

Grey Mountain Partners, LLC

Form ADV Part 2A

1470 Walnut Street
Suite 4000
Boulder, CO 80302

Email: jvincent@greymountain.com
WWW.GREYMOUNTAIN.COM

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This brochure (this “Brochure”) provides information about the qualifications and business practices of Grey Mountain Partners, LLC (“Grey Mountain”). If you have any questions about the contents of this brochure, please contact us at 303-449-5692 or via email at jvincent@greymountain.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.

Additional information about Grey Mountain also is available on the SEC’s website at www.adviserinfo.sec.gov.

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

Material Changes

This Brochure, dated as of February 14, 2012, has been prepared in connection with Grey Mountain's 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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Item 4 - Advisory Business

Grey Mountain Partners, LLC ("Grey Mountain"), a Delaware limited liability company, is a private equity firm that specializes in middle market private companies. Grey Mountain was founded in 2003. The principal owners of Grey Mountain are William Robert Wright II and Jeffrey Kuo.

Grey Mountain's investment advisory business is principally focused on private equity buyout investments in North American-based, lower-middle market private companies in basic industries (e.g., niche manufacturing, industrial services and business services). Grey Mountain primarily seeks investment opportunities in companies where it can partner with management teams to create value by improving operations.

Grey Mountain's investment activity is focused on majority investments in lower-middle market companies with enterprise values from \$30 million to \$150 million in basic industries (e.g., niche manufacturing, industrial services and business services) that have manageable competitive dynamics and risk factors that may be mitigated through planning and execution. Grey Mountain generally uses leverage conservatively, depending on the situation, but typically equity comprises more than fifty percent (50%) of capitalization.

Grey Mountain provides the services described above to its advisory client, which is a private investment fund (the "Fund"). A related person of Grey Mountain acts as the general partner of the Fund, and Grey Mountain serves as investment adviser to the Fund. References to Grey Mountain in this Brochure include, as the context requires, affiliates through which Grey Mountain provides investment advisory services or that act in any capacity referenced in the previous sentence.

Grey Mountain has tailored its advisory services to the specific investment objectives and restrictions of the Fund, as set forth in the Fund's limited partnership agreement and management agreement. Investors and prospective investors of the Fund should refer to the confidential private placement memorandum, limited partnership agreement, management agreement and/or other governing documents (collectively, the "Governing Documents") of the Fund for complete information on the investment objectives and investment restrictions with respect to the Fund. There is no assurance that any of the Fund's investment objectives will be achieved.

In accordance with common industry practice, the Fund and/or its general partner 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.

Grey Mountain does not participate in any wrap fee programs.

Grey Mountain manages all assets on a discretionary basis in accordance with the terms and conditions of the Fund's Governing Documents.

As noted above, Grey Mountain was founded in 2003. Prior to forming the Fund, Grey Mountain managed investment accounts (the "Prior Accounts") for which it did not have ongoing discretionary authority to execute transactions without the consent of the client. Each Prior Account included a single, non-discretionary investment. Transactions for such clients were entered into on a stand-alone basis and not bundled with transactions of the Fund. Grey Mountain continues to manage three such Prior Accounts and is exploring exit opportunities for

each. Grey Mountain does not receive an advisory fee in respect of the Prior Accounts, but is entitled to a carried interest allocation in respect of each Prior Account generally equal to ten percent (10%) of the cumulative net gain of in respect of the investment represented by such Prior Account.

As of December 31, 2011, Grey Mountain managed \$227.6 million in assets on a discretionary basis on behalf of the Fund and \$125 million in assets on a non-discretionary basis on behalf of the Prior Accounts.

Item 5 - Fees and Compensation

Compensation and Fee Schedule

All investors should review the Governing Documents for the Fund in conjunction with this brochure for more complete information on the fees and compensation payable with respect to the Fund.

During the period in which the Fund will be making investments (the “Investment Period”), the advisory fee payable to Grey Mountain for each calendar quarter will generally equal 0.5% of the of the aggregate committed capital of all investors (other than the general partner) of the Fund. For each calendar quarter following termination of the Investment Period, the advisory fee payable to Grey Mountain will generally equal 0.5% of the cost of all portfolio investments made by the Fund minus the cost basis of all portfolio investments that have been disposed of or written down to zero by the Fund. Following the earlier of the tenth (10th) anniversary of the final closing date of the Fund or the date of the earlier dissolution of the Fund through the date of the Fund’s final liquidating distribution, the advisory fee payable to Grey Mountain will equal such reasonable compensation as may be approved by the advisory board of the Fund. In addition, the general partner of the Fund is entitled to a “carried interest” equal to twenty percent (20%) of the cumulative net profits of the Fund, subject to the limited partners of the Fund receiving a “preferred return” equal to eight percent (8%), compounded annually, on their unreturned capital contributions. Pursuant to the terms of a general partner clawback provision, the general partner is required to return any “carried interest” distributions to the extent that, as of the liquidation of the Fund, the general partner’s carried interest distributions exceed 20% of the Fund’s cumulative net profits, or the limited partners have not received their 8% preferred return; provided that the general partner will not be required to return more than its after-tax carried interest distributions.

In certain circumstances, the advisory fees payable to Grey Mountain by individual clients or investors in the Fund may be negotiable. Investors and prospective investors in the Fund should refer to the Governing Documents of the Fund for more complete information on the advisory fees charged by Grey Mountain.

Investors and prospective investors in the Fund should note that similar advisory services may (or may not) be available from other investment advisers for similar or lower fees.

Deduction of Fees

As a general matter, Grey Mountain will charge and deduct advisory fees directly from the Fund pursuant to the terms of the Governing Documents.

Payment of advisory fees are generally made quarterly in advance and in accordance with the terms of the Governing Documents. Please refer to the Governing Documents of the Fund for complete information on the timing of advisory fee payments.

Upon termination of any investment management agreement, any prepaid, unearned fees will be promptly refunded (determined on a pro rata basis based on the number of days elapsed in the applicable payment period), and any earned, unpaid fees will be due and payable.

Other Fees and Expenses

In addition to the fees payable to Grey Mountain and its affiliated entities, the Fund (and therefore, indirectly, the limited partners of the Fund) may incur certain charges imposed by third parties and other expenses as set forth in the Governing Documents attributable to the Fund. Such expenses may include (but are not limited to) all costs and expenses incurred in investigating, developing, negotiating, structuring, acquiring, closing, holding, monitoring and disposing of the Fund's investments and other assets (whether or not consummated), including, without limitation, travel expenses in connection therewith; commissions or brokerage fees or similar charges incurred in connection with the purchase or sale (or proposed purchase or sale) of securities and other instruments (whether or not any such purchase or sale is consummated); expenses attributable to normal and extraordinary investment banking, commercial banking, accounting, auditing, appraisal, legal, consulting, custodial and registration services provided to the Fund, including in each case services with respect to the proposed purchase or sale of securities by the Fund that are not reimbursed by the issuer of such securities (whether or not any such purchase or sale is consummated); premiums for liability insurance in connection with the activities of the Fund; indemnification obligations; interest and other expenses for borrowed money; any sales taxes or other taxes of any kind, fees or government charges that may be assessed against the Fund; all expenses relating to litigation and threatened litigation involving the Fund, including indemnification expenses; any extraordinary expense of the Fund, including fees and expenses associated with any tax or other audit, investigation, settlement or review of the Fund; liquidation expenses of the Fund; expenses of members of the advisory board of the Fund; fees and expenses for consulting services; the costs and expenses (including travel-related expenses) of hosting annual or special meetings of the Fund, or otherwise holding meetings or conferences with investors, whether individually or in a group; and costs and expenses associated with preparation of the Fund's financial statements and tax returns and the Fund's reports to the partners of the Fund.

The section titled "Brokerage Practices" describes the factors Grey Mountain 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

Grey Mountain does not receive any compensation as broker or agent for the sale of securities or other investment products to the Fund. Please refer to the subsection titled "*Economic Benefits*"

Received from Third Parties” below for information on other types of compensation that Grey Mountain may receive with respect to investments by the Fund.

Item 6 - Performance-Based Fees and Side-by-Side Management

Performance-Based Fees

A related entity of Grey Mountain, as general partner of the Fund, will typically receive certain allocations calculated and charged based on a share of capital gains on or capital appreciation of the assets of the Fund. Such “carried interest” allocation arrangements comply with Rule 205-3 under the Investment Advisers Act of 1940 (together with all rules and regulations promulgated thereunder, the “Advisers Act”) to the extent required thereunder. Any share of profits allocated or distributed to the general partner or affiliate of the Fund is separate and distinct from the advisory fees charged by Grey Mountain to the Fund for advisory services.

Arrangements regarding performance-based allocations received by related persons of the Fund may create an incentive for Grey Mountain to recommend investments that may be riskier or more speculative than those that would be recommended under a different fee arrangement.

Side-by-Side Management

To the extent Grey Mountain manages assets for the Fund alongside assets in other accounts that have lower or no performance-based fee, a potential conflict of interest may exist because Grey Mountain would have an incentive to favor the Fund over the other accounts with less favorable fee structures. This conflict is mitigated by the fact the only other accounts that Grey Mountain is currently managing are the Prior Accounts, which are not seeking new investments, and whose holdings do not overlap with the Fund’s. Subject to certain limitations more fully described in the Governing Documents, during the period of time prior to the date that the Fund is fully Invested, any investment opportunity appropriate for the Fund that comes to the attention of Grey Mountain will first be offered to the Fund. Investors and prospective investors in the Fund should refer to the Governing Documents of the Fund for more complete information.

Item 7 - Types of Clients

Types of Clients

Grey Mountain provides advice to pooled investment vehicles. The limited partners of the Grey Mountain Funds may include high net worth individuals, corporations, funds of funds, financial institutions, endowments, foundations, trusts, estates, sovereign wealth funds, and public and private pension and profit sharing plans.

Grey Mountain and/or its affiliates may establish certain alternative investment vehicles, parallel funds and/or special purpose vehicles (collectively, “AIVs”) for the purpose of addressing tax, regulatory and/or structural issues, and/or facilitating certain investments by the Fund and/or investors. Prospective investors are requested to refer to the Governing Documents of the Fund for complete details on any AIV that may be established by the Fund and the Fund’s ability to make investments through AIVs.

Minimum Investment Requirements

The Fund is generally offered to accredited investors pursuant to Section 3(c)(1) of the Investment Company Act of 1940 (as amended, the “Company Act”), and is therefore not required to register as an investment company under the Company Act in reliance upon certain exemptions available to the Fund whose securities are not publicly offered.

In general, the minimum investment commitment required of a limited partner to participate in the Fund is \$5,000,000; however, the general partner of the Fund has discretion to increase or reduce the minimum investment commitment. Investors are requested to refer to the Governing Documents of the Fund for complete information on minimum investment requirements for participation in the Fund.

Co-Investments

Grey Mountain may also offer the right to participate, directly or indirectly, in investment opportunities of the Fund to one or more (but not necessarily all) investors, and to other private investors, groups, partnerships or other entities.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

Investment Strategies

As discussed in Item 4 above, Grey Mountain’s investment advisory business is principally focused on private equity buyout investments in North American-based, lower-middle market companies in basic industries (e.g., niche manufacturing, industrial services and business services). Grey Mountain primarily seeks investment opportunities in companies where it can partner with management teams to create value by improving operations. Grey Mountain generally targets companies with deficiencies in three basic areas of management, information and discipline. Grey Mountain believes that shortcomings in these areas are often the cause of under-performance, particularly in companies in the smaller middle market, despite strong business potential and seeks opportunities to create value by addressing these organizational deficiencies.

Methods of Analysis

Investments, and potential investments, are analyzed by Grey Mountain based upon (i) the target portfolio company’s potential for value creation and (ii) the target portfolio company’s competitive positioning within its industry and its economic prospects. Grey Mountain also considers additional economic characteristics of potential investments, including but not limited to the ability to develop a sustainable competitive advantage, the potential for recurring revenue, attractive cash flow generation characteristics, barriers to entry, the potential to create operating leverage, long-term customer relationships, and operational, environmental, technological and regulatory-related risk factors. Each member of the Grey Mountain team, through his or her functional role, is involved in each investment. Each team member is responsible for certain core processes – sourcing, screening, acquisition, ownership and exit – and for coordinating those processes with other team members.

Grey Mountain’s principal sources of information in identifying investments include networks of executives and deal intermediaries including business brokers, boutique advisors, lending institutions, accountants and lawyers. Grey Mountain targets and develops relationships through tools such as coded databases, targeted marketing programs and programmed tracking schedules, aimed at productive sourcing of investment opportunities. Sourcing metrics are tracked and the

process adapted as market conditions evolve. Grey Mountain also employs an executive sponsor program to identify executives in transition and to work with them to find transactions in their industries. Grey Mountain compensates such executive to incentivize such executives to stay within the program.

Upon identifying a target portfolio company investment, Grey Mountain engages in a thorough due diligence process that includes a complete business, legal, accounting and environmental review, as well as a detailed organizational assessment. Potential investments are explored thoroughly and investment hypotheses are developed and tested. The risks involved in any potential investment are given special attention and evaluated carefully through due diligence. As investments are screened, the process of gathering information, evaluating and prioritizing risks and rejecting, reformulating or modifying the investment thesis is repeated.

At the acquisition stage, Grey Mountain professionals lead parallel processes, one leading the due diligence process and the other negotiating legal documentation, in an effort to avoid allowing deal negotiations to influence the depth or quality of due diligence performed.

Material Risks

The task of identifying investment opportunities and managing such investments is difficult. There can be no assurance that Grey Mountain will be able to choose, and the Fund will be able to make and/or realize any particular investment or that the Fund will be able to generate returns for its investors. In addition, there can be no assurance that any investor will receive any distribution from the Fund. Investing in the Fund involves a risk of loss that investors should be prepared to bear. Investors in the Fund should carefully consider, among other factors, the following material risks involved with Grey Mountain's investment strategies. Investors in the Fund are requested to refer to the Governing Documents of the Fund for more complete information on investment strategies employed by the Fund and the corresponding risks associated with such investment strategies.

Illiquidity of Limited Partner Interests. The limited partner interests of the Fund are highly illiquid, have no public market and are not transferable except with the prior consent of the general partner of the Fund, which may be granted, rejected or conditioned. Voluntary withdrawals of limited partner interests are not permitted, except in limited instances when necessary to comply with laws or regulations applicable to an investor.

Difficulty of Locating Suitable Investments. Although Grey Mountain has been successful in identifying suitable investments historically, the Fund may be unable to find a sufficient number of attractive opportunities to meet its investment objective.

Reliance on the General Partner and the Principals. The Fund will be dependent upon the activities of its principals. The loss of these individuals could have a significant adverse impact on the business of the Fund.

Nature of Investments. A substantial portion of the Fund's investments will be in equity or equity-related investments that by their nature involve business, financial, market and/or legal risks. While such investments offer the opportunity for significant capital gains, they also involve a high degree of risk that may result in substantial losses. There can be no assurance that the Fund will correctly evaluate the nature and magnitude of the various factors that could affect the value of such investments. Prices of the investments may be volatile, and a variety of other factors that are inherently difficult to predict, such as domestic or international economic and

political developments, may significantly affect the results of the Fund's activities. As a result, the Fund's performance over a particular period may not necessarily be indicative of the results that may be expected in future periods.

Middle Market Companies. A component of the Fund's investment strategy is to invest in lower-middle market companies. While investments in lower-middle market companies may present greater opportunities for growth, such investments may also entail larger risks than are customarily associated with investments in larger companies. Companies in the lower-middle market may have more limited product lines, markets and financial resources, and may be dependent on a smaller management group. As a result, such companies may be more vulnerable to general economic trends and to specific changes in markets, technology or personnel. In addition, future growth may be dependent on additional financing, which may not be available on acceptable terms when required. Further, there is ordinarily a more limited marketplace for the sale of interests in smaller, private companies, which may make realizations of gains more difficult, by requiring sales to other private investors. In addition, the relative illiquidity of private equity investments generally, and the somewhat greater illiquidity of private investments in small-to-medium-sized companies, could make it difficult for the Fund to react quickly to negative economic or political developments.

Limited Number of Investments. Grey Mountain intends for the Fund to participate in a limited number of investments and, as a consequence, the aggregate return of the Fund may be adversely affected by the unfavorable performance of even a single investment. Although Grey Mountain intends to diversify the Fund's portfolio to the reasonable extent possible within the confines of the Fund's investment strategy, the inability of Grey Mountain to achieve this objective could adversely affect the performance of the Fund.

Leverage. Portfolio companies in which the Fund invests will typically have leveraged capital structures. Use of leverage may increase the exposure to adverse economic factors such as significantly rising interest rates, downturns in the economy or deterioration in the condition of any given portfolio company or its industry. In the event a portfolio company is unable to meet principal and interest payments on its third-party indebtedness, the value of the Fund's investment in such entity could be significantly reduced or even eliminated.

Reliance on Other Management. The day-to-day operations of each portfolio company in which the Fund invests will be the responsibility of such portfolio company's management team. Although it is the intent of Grey Mountain to invest in entities with strong and stable management, there can be no assurance that the existing management team, or any new one, will be able to operate such entity successfully. Furthermore, although Grey Mountain will monitor the performance of investments and generally intends to invest in portfolio companies operated by strong and stable management, there can be no assurance that the existing management team or any successor will be able to operate any such portfolio company in accordance with the Grey Mountain's expectations.

Bridge Loans. From time to time, the Fund may lend to portfolio companies on a short-term, unsecured basis or otherwise invest on an interim basis in portfolio companies in anticipation of a future issuance of equity or long-term debt securities or other refinancing or syndication. Such loans may be convertible into a more permanent, long-term security; however, for reasons not always in Grey Mountain's control, such long-term securities issuance or other refinancing or syndication may not occur and such loans and interim investment may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by the Fund.

Follow-On Investments. The Fund may be called upon to provide follow-on funding for its portfolio companies or have the opportunity to increase its investment in portfolio companies. There can be no assurance that the Fund will have sufficient capital to do so. Any decision not to make follow-on investments or the inability to make them may have a substantial negative impact on a portfolio company in need of such an investment or may diminish the Fund's proportionate ownership in such portfolio company and thus its ability to influence such portfolio company's future development.

Economic and Market Risk. General economic conditions may affect Grey Mountain's activities. 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 the Fund or considered for prospective investment.

Failure to Fund Commitments; Consequence of Default. The Fund's investments in portfolio companies will require capital calls on limited partners of the Fund over an extended period of time. If such limited partners fail to fund their commitment obligations when due, the Fund's ability to complete its investment program or otherwise continue operations may be substantially impaired. A default by a substantial number of limited partners or by one or more limited partners who have made substantial commitments would limit opportunities for investment diversification and likely would reduce returns to the Fund. In the event that a limited partner defaults, such limited partner may be subject to various penalties, including forfeiture of a portion of its interest.

Distributions in-Kind. Grey Mountain may distribute the proceeds of certain of the Fund's investments in securities or other non-cash property. Significant sales of securities by the partners of the Fund following such distribution in kind could create downward pressure on the trading price of those securities.

Inside Information. From time to time, Grey Mountain and its affiliates may come into possession of material, non-public information concerning a portfolio company in which the Fund has invested or proposes to invest, and the possession of such information may limit the ability of the Fund to buy or sell securities of such company or to distribute such securities to the limited partners of the Fund.

Contingent Liabilities on Disposition of Investments. In connection with the disposition of an investment, the Fund may be required to make representations typical of those made in connection with the sale of a business. The Fund may be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate. These arrangements may result in the incurrence of contingent liabilities for which Grey Mountain may establish reserves and escrows. In that regard, distributions may be delayed or withheld until such reserves are no longer needed.

Limited Recourse and Indemnification. The Fund's Governing Documents limit the circumstances under which Grey Mountain and its affiliates ("Covered Persons") can be held liable to the Fund. As a result, investors may have a more limited right of action in certain cases than they would have in the absence of such a limitation. In addition, the Fund's Governing Documents will provide for indemnification of Covered Persons regarding activities undertaken by them on the Fund's behalf. Any indemnification claim may be paid out of Fund assets, and limited partners of the Fund may be required to return distributions in satisfaction of such a claim.

Control Liability. The Fund may own a significant or controlling percentage of the common equity of its portfolio companies. The Fund will generally appoint one or more representatives to the board of directors of the companies in which it invests. Significant or controlling ownership and serving on the board of directors of a portfolio company exposes the Fund's representatives, and ultimately the Fund, to potential liability because the Fund or its representatives may in certain cases be thought to control, participate in the management of or influence the conduct of such portfolio company.

Non-Controlling Investments. The Fund may invest in minority positions in portfolio companies and may have a limited ability to exert significant influence or protect its position. Accordingly, the Fund may have a limited ability to protect its interests in such portfolio companies and to influence such portfolio companies' management. In such cases, the Fund will be significantly reliant on the other equity participants in the portfolio companies and on the existing management and board of directors of such portfolio companies, which may include representation of other financial investors with whom the Fund is not affiliated and whose interests may conflict with the interests of the Fund.

Litigation Risks. The Fund will be subject to a variety of litigation risks, particularly if one or more of its portfolio companies face financial or other difficulties during the term of the Fund. Legal disputes, involving the Fund, its affiliates, or its portfolio companies, may arise from the Fund's activities and investments and could have a significant adverse effect on the Fund.

Changes in Environment. The Fund's investment program is intended to extend over a period of years, during which the business, economic, political, regulatory, and technology environment within which the Fund operates may undergo substantial changes, some of which may be adverse to the Fund. A drawn-out recession, downturns in the economy, deteriorations in the condition of an industry sector in which the Fund has invested or adverse developments in the securities or credit markets may have an adverse impact on some or all of the Fund's investments. A sustained period of inactivity and/or low valuations in the public equity markets could result in substantially lower liquidation values and substantially longer periods before liquidity is achieved in comparison with historical values, which would reduce the returns that could be achieved by the Fund. In addition, factors specific to a portfolio company may have an adverse effect on the Fund's investment in such company. The economic environment for all companies may remain challenging. 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. The investment sourcing, selection, management and liquidation strategies and procedures exercised by Grey Mountain in the past may not be successful, or even practicable, during the Fund's term.

Item 9 - Disciplinary Information

Grey Mountain and its principals have not been the subject of any material legal proceeding required to be disclosed in response to this item.

Item 10 - Other Financial Industry Activities and Affiliations

Registered Broker-Dealers

None of Grey Mountain or its management persons are registered as a broker-dealer or a registered representative of a broker-dealer. In addition, Grey Mountain and its management persons are not affiliated with any broker-dealer, bank or other financial services firm.

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

None of Grey Mountain 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 section titled “Participation or Interest in Client Transactions; Personal Trading,” Grey Mountain and its related persons are, directly or indirectly, the general partner, limited partners and/or managing members/general partners of the general partner of the Fund. Grey Mountain and its related persons may spend substantially all of their business time on the Fund as required pursuant to the terms of the Fund’s Governing Documents. Investors are requested to refer to the Governing Documents of the Fund for more complete information on the requisite time commitments of Grey Mountain and its related persons to the Fund.

Employees of Grey Mountain and its affiliates may serve as officers, advisors, directors or in comparable management functions for portfolio companies in which the Fund invests, or provide other services to portfolio companies, and may receive compensation in connection therewith. Employees of Grey Mountain may also from time to time serve on the board of directors or a creditors committee of a portfolio company, or be given access for other reasons to confidential information relating to companies in which the Fund invests. As a result, the Fund may, under certain circumstances, be prohibited for a period of time from engaging in transactions with respect to the debt or securities of such a portfolio company, which prohibition may have an adverse effect on the Fund.

Selection or Recommendation of Other Advisers

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

Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

Grey Mountain has adopted a Code of Ethics under Rule 204A-1 of the Advisers Act expressing Grey Mountain’s commitment to ethical conduct. Grey Mountain’s Code of Ethics describes its fiduciary duties and responsibilities to its clients, and sets forth Grey Mountain’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 Grey Mountain’s Code of Ethics, all supervised personnel have a duty to act only in the best interests of the Fund and all potential conflicts and violations of the Code of Ethics must be promptly reported to Grey Mountain’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 Grey Mountain that no person employed by Grey Mountain 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, Grey Mountain requires that anyone associated with its advisory practices with access to advisory recommendations provide annual securities holdings reports and quarterly transaction reports to the firm's CCO. Grey Mountain 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 Grey Mountain's personnel, the CCO will maintain and make available a list of restricted securities. The restricted securities list will be updated periodically and will include securities: (i) held by the Fund with respect to a portfolio investment; (ii) under active investment consideration by Grey Mountain; (iii) held by the Fund as a result of a distribution from a portfolio investment or which Grey Mountain knows or believes will be so distributed to the Fund; and (iv) about which any access person is in possession of, or knows, material nonpublic information. Access persons are strictly prohibited from trading on their own behalf in restricted securities, or from investing in securities issued in an IPO or private placement, without obtaining the prior written approval of the CCO.

Grey Mountain requires that all individuals act in accordance with all applicable federal and state regulations governing investment advisory practices. Grey Mountain'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.

Grey Mountain will provide a complete copy of its Code of Ethics to any person upon request.

Participation or Interest in Client Transactions; Personal Trading

As general partner or limited partner of the general partner of the Fund, Grey Mountain and its related persons have indirect beneficial interests in the securities owned by the Fund and will share in any profits and losses generated by the Fund's investments. Moreover, in certain situations, related persons of Grey Mountain may purchase interests in the same portfolio investments held by the Fund. All such transactions are subject to compliance with Grey Mountain's Code of Ethics as described above. 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 the 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 the Fund in any security of that issuer or an affiliate.

Grey Mountain and/or certain related persons of Grey Mountain may, on rare occasions, directly or through one or more entities, sell securities in which they have a direct or indirect ownership interest to the Fund in connection with certain "warehousing" transactions, provided that the sale is consistent with Grey Mountain's fiduciary obligations to the Fund. Such transactions will be fully disclosed and the written consent of the Fund (which, in certain circumstances, may be provided by the Fund's advisory committee) will be obtained prior to the consummation of any such transactions in accordance with Section 206(3) of the Advisers Act to the extent that such transactions constitute "principal transactions" under Section 206(3).

Moreover, Grey Mountain may cause the 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 successor Grey

Mountain fund, provided that the transfer is consistent with Grey Mountain's fiduciary obligations to each Grey Mountain fund participating in the cross transaction.

While Grey Mountain endeavors at all times to act in the best interests of the Fund, investors should be aware that such transactions create a potential conflict of interest.

Item 12 - Brokerage Practices

Subject to the investment objectives, policies and restrictions of the Fund as set forth in the Fund's Governing Documents, Grey Mountain has discretionary authority to determine the type, amount, and price of securities and investments to be bought and sold on behalf of the Fund, including the selection of, and commissions paid to, brokers.

Although Grey Mountain typically does not utilize broker-dealers to effect portfolio investments, shares of certain companies may be received by the Fund as part of a general distribution. Grey Mountain may sell the securities received in share distributions such that the proceeds can be distributed to the Fund's limited partners.

In selecting broker-dealers to effect securities transactions, Grey Mountain seeks to obtain best execution by considering factors including, but not limited to, execution quality, price, the level of service offered, reliability, experience in liquidating distributions from private equity funds and such other factors as Grey Mountain considers relevant and beneficial to the Fund. Grey Mountain may consider referrals of Fund investors in determining its selection of brokers.

Research and Other Soft Dollar Benefits

Grey Mountain does not engage in soft dollar arrangements with respect to securities transactions for the Fund.

Brokerage for Client Referrals

Subject to Grey Mountain's obligation to seek best execution of all transactions for its clients, Grey Mountain may consider referrals of investors in determining its selection of broker-dealers. Grey Mountain may have an incentive to select or recommend a broker-dealer based on its interest in receiving investor referrals, rather than on its clients' interest in receiving the most favorable execution. Any such determinations will be made in accordance with Grey Mountain's fiduciary obligations to the Fund and Grey Mountain's compliance policies and procedures.

Item 13 - Review of Accounts

Review of Client Accounts

Grey Mountain will continuously monitor portfolio investments on behalf of the Fund. Investments are reviewed in the context of the Fund's (i) adherence to the investment objectives and guidelines as set forth in the Governing Documents; (ii) the Fund's investment performance. Members of Grey Mountain's Investment Committee meet regularly to determine and review overall investment objectives, risk tolerance and other information relevant to the Fund.

Reports to Clients

The general partner of the Fund distributes quarterly and annually written reports to its limited partners. Annual reports generally contain an individual capital account statement as of the end of such fiscal year, a listing of investments held by the Fund and the audited financial statements of the Fund. The quarterly reports generally are substantially similar with the exception that the financial statements of the Fund for the fiscal quarter are unaudited.

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

Item 14 - Client Referrals and Other Compensation

Economic Benefits Received from Third Parties

From time to time, in connection with investments made by the Fund, Grey Mountain or its affiliates or supervised persons may receive directors, consulting, monitoring, investment banking, transaction, break-up and/or similar fees or other remuneration paid in cash or in kind from portfolio companies in which the Fund may invest or propose to invest. The potential for Grey Mountain and its related persons to receive such economic benefits creates a conflict of interest as Grey Mountain and its related persons may have an economic incentive to invest in portfolio investments that provide such benefits. Nevertheless, to alleviate potential conflicts, a percentage (generally, eighty percent (80%)) of any such benefits received by Grey Mountain or its related persons in connection with its advisory services for the Fund will be used to offset the advisory fees payable by the Fund.

With respect to the Prior Accounts, any directors, consulting, monitoring, investment banking, transaction, break-up and/or similar fees or other remuneration paid in cash or in kind to Grey Mountain were not offset, but rather were received by Grey Mountain for its own benefit. However, the potential conflicts of interest are mitigated by the fact that these Prior Accounts are managed on a non-discretionary basis.

Third Party Compensation for Client Referrals

Grey Mountain and related persons of Grey Mountain may enter into cash compensation arrangements with unaffiliated placement agents or third parties for introducing investors to the Fund. Any sales charge associated therewith will ultimately be payable by Grey Mountain or its related persons, either directly or through an offset of the management fee payable by the Fund to Grey Mountain. 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. Moreover, as described above, Grey Mountain may consider referrals of investors to the Fund in determining its selection of broker-dealers for securities transactions.

Grey Mountain endeavors at all times to put the interests of the Fund first as part of Grey Mountain's fiduciary duty. Nevertheless, the receipt of compensation by the placement agents and the potential receipt of brokerage commissions by broker-dealers creates a potential conflict of interest, and may affect the judgment of placement agents and broker-dealers when making referrals to Grey Mountain and the Fund. Moreover, a potential conflict of interest may arise between the interests of the Fund investors in obtaining best price and execution and Grey Mountain's interest in receiving future referrals to the Fund. Grey Mountain will address this conflict of interest by seeking to obtain best execution by considering factors including, but not limited to, execution quality, price, the level of service offered, reliability, experience in

liquidating privately placed securities and such other factors as Grey Mountain deems relevant and beneficial to the Fund.

Item 15 – Custody

Grey Mountain will not have physical custody of any client assets (other than certain privately offered securities to the extent permitted by the Advisers Act). Grey Mountain may be deemed to have custody of the assets of the Grey Mountain Funds as a result of its authority over the Fund.

It is Grey Mountain's policy to cause the Fund 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 the Fund, Grey Mountain will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to the Fund to all investors promptly after completion of the audit.

Item 16 - Investment Discretion

Subject to the investment objectives, policies and restrictions of the Fund as set forth in the Governing Documents, Grey Mountain has discretionary authority to determine the type, amount and price of securities and investments to be bought and sold on behalf of the Fund, including the selection of, and commissions paid to, broker-dealers.

Item 17 - Voting Client Securities

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

When exercising its voting authority over client securities, Grey Mountain 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. Grey Mountain 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 Grey Mountain's fiduciary duties to the Fund.

Grey Mountain reviews each proposal submitted for a vote on a case-by-case basis to determine whether it is in the best interest of the Fund. In some instances, Grey Mountain may determine that it is in the Fund's best interest for Grey Mountain to "abstain" from voting or not to vote at all, and will do so accordingly.

Prior to exercising its voting authority, Grey Mountain, 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 Grey Mountain, its owners, its employees or its related persons, with persons having an interest in the outcome of the vote. If a material conflict exists, Grey Mountain takes steps to ensure that its voting decision is based on the best interests of the Fund and is not a product of the conflict. Grey Mountain may, at its discretion, (A) seek the advice of the advisory committee of the Fund in voting such security; (B) disclose the conflict of interest to the limited partners of the Fund and defer to the 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 Grey Mountain's outside counsel) which would serve the best interest of the 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).

Grey Mountain will deliver to each limited partner of the Fund, upon written request, a complete copy of its Proxy Voting Policies and Procedures and/or information on how it voted proxies for the Fund.

Item 18 - Financial Information

Grey Mountain 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.