

Enterprise Investors Corporation

Form ADV Part 2

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This brochure (“**Brochure**”) provides information about the qualifications and business practices of Enterprise Investors Corporation (“**EIC**”). If you have any questions about the contents of this brochure, please contact us at +48 (22) 458 8500 or via email at tadeusz.galkowski@ei.com.pl. 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 EIC is also available on the SEC’s website at www.adviserinfo.sec.gov.

REGISTRATION WITH THE SEC AS AN INVESTMENT ADVISER DOES NOT IMPLY THAT EIC OR ANY OF THE PRINCIPALS OR EMPLOYEES OF EIC POSSESS A PARTICULAR LEVEL OF SKILL OR TRAINING IN THE INVESTMENT ADVISORY BUSINESS OR ANY OTHER BUSINESS.

Material Changes

This Brochure, dated as of February 27, 2012, has been prepared in connection with EIC's initial registration with the SEC as an investment adviser. In the future, this Item 2 will set forth a brief summary of any material changes to our disclosure since our last annual update.

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Advisory Business

EIC is a private equity manager specializing in private equity buy-out and venture capital investments in Poland and other countries in Central and Eastern Europe. The principal shareholders of EIC are Robert Faris, Jacek Siwicki, Robert Manz, Dariuz Prończuk, Michal Rusiecki, Rafal Bator, Stanislaw Knaflewski, Sebastian Król, Jacek Woźniak and Tadeusz Galkowski.

EIC provides financial, investment and portfolio analysis services as required for the benefit of its private equity and venture capital funds (the “**EI Funds**”). The EI Funds’ primary investment focus is to seek capital appreciation by acquiring, holding and realizing upon equity and equity-related securities of primarily privately-held enterprises located in Poland and in other countries of Central and Eastern Europe (the “**CEE Region**”). EI Funds that employ a private equity buy-out strategy (the “**EI Buyout Funds**”) invest predominantly in equity and equity-related securities of medium-sized privately owned companies located in the CEE Region. The sole EI Fund that employs a venture capital strategy (the “**EI Venture Fund**”) invests primarily in equity and equity-related securities of early-stage and growth-stage privately owned companies in the CEE Region and typically seeks to acquire a minority stake in such companies. Certain EI Funds may also, from time to time, make limited investments in publicly traded securities.

As described in the sub-section entitled *Relationships with Certain Affiliates* under “Other Financial Industry Activities and Affiliations” below, in providing investment advisory services to the EI Funds, EIC draws on the local and regional investment expertise and investment research capabilities of certain EIC affiliates in connection with identifying, evaluating, conducting due diligence on, consummating and monitoring EI Fund investments. However, with respect to each EI Fund, the general partner of such EIC Fund will retain the ultimate investment discretion and decision-making authority over the EI Fund’s assets.

Generally, a related person of EIC serves as the general partner of each EI Fund, and EIC serves as the investment adviser to each EI Fund. References to EIC in this Brochure include, as the context requires, affiliates of EIC who: (i) assist EIC in connection with the investment advisory services EIC provides to the EI Funds or (ii) act in any capacity referenced in the previous sentence.

EIC tailors its advisory services to the specific investment objectives and restrictions of each EI Fund pursuant to the investment guidelines and restrictions set forth in each EI Fund’s confidential private placement memorandum, limited partnership agreement and other governing documents (collectively, the “**Governing Documents**”). Investors and prospective investors of each EI Fund should refer to the Governing Documents of the applicable EI Fund for complete information on the investment objectives and investment restrictions with respect to such EI Fund. There is no assurance that any of the EI Funds’ investment objectives will be achieved.

The EI Funds are offered exclusively to accredited investors and/or qualified purchasers pursuant to Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act of 1940 (as amended, the “**Company Act**”), and are therefore not required to register as investment companies under the Company Act in reliance upon certain exemptions available to private investment funds whose securities are not publicly offered.

In accordance with common industry practice, one or more of the EI Funds’ general partners may enter into “side letters” or similar agreements with certain investors pursuant to which the general partner grants the investor specific rights, benefits, or privileges that are not made available to investors generally.

EIC does not participate in any wrap fee programs.

All assets of the EI Funds are managed on a discretionary basis in accordance with the terms and conditions of each EI Fund’s Governing Documents. As of December 31, 2011, EIC manages approximately \$1,438,071,000 of client assets, all of which are managed on a discretionary basis¹.

Fees and Compensation

Compensation and Fee Schedules

All investors and prospective investors should review the Governing Documents of each EI Fund in conjunction with this brochure for complete information on the fees and compensation payable with respect to a particular EI Fund. Different EI Funds and advisory accounts may be subject to different management fees and performance-based compensation arrangements. In certain circumstances, the advisory fees payable to EIC may be negotiable. Investors and prospective investors in each EI Fund should note that similar advisory services may (or may not) be available from other investment advisers for similar or lower fees. All clients are “qualified purchasers” as defined in Section 2(a)(51) of the Company Act and therefore specific fee information is not required to be included in this Brochure.

Deduction of Fees; Timing of Payments; Refund of Fees

EIC is authorized pursuant to the terms of the applicable Governing Documents to charge and deduct advisory fees directly from the EI Funds. Payments of advisory fees are generally made quarterly in advance and in accordance with the terms of the applicable Governing Documents. Please refer to the Governing Documents of each of the EI Funds for complete information on the timing of advisory fee payments.

Upon termination of any investment management agreement relating to an EI Fund, any prepaid, unearned fees will be promptly refunded by EIC (determined on a pro rata basis

¹ Enterprise Investors Corporation does not have ultimate investment discretion with respect to the assets of any EI Fund, as such discretion is retained by the applicable general partner of each EI Fund.

based on the number of days elapsed in the applicable payment period), and any earned, unpaid fees will be due and payable by the EI Fund.

Other Fees and Expenses

In addition to the advisory fees and performance-based compensation payable to EIC and its affiliated entities, each EI Fund (and therefore, indirectly, the limited partners of such EI Fund) will incur certain charges imposed by third parties directly relating to the EI Fund's operations, including (but not limited to): interest expenses, commissions, taxes, registration fees, liability insurance, legal and accounting expenses, costs and expenses of any litigation relating to the activities or operation of the EI Fund, and the amount of any judgments or settlements paid in connection therewith, all third-party expenses directly related to identifying and investigating an investment opportunity that are not ultimately made by the EI Fund to the extent that such costs are not actually borne by an entity that is not affiliated with the EI Fund (up to a maximum of 1.0% of aggregate capital commitments to the EI Fund throughout the EI Fund's term for expenses related to such investment opportunities not ultimately made by the EI Fund), custodian's fees, printing costs, costs (including travel) associated with the EI Fund's Board of Advisors, expenses (including travel) related to the participation in supervisory bodies and other governing bodies through which the EI Fund's general partner exercises any rights of influence or control in a portfolio company on behalf of the EI Fund, and other nonrecurring transaction costs or extraordinary expenses in connection with identifying, investigating, acquiring, monitoring or disposing of investments.

The section titled "Brokerage Practices" describes the factors EIC considers in selecting or recommending broker-dealers and determining the reasonableness of their compensation.

Timing of Payments

Please refer to the subsection entitled "*Deduction of Fees; Timing of Payments; Termination*" described above.

Transaction-Based Compensation

Neither EIC nor any supervised person of EIC receives any compensation as broker or agent for the sale of interests in any EI Fund or the sale of securities or other investment products to any EI Fund. Please refer to the subsection titled "*Economic Benefits Received from Third Parties*" below for information on other types of compensation that EIC may receive with respect to investments by the EI Funds.

Performance-Based Fees and Side-by-Side Management

Performance-Based Fees

A related person of EIC, as general partner of an EI Fund, will typically receive certain allocations calculated and charged based on a share of capital gains on or capital appreciation of the assets of such EI Fund.

The performance-based allocation arrangements discussed above comply with Rule 205-3 under the Investment Advisers Act of 1940 (together with all rules and regulations promulgated thereunder, the “**Advisers Act**”). Any share of profits paid to the EI Funds’ general partner (or affiliates thereof) are separate and distinct from the advisory fees charged by EIC for advisory services.

Performance-based allocation arrangements received by related persons of EIC may create an incentive for EIC to recommend investments that may be riskier or more speculative than those that would be recommended under a different fee arrangement. Please refer to the Governing Documents of each EI Fund for complete information on the “performance-based fee” arrangements of each EI Fund.

Side-by-Side Management

Different EI Funds may be subject to different performance-based compensation arrangements. If EIC or an affiliate is entitled to receive a higher percentage of the net profits of the account of one EI Fund than the percentage that EIC or an affiliate receives from another EI Fund, then EIC may have an incentive to favor, or to allocate certain riskier or more speculative investments to, the EI Fund that is subject to the higher percentage.

To mitigate potential conflicts of interest, the allocation of commitments and investment decisions with respect to each EI Fund are made by EIC with respect to all EI Funds taking into account multiple criteria, including: (i) the investment objectives, strategies, guidelines and restrictions of each EI Fund, (ii) the relevant allocation of investment opportunity provisions in a EI Fund’s Governing Documents, (iii) the liquidity needs of each EI Fund and the investment cycle of each EI Fund; (iv) the respective holding periods for the prospective investments; (v) the nature of the disposition opportunity, including the size and source of the opportunity; and (vi) current and anticipated market conditions.

Please refer to the Governing Documents of each EI Fund for complete information on the specific “performance-based fee” arrangements of each EI Fund.

Types of Clients

Types of Clients and Investment Vehicles

The limited partners of the EI Funds may include corporations, endowments, foundations, trusts, estates, individuals and pension and profit sharing plans. The EI Funds are offered exclusively to accredited investors and/or qualified purchasers pursuant to Section 3(c)(1) or 3(c)(7) of the Company Act and are therefore not required to register as investment companies under the Company Act in reliance upon certain exemptions available to EI Funds whose securities are not publicly offered.

EIC or its related persons may, from time to time, establish certain EI Funds (“**Feeder Funds**”) to address certain tax or regulatory requirements. Each Feeder Fund, if formed, would be a limited partner of an EI Fund and interests in such Feeder Fund would be held by the investors who elect to participate in the EI Fund through such Feeder Fund. In addition, EIC may (i) form other alternative investment vehicles or special purpose vehicles (collectively, “**AIVs**”) formed for the purpose of facilitating certain investments by one or more EI Funds and/or investors and (ii) form other investment vehicles to invest in parallel with an EI Fund for select investors in order to comply with securities laws or to address tax, legal or regulatory issues (collectively, “**Parallel Funds**”) or (iii) form one or more investment vehicles for the purpose of managing co-investments (“**Co-Investment Funds**”). Prospective investors are requested to refer to the Governing Documents of the applicable EI Fund for complete details on any Feeder Fund, Parallel Fund, or Co-Investment Fund established to invest in or alongside an EI Fund and such EI Fund’s ability to make investments through AIVs.

Minimum Investment Requirements

EI and its related persons require that each limited partner in each of the EI Funds be an “accredited investor” as defined in Regulation D under the Securities Act of 1933 (the “**Securities Act**”). In addition, EI and its related persons require that each limited partner in each of the EI Funds be a “qualified purchaser” as defined in the Company Act.

Subject to applicable regulatory requirements (if any), in general, there is no minimum investment commitment required of a limited partner to participate in an EI Fund.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies

EIC seeks out a broad range of investment opportunities for the EI Funds. The EI Buyout Funds invest primarily in medium-sized privately-held portfolio companies located in the CEE Region with annual revenues between €25 million and €200 million and often take controlling positions in such portfolio companies, typically at a purchase price between €30 million and €70 million. The EI Venture Fund, EIC’s sole venture capital fund, invests primarily in early-stage and growth-stage privately-held companies located in the CEE Region and typically seeks to take a minority stake in such companies at purchase price generally between €1 million and €5 million.

The EI Funds target portfolio companies encompassing a wide variety of economic sectors, including retail and consumer products, industrial products and services, financial services, pharmaceuticals and healthcare, telecom, information technology and construction.

Investors are requested to refer to the Governing Documents for each of the EI Funds for complete information on investment strategies employed with respect to a particular EI Fund.

The entire EIC investment team works on deal origination for the EI Funds, which is achieved in part through proprietary channels where EIC investment team members source deals by developing personal and long-term relationships with local business networks, local business owners and other local entrepreneurs. Non-proprietary deals are originated mainly through local or regional auction processes, where EIC investment team members participate in tenders for suitable target portfolio companies for the EI Funds.

Each year, EIC's investment team members review a large number of potential investment opportunities, which are discussed during weekly investment team meetings. To apply the investment team's effort and time efficiently, selection of the most promising and immediate rejection of uninteresting projects is critical. While analyzing new projects, the investment team employs rigorous analysis that "stress tests" each element of projected value creation combined with a detailed comparison to historical performance. Based on this analysis and drawing on the investment team's historical experience from specific industries' performance as well as companies' life cycle advancement, the investment team builds valuation models.

In the course of analyzing potential deals, all key process stages such as non-binding and binding offers, terms negotiations or signing must receive appropriate internal approvals. In negotiating potential deals, the investment team will typically negotiate the following key transaction terms: (i) vetoes on budget approval, capital expenditure spending, mergers and acquisitions, management hire/fire, dividend payment and long-term liabilities like bank debt; (ii) exit-related provisions, which typically include provisions relating to drag alongs, tag alongs, IPO rights and other measures which are key to building a clear path to a successful exit; (iii) provisions designed to ensure the management team of the applicable portfolio company will adequately cooperate with owners and co-investors (such as an EI Fund and other investors co-investing in the portfolio company). Investment documentation will set forth clear rules of cooperation between the EI fund and other shareholders, taking into account business development, managing management teams and crisis situations.

Investment opportunities are approved by the investment committee of each EI Fund only if they remain within the scope of EIC's and the applicable EI Fund's valuation, leverage, geography, industry and transaction terms rules.

Material Risks

The task of identifying investment opportunities and managing private equity and venture capital investments is difficult. There can be no assurance that an EI Fund will be able to make and/or realize any particular investment or that the EI Funds will be able to generate returns for their investors. The marketability and value of any such investments will depend upon many factors beyond the control of the EI Funds. In addition, there can be no assurance that any investor will receive any distribution from an EI Fund. Investing in the EI Funds involves a risk of loss that investors should be prepared to bear. Investors in the EI Funds should carefully consider, among other factors, the following material risks involved with EIC's investment strategies. Investors in the EI Funds are

requested to refer to the Governing Documents of the applicable EI Fund for complete information on investment strategies employed by the EI Fund and the corresponding risks associated with such investment strategies.

A. Risks Relating to all EI Fund Investments

Economic Risks

Most of the countries in the Region have made progress with economic and political reform; however, there can be no certainty that these reforms will ultimately be successful in all countries, or that once implemented the changes will remain in place. The ultimate extent and timing of these reforms will likely proceed at a different pace in each country and are still susceptible to potential weakening from economic hardship, popular dissatisfaction with privatization efforts and social or ethnic instability.

Inflation

Some of the countries in which an EI Fund may invest could experience very high and variable rates of inflation. If rapid changes in inflation were to occur, it could have an adverse effect on the performance of the EI Fund.

Foreign Currency and Exchange Rate Risks

Many investments in portfolio companies will be denominated in local currencies other than the Euro. Changes in foreign currency exchange rates may affect the value of securities in an EI Fund's portfolio, and the EI Fund will incur costs in connection with conversions between various currencies.

Reliance on Management

All decisions with respect to the management of an EI Fund and the investments of an EI Fund will be made by the general partner of such EI Fund and/or its affiliates, and thus the limited partners must rely on the ability of the general partner and/or its affiliates to make appropriate investments for the EI Funds and to manage and dispose of such investments. In addition, the timing and form of distributions from the EI Funds will be subject to the discretion of the general partner. Limited partners will generally have no right or power to participate in the affairs or investment activities of the EI Funds. Accordingly, no person should purchase a limited partner interest in an EI Fund unless such person is willing to entrust all aspects of the management of such EI Fund and the investments of such EI Fund to the general partner and/or its affiliates.

Dependence on Key EIC Personnel

The success of the EI Funds will be highly dependent on the expertise and performance of EIC's investment team. There can be no assurance that the

members of the investment team will continue to be associated with the respective general partners of the EI Funds or any of their affiliates throughout the life of the EI Funds. The loss of certain of these individuals could have a significant adverse impact on the business of the EI Funds. Investors in the EI Funds may have no recourse in the event that any of these individuals ceases to perform services for the EI Funds. Investors are not expected to be permitted to withdraw commitments or investments in the EI Funds as a result of the departure of one of the professionals responsible for the activities of the EI Funds.

Dependence on Key Portfolio Company Personnel

Private equity and venture capital portfolio companies are dependent on the abilities of key individuals, including founding entrepreneurs, owners or employees with critical technological skills or ownership of important patents or other intellectual property, and marketing and financial professionals. The loss of any such individuals could have a significant adverse impact on the business of such portfolio companies and, as a result, could negatively impact an EI Fund's performance.

Availability of Investment Opportunities

The business of identifying, structuring and implementing investments in private equity and venture capital transactions is highly competitive. There can be no assurance that an EI Fund will be successful in its efforts to identify attractive investment opportunities, and it is possible that the EI Fund's capital commitments will not be fully utilized if sufficient attractive investments are not identified and consummated by the EI Fund during its investment period.

Financial and Business Risk

Investments by the EI Funds generally will involve a significant degree of financial and/or business risk. Business risks may be more significant in portfolio companies embarking on a build-up or operating turnaround strategy and in smaller or development stage portfolio companies. All portfolio companies may face intense competition, changing business and economic conditions, risks of technological acceptance and obsolescence or other developments that may adversely affect their performance.

Long-Term Investments

Investments by the EI Funds will typically will not be liquidated for a number of years after the initial investment. Many of the EI Funds' investments may be illiquid and there can be no assurance that the EI Funds will be able to realize such investments at attractive prices or otherwise be able to effect a successful realization or exit strategy. Consequently dispositions of such investments may require a lengthy time period or may result in distributions in-kind to the investors.

Possible Lack of Diversification; Limited Number of Investments

Investors have no assurance as to the degree of diversification of an EI Fund's investments, either by geographic region or asset type. EIC may intend for an EI Fund to participate in a limited number of investments and, as a consequence, the aggregate return of such EI Fund may be adversely affected by the unfavorable performance of even a single investment. Although EIC intends to diversify each EI Fund's portfolio to the extent reasonably possible within the confines of such EI Fund's investment strategy, the inability of EIC to achieve this objective could adversely affect the performance of an EI Fund.

B. Risks Relating to the EI Venture Fund's Venture Capital Investments

Risks Associated with Investments in Early-/Seed-Stage Companies

The EI Venture Fund's investments in portfolio companies are typically made at an early point in the portfolio companies' respective life cycles. These "early stage" or "seed" investments can create value inherent in particular companies or situations that can be realized only with substantial effort or expense. Often the success of the investment will depend not only on the efforts of the manager, but also upon actions of other key individuals, or extraneous factors including political or economic developments over which the manager has little or no control.

Risks Associated with Path to Successful IPO

The very significant returns that have been earned in a small portion of venture capital investments have in large part resulted from the completion of highly successful IPOs or acquisitions that have permitted the venture investors to sell their equity interests at multiples of original cost. There can, of course, be no assurance that, at the time a particular venture investment made by the EI Venture Fund matures, the public securities markets will support an initial public offering to permit such returns or that the venture-backed company's fundamentals will warrant such returns.

Risks Associated with Competition and Inadequate Financing

Many venture stage portfolio companies face significant competition from other firms, both established and start-up, which may negatively impact the success of such portfolio companies. Additionally, the growth and development of venture stage companies may depend on the regular injection of additional capital and financing beyond that which investors in such companies, including the EI Venture Fund, are prepared or able to provide. As a result, adequate financing may not be available for such companies.

Disciplinary Information

Neither EIC nor any of its principals have been the subject of any material legal proceeding required to be disclosed in response to this item.

Other Financial Industry Activities and Affiliations

Relationships with Certain Affiliates

In providing investment advisory services to the EI Funds, EIC draws on the local and regional investment expertise and investment research capabilities of certain EIC affiliates identified below in connection with identifying, evaluating, conducting due diligence on, consummating and monitoring EI Fund investments. However, with respect to each EI Fund, the general partner of such EIC Fund will retain the ultimate investment discretion and decision-making authority over the EI Fund's assets. The aforementioned EIC affiliates are: (i) Enterprise Investors Hungary KFT, (ii) Enterprise Investors Private Equity SRL, (iii) Enterprise Investors sro and (iv) Enterprise Investors Spolka z o.o.. EIC has entered into agreements with the foregoing affiliates pursuant to which these affiliates provide (a) non-discretionary investment advice, research, due diligence and portfolio company monitoring services to EIC in support of EIC's investment management activities and (b) certain administrative, back-office and other corporate services necessary for EIC to carry out its business operations. EIC's business arrangements and relationships with such affiliates do not create a material conflict of interest with respect to the EI Funds.

Registered Broker-Dealers

None of EIC or its management persons are registered as a broker-dealer or a registered representative of a broker-dealer. In addition, EIC and its management persons are not affiliated with any broker-dealer.

Registered Futures Commission Merchants, Commodity Pool Operators and Commodity Trading Advisors

None of EIC or any of its management persons are registered as a registered futures commission merchant, commodity pool operator or commodity trading advisor.

Relationships with Related Persons

As discussed in the subsection titled "*Participation or Interest in Client Transactions and Personal Trading*," EIC and its related persons are, directly or indirectly, the general partners, limited partners and/or managing members of the general partner of each of the EI Funds. EIC and its related persons manage multiple EI Funds. This can create conflicts in the allocation of time, resources and investment opportunities among the EI Funds. Please refer to the Governing Documents of the relevant EI Fund for complete information on the requisite time commitments (if any) of EIC and its related persons to the EI Funds and the allocation of investment opportunities among the EI Funds. Please

also refer to the description of EIC's investment allocation criteria described in the subsection "*Side-by-Side Management*" above.

Employees of EIC and its affiliates may serve as officers, advisors, directors or in comparable management functions for portfolio companies in which the EI Funds invest, or provide other services to portfolio companies but do not receive compensation in connection therewith from the EI Funds or portfolio companies. In connection with such activities, employees of EIC may be given access to confidential information relating to companies in which the EI Funds invest or may otherwise become subject to legal or contractual restrictions on their ability to effect transactions for the EI Funds. As a result, the EI Funds may, under certain circumstances, be prohibited for a period of time from engaging in transactions with respect to the debt or equity securities of certain portfolio companies, which prohibition may have an adverse effect on the EI Funds. The above individuals may spend a substantial portion of their time with these related management activities.

From time to time, certain EI Funds may hold or may acquire positions in portfolio companies in which other EI Funds invest or have invested. Such investments may be coincident with or precede one another. Follow-on investments in companies in which an EI Fund and one or more other EI Funds have invested may not necessarily be pro rata based on existing ownership in such companies. The EI Funds may have divergent interests with respect to exit strategies from such investments, restructuring the capital structure or business of such companies or other matters affecting the investment in such companies. To the extent that multiple EI Funds hold an interest in the same company, disposition opportunities with respect to that investment shall, to the extent practicable, be allocated among such EI Funds on a basis that is fair and equitable to each EI Fund as determined by EIC taking into account all relevant facts and circumstances.

Selection or Recommendation of Other Advisers

EIC does not recommend or select other investment advisers for its clients and receive compensation from such advisers in a manner that would create a material conflict of interest. EIC does not have other business relationships with other advisers that create a material conflict of interest.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

EIC has adopted a Code of Ethics under Rule 204A-1 of the Advisers Act expressing EIC's commitment to ethical conduct. EIC's Code of Ethics describes its fiduciary duties and responsibilities to its clients, and sets forth EIC's (i) policies on receipt of gifts by employees and campaign contributions and (ii) practice of monitoring the personal securities transactions of supervised persons with access to client investment recommendations. Under EIC's Code of Ethics, all supervised personnel have a duty to act only in the best interests of the EI Funds and all potential conflicts and violations of

the Code of Ethics must be promptly reported to EIC's Chief Compliance Officer ("CCO"). All supervised personnel must acknowledge the terms of the Code of Ethics annually, or as amended. It is the expressed policy of EIC that no person employed by EIC shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on the investment decisions of advisory clients.

To supervise compliance with its Code of Ethics, EIC requires each supervised person who has access to non-public information regarding clients' securities transactions, or who is involved in making securities recommendations to clients, or who has access to such recommendations that are non-public (collectively "**Access Persons**") to provide annual securities holdings reports and quarterly brokerage statements (or equivalent quarterly transaction reports) to EIC's CCO. EIC requires such Access Persons to also receive approval from the CCO prior to investing in any initial public offerings or private placements.

In an effort to prevent inappropriate securities transactions by EIC's personnel, the CCO may from time to time maintain and make available a list of restricted securities. Access persons are strictly prohibited from trading on their own behalf in any such restricted securities without obtaining the prior written approval of the CCO.

EIC requires that all individuals act in accordance with all applicable federal and state regulations governing investment advisory practices. EIC's Code of Ethics also includes the firm's policy prohibiting the use of material non-public information. Any individual not in observance of the above may be subject to discipline or termination.

EIC will provide a complete copy of its Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions; Personal Trading

As general partners, limited partners and/or managing members of the general partners of each of the EI Funds, related persons of EIC have indirect beneficial interests in the securities owned by the EI Funds and will share in any profits and losses generated by the EI Funds' investments. Any Access Person who has or acquires ownership of an issuer through a private placement (excluding any indirect investment in an issuer via a direct or indirect interest in an EI Fund) must affirmatively disclose that interest to the CCO if such Access Person is involved in considering or determining any subsequent investment decision regarding an investment by an EI Fund in any security of that issuer or an affiliate.

Moreover, EIC may, subject to the provisions of the respective EI Funds' Governing Documents, cause an EI Fund to engage in "cross transactions" via the purchase or acquisition of a security from, or the sale or transfer of a security to, another EI Fund, provided that the transfer is consistent with EIC's fiduciary obligations to each EI Fund participating in the cross transaction.

While EIC endeavors at all times to act in the best interests of the EI Funds, investors should be aware that EIC's receipt of compensation from the EI Funds creates a potential conflict of interest with respect to such transactions.

Brokerage Practices

The EI Funds invest primarily in private equity investments, although they may acquire, sell or distribute public securities on occasion (for example, where an EI Fund receives shares of a company as part of a general distribution or initial public offering). Subject to the investment objectives, policies and restrictions of each EI Fund, as set forth in such EI Fund's Governing Documents, EIC will generally have discretionary authority to select the broker or dealer to be used to execute transactions in securities on behalf of the EI Funds and negotiate the commission cost to be paid.

In selecting brokers, EIC's primary consideration will be to obtain the most favorable net result for the EI Funds under the circumstances, which may not involve the lowest possible commission cost. In selecting broker-dealers to effect securities transactions, EIC seeks to obtain best execution by considering factors including, but not limited to, the price and size of the order, the trading characteristics of the securities involved, the value of research provided by each broker, the broker's execution abilities, commission rates, and financial responsibility and responsiveness. The applicability of specific criteria will vary depending upon the nature of the transaction, the market in which it is executed, and the extent to which it is possible to select from among multiple brokers or dealers.

Research and Other Soft Dollar Benefits

EIC does not engage in soft dollar arrangements with respect to securities transactions for the EI Funds.

Brokerage for Client Referrals

EIC does not consider referrals of investors to the EI Funds in determining its selection of broker dealers or other third parties.

Directed Brokerage

EIC has discretionary authority to select the brokers or dealers in connection with securities transactions of the EI Funds, and investors are not permitted to direct EIC to use a particular broker or dealer to execute portfolio transactions on behalf of an EI Fund.

Trade Aggregation

Although EIC does not often trade in public securities, in such circumstances where more than one EI Fund is either selling or buying the same type of security, EIC will, to the extent possible, generally place a combined order for two or more EI Funds it manages engaged in the purchase or sale of the same security if, in its good faith determination, joint execution would be consistent with its duty to seek best execution, consistent with the terms of the participating EI Funds' Governing Documents, and otherwise in the best interest of the EI Funds.

Review of Accounts

Review of Client Accounts

EIC will continuously monitor portfolio investments on behalf of the EI Funds. Investments are reviewed in the context of each EI Fund's stated investment objectives and guidelines as set forth in the Governing Documents of each EI Fund. Members of EIC's investment team meet regularly to determine and review overall investment objectives, risk tolerance and other information relevant to the management of the EI Funds.

Reports to Clients

The general partners of each EI Fund distribute quarterly and annual written reports to their respective limited partners. Annual reports generally contain an individual capital account statement as of the end of such fiscal year and the audited financial statements of the EI Fund. The quarterly reports generally contain unaudited financial statements of the EI Fund for the relevant fiscal quarter.

Investors are requested to refer to the Governing Documents of each EI Fund for further information on the reports provided by a particular EI Fund to its investors.

Client Referrals and Other Compensation

Economic Benefits Received from Third Parties

In connection with services EIC or its related persons render to portfolio companies in which EI Funds may invest or propose to invest, EIC or its related persons may receive director's fees, cash, stock, stock options, origination, commitment, break-up, broken-deal, topped bid, cancellation, monitoring, closing, financial advisory, investment banking, transaction and any other service-related fees or benefits paid to EIC or its related persons, including options or other securities received in lieu of cash or in lieu of any such forms of consideration. The potential for EIC and its related persons to receive such fees and/or economic benefits creates a conflict of interest as EIC and its related persons may have an economic incentive to invest in portfolio investments that provide such fees and/or benefits. To alleviate potential conflicts, EIC will generally offset such fees and/or benefits received by EIC or its related persons against the advisory fees payable by the applicable EI Fund. Investors are requested to refer to the Governing Documents of each of the EI Funds for complete information on the additional compensation received by EIC or its affiliates in connection with such EI Fund's investments and the amount of the applicable advisory fee offset.

Third Party Compensation for Client Referrals

EIC and related persons of EIC may enter into cash compensation arrangements with unaffiliated placement agents or other third parties for introducing investors to an EI Fund. Any sales charge associated therewith will ultimately be payable by EIC and/or its related persons, either directly or through an offset of the advisory fee payable by the relevant EI Fund to EIC. An investor will not be charged any additional amount or bear

any additional charges as a result of an introduction through a placement agent or other unaffiliated third party.

EIC endeavors at all times to put the interests of the EI Funds first as part of EIC's fiduciary duty. Nevertheless, the receipt of compensation by the placement agents creates a potential conflict of interest, and may affect the judgment of placement agents when making referrals to EIC and the EI Funds.

Custody

EIC will not have physical custody of any client assets (other than certain privately offered securities to the extent permitted by the Advisers Act). Nevertheless, EIC will generally be deemed to have custody of the assets of the EI Funds as a result of its position as an affiliate of the general partner of each EI Fund.

It is EIC's policy to cause each EI Fund with assets over which EIC is deemed to have "custody" to be audited annually and distribute audited financial statements, prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), to investors no later than 120 days after the end of each fiscal year. In addition, upon the final liquidation of any such EI Fund, EIC will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such EI Fund to all investors promptly after completion of the audit.

Investment Discretion

Subject to the investment objectives, policies and restrictions of each EI Fund as set forth in the Governing Documents of such EI Fund, the general partner of each EI Fund has discretionary authority to determine the type, amount and price of securities and investments to be bought and sold on behalf of the EI Fund, including the selection of, and commissions paid to, broker-dealers. The general partner of each EI Fund is provided with this authority pursuant to a limited power of attorney granted via the applicable Governing Documents of such EI Fund. Additionally, subject to the ultimate investment discretionary authority of the general partner of each EI Fund, EIC provides investment advisory services to each such EI Fund as described above under "Advisory Business".

Voting Client Securities

Because EIC has, or will accept, authority to vote securities held by an EI Fund, it has adopted policies and procedures (the "**Proxy Voting Policies and Procedures**") that have been designed to ensure that EIC complies with the requirements of the Advisers Act, and reflect EIC's commitment to vote all client securities for which it exercises voting authority in a manner consistent with the best interest of the EI Funds.

When exercising its voting authority over client securities, EIC considers all relevant information, evaluates other issues that could have an impact on the value of the security and votes with a view toward maximizing overall value. EIC votes all proxies in a prudent manner, considering the prevailing circumstances at such time, and in a manner

consistent with the Proxy Voting Policies and Procedures and EIC's fiduciary duties to the EI Funds.

EIC reviews each proposal submitted for a vote on a case-by-case basis to determine whether it is in the best interest of the applicable EI Fund. As a result, depending on the EI Fund's particular circumstances, EIC may vote one EI Fund's securities differently than it votes those of another EI Fund, or may vote differently on various proposals, even though the securities or proposals are similar (or identical). In some instances, EIC may determine that it is in the EI Fund's best interest for EIC to "abstain" from voting or not to vote at all, and will do so accordingly.

Prior to exercising its voting authority, EIC, in consultation with the CCO and outside counsel, as appropriate, reviews the relevant facts and determines whether or not a material conflict of interest may arise due to business, personal or family relationships of EIC, its owners, its employees or its related persons, with persons having an interest in the outcome of the vote. If a material conflict exists, EIC takes steps to ensure that its voting decision is based on the best interests of the applicable EI Funds and is not a product of the conflict. EIC may, at its discretion, (A) seek the advice of the applicable EI Fund's board of advisors in voting such security (if any); (B) disclose the conflict of interest to the investors of the EI Fund and defer to the EI Fund's voting recommendation; (C) defer to the voting recommendation of an independent third party provider of proxy voting services; and/or (D) take such other action in good faith (in consultation with EIC's outside counsel) which would serve the best interest of the EI Fund. Depending on the particular circumstances involved, the appropriate resolution of one conflict of interest may differ from the resolution of another conflict of interest, even though the general facts underlying both conflicts may be similar (or identical).

EIC will deliver to each investor of an EI Fund, upon written request, a complete copy of its Proxy Voting Policies and Procedures and/or information on how it voted proxies for the applicable EI Fund.

Financial Information

EIC 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.