act and the rules thereunder. In addition, employees and persons acting on behalf of the GP Entities and the affiliated advisers are subject to the supervision and control of FE. Thus, the GP Entities and

affiliated advisers, all of their employees and the persons acting on their behalf would be “persons associated with” the registered investment adviser so that the SEC could enforce the requirements of the Advisers Act on the GP Entities and affiliated advisers.

Certain GP Entities of the Funds may have an investment in a Fund or Funds. Therefore, FE may be considered to participate indirectly in transactions effected for those clients. The foregoing relationships, fees, and any other actual or potential conflicts of interest arising therefrom are disclosed in the respective governing fund documents.

Employees of FE or FE Global on behalf of FE, may serve as directors and officers of certain portfolio companies and, in that capacity, will be required to make decisions that consider the best interests of such portfolio companies and their respective shareholders. In certain circumstances, for example in situations involving bankruptcy or near-insolvency of a portfolio company, actions that may be in the best interests of the portfolio company may not be in the best interests of the Fund, and vice versa. Accordingly, in these situations, there will be conflicts of interest between such individual’s duties as an employee of FE or FE Global on behalf of FE, and such individual’s duties as a director or officer of such portfolio company.

ITEM 11 COMPLIANCE MANUAL, PARTICIPATION IN OR INTEREST IN CLIENT TRANSACTIONS

A. Compliance Manual

We have established a Compliance Manual, which includes a Code of Ethics, which consist of policies and procedures reasonably designed to ensure compliance by us and our employees with the Advisers Act, as amended, and its rules and regulations, and to reflect our fiduciary duties to our clients.

FE Clean Energy is an international company which carries out its advisory business primarily in the emerging markets of Asia and the Americas. Local business customs and practice may vary considerably from place to place but, as a company committed to certain business values, it is important that FE, and its affiliates, operate consistently, responsibly and with ethical integrity in its business conduct throughout its countries of operations. To this end, FE applies uniform standards across its entire business.

The fundamental principle of our Compliance Manual is that our business will be characterized by honesty and integrity, ensuring that we are seen as good neighbors and responsible and contributing members of the communities that we and our portfolio companies serve so that there should be no risk to the firm’s local or international reputation if any details of its business affairs were to become public knowledge.

As a general rule, employees are expected to promote FE’s, and its affiliates, best interest while at all times maintaining the highest standards of personal integrity and business practice for the benefit of the FE Funds we manage. Integrity and openness in FE’s, and its

affiliates', dealings is a prerequisite for successful relationships and a sustainable business. The key to achieving the necessary standards of conduct is openness, with transparent recording of actions, and full declaration of all interests and concerns.

FE Clean Energy's Compliance Manual include provisions relating to prohibitions on insider trading, restrictions on acceptance of significant gifts and the reporting of certain gifts and business entertainment items, relations with officials and prospective business partners, conflicts of interest, confidentiality of information, compliance with laws and regulations, and personal securities trading procedures, among other things.

FE generally prohibits employees from purchasing or selling securities that are held by the Funds; requires pre-clearance before purchasing an IPO or limited offering (i.e., private placement); requires periodic reporting of employees' personal securities transactions and holdings; and requires prompt internal reporting of Compliance and Code of Ethics violations. FE endeavors to maintain current and accurate records of all personal securities accounts of its employees in an effort to monitor all such activity.

Certain transactions in which FE engages may require, for either business or legal reasons that no employees trade in the subject securities for specified time periods. Such securities will appear on a list (the "Restricted List") that will be circulated to all. No employee may engage in any sort of trading activity with respect to a security or a derivative thereof on the Restricted List without obtaining prior written approval from the Chief Compliance Officer. All supervised persons at FE Clean Energy must acknowledge acceptance of the terms of the Compliance Manual, which includes the Code of Ethics, on a yearly basis.

FE clients or prospective clients may request a copy of the firm's Code of Conduct by contacting John Casale, Chief Compliance Officer, at 203-662-9293 or jcasale@fecleanenergy.com.

B. Participation or Interest in Client Transactions

Principals of FE Clean Energy may, directly or indirectly, through affiliated entities who serve as the general partners of the FE Funds, own an interest in the FE Funds. All such investments are made in accordance with the governing documents of such Funds. No principal or employee of FE holds any interest in any of the FE Funds' investments other than through FE or its affiliated entities.

ITEM 12 BROKERAGE PRACTICES

A. Selection of Broker-Dealers

Our business is advising the FE Funds on making private equity investments in private securities. As such, as a general matter, we do not advise our clients on investments in public securities, and therefore do not often transact business through broker-dealers. However, in situations where we may need to select a broker-dealer, we will consider the broker's execution and other capabilities.

Given the nature of our investments, we do not typically make investments in listed companies, and do not have any soft-dollar arrangements in place with any broker-dealer.

B. Aggregation of Orders of Securities for Client Accounts

As noted above in Item 12 A., we generally do not make investments in listed companies, and do not regularly aggregate the purchase or sale of securities for various client accounts. However, when the FE Funds conducts trading through a broker-dealer, we will seek to aggregate orders whenever practicable and cost-efficient.

ITEM 13 REVIEW OF ACCOUNTS

A. Periodic Review of Client Accounts

Our investment teams and financial operations professionals review the operations of the FE Funds on a periodic basis. These professionals monitor operations, overall performance, financial performance and strategic direction of each portfolio company. Each portfolio company provides us with regular reports regarding its financial status and performance. Portfolio companies controlled by the FE Funds generally provide monthly reports, whereas portfolio companies not controlled by the Funds generally provide reports on a quarterly basis.

B. Factors that Trigger a Review of Client Accounts

Our investment professionals review the portfolio investments of the FE Funds on a periodic basis. There are no specific triggers to launch a portfolio review.

C. Reports to Clients

We deliver written financial reports, including information relevant to each of our clients' (and, where applicable, their investors') investments with us on a quarterly basis. Clients (and, where applicable, their investors) also receive written annual reports within 90 days of the end of each fiscal year that include audited financial statements (including a balance

sheet and a statement of operations) and a summary update of the portfolio investments for the applicable investment program. All investors in our client Funds are also invited to our investor meetings when held, annually or otherwise. Periodically, we also conduct conference calls or meetings with investors to report on investments and other matters.

Information provided to investors may contain forward looking statements which are based on current expectations and assumptions regarding the business and performance of the FE Funds and portfolio companies, the economies and markets, in which the FE Funds' portfolio companies operate, and other future conditions and forecasts of future events, circumstances and results. Actual results may vary materially from those expressed or implied in such forward-looking statements.

We also provide our clients (and, where applicable, their investors) with copies of this brochure, as well as with periodic updates. We offer this brochure annually to such persons.

ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

FE has entered into solicitation arrangements with placement agents pursuant to which we may compensate such agents for client referrals. Any fees and expenses payable to such placement agent are borne by FE and/or its affiliates directly or indirectly through an offset against the Management Fee or otherwise. The amount paid will be based on a point-in-time negotiation and all placement fees will be fully disclosed to investors referred by such placement agents.

As noted in Item 5, FE Clean Energy or its affiliates may receive other compensation from portfolio companies in a FE Fund. In general, under the investment management agreements between us and our clients, any such fees are paid over to the respective FE Fund, which in turn distributes such fees and payments to investors in accordance with the Fund's governing documents, or deducted from management fees otherwise payable by investors in the FE Funds. If any fees are received by us from any portfolio company for services provided to a portfolio company that are not related to our duties under the investment management agreement, a portion of such fees will be paid to the FE Fund and then distributed to investors. These potential fee arrangements are disclosed in the confidential offering memorandum for each particular private offering.

ITEM 15 CUSTODY

We will not take or maintain physical custody of any client assets, and will, in accordance with the Advisers Act conduct all business operations in such a way that all client assets will be preserved in the safekeeping of independent "qualified custodians". Our clients' custodians will generally be banks and trust companies unaffiliated with us.

For those clients for which we are deemed to have custody of client assets within the meaning of the Advisers Act, such clients (and, where applicable, their investors) receive audited financial statements (prepared in accordance with generally accepted accounting principles) from us within 120 days of the end of each fiscal year. Consequently, our clients (and, where applicable, their investors) will not receive statements directly from the qualified custodian of client assets.

ITEM 16 INVESTMENT DISCRETION

We have non-discretionary authority to manage the investment portfolios of Fund III and II. Our authority to manage the investment portfolios is provided by the respective FE Fund's governing documents.

ITEM 17 VOTING CLIENT SECURITIES

In accordance with SEC rules FE Clean Energy has adopted proxy voting policies and procedures (the "Proxy Policy") to address how we vote proxies for the FE Funds' portfolio investments. FE's Proxy Policy seeks to ensure that FE and its affiliates vote proxies or similar instruments in the best interests of the FE Funds. However, in the case where there may be a conflict of interest between us and the FE Funds in voting proxies, FE and its affiliates may address the conflict using various alternatives, including by seeking the approval or agreement of the respective FE Fund's advisory board on the proposed proxy vote or through other alternatives set forth in the Proxy Policy.

Certain employees of FE or FE Global on behalf of FE, may serve as board members for the Funds' portfolio companies. In situations where FE votes the proxy for a company in which an employee of FE or FE Global on behalf of FE, serves on the board of directors, FE has determined that it does not inherently present a conflict of interest as the purpose for serving on the board is to maximize the return on the Funds' investment and to ensure that the Funds' interests are protected.

Clients or prospective clients may obtain a copy of our complete Proxy Policy, as well as a record of how FE has voted in the past, by contacting John Casale, Chief Financial Officer and Chief Compliance Officer at 203-662-9293, or jcasale@fecleanenergy.com.

ITEM 18 FINANCIAL INFORMATION

Registered investment advisers are required to provide you with certain financial information or disclosures about FE Clean Energy's financial condition. FE Clean Energy has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.