



EIF MANAGEMENT, LLC

FORM ADV PART 2A BROCHURE

THREE CHARLES RIVER PLACE
63 KENDRICK STREET, SUITE 101
NEEDHAM, MA 02494
PHONE: 781-292-7000
FAX: 781-292-7099

WWW.EIF.COM

MARCH 27, 2013

THIS BROCHURE PROVIDES INFORMATION ABOUT THE QUALIFICATIONS AND BUSINESS PRACTICES OF EIF MANAGEMENT, LLC ("EIF") AS OF THE DATE LISTED ABOVE. IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENTS OF THIS BROCHURE, PLEASE CONTACT EIF'S CHIEF COMPLIANCE OFFICER, MOHAN P. THOMAS, AT (781) 292-7016 OR MTHOMAS@EIF.COM. THE INFORMATION IN THIS BROCHURE HAS NOT BEEN APPROVED OR VERIFIED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR BY ANY STATE SECURITIES AUTHORITY.

ADDITIONAL INFORMATION ABOUT OUR COMPANY IS ALSO AVAILABLE ON THE SEC'S WEBSITE AT WWW.ADVISERINFO.SEC.GOV.

THIS BROCHURE IS NOT AN OFFER TO SUBSCRIBE FOR OR PURCHASE ANY SECURITIES.

Item 2. MATERIAL CHANGES

There have not been any material changes to this Brochure since it was last filed on February 14, 2012.

Item 3. TABLE OF CONTENTS

ITEM 1.	COVER PAGE	1
ITEM 2.	MATERIAL CHANGES	2
ITEM 3.	TABLE OF CONTENTS	3
ITEM 4.	ADVISORY BUSINESS	4
ITEM 5.	FEES AND COMPENSATION	6
ITEM 6.	PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT	7
ITEM 7.	TYPES OF CLIENTS	8
ITEM 8.	METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS	8
ITEM 9.	DISCIPLINARY INFORMATION	18
ITEM 10.	OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS	19
ITEM 11.	CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING	20
ITEM 12.	BROKERAGE PRACTICES	22
ITEM 13.	REVIEW OF ACCOUNTS	22
ITEM 14.	CLIENT REFERRALS AND OTHER COMPENSATION	23
ITEM 15.	CUSTODY	23
ITEM 16.	INVESTMENT DISCRETION	24
ITEM 17.	VOTING CLIENT SECURITIES	24
ITEM 18.	FINANCIAL INFORMATION	24
ITEM 19.	REQUIREMENTS FOR STATE-REGISTERED ADVISERS	25

Item 4. ADVISORY BUSINESS

EIF Management, LLC (“EIF” or the “Firm”), founded in 1987, is a Delaware limited liability company that invests private equity for institutional investors in the U.S. power sector through pooled investment vehicles. Through the late eighties and nineties, with financial backing from John Hancock Life Insurance Company, Dresdner Bank AG, International Finance Corporation (World Bank), and European Bank for Reconstruction and Development, among others, funds managed by EIF invested in a broad range of power assets and infrastructure assets globally. Starting in 2002, funds managed by EIF have invested exclusively in power assets located in the United States.

EIF’s owners are John E. Buehler, Jr., Terence L. Darby, Herbert Magid, D. Mitchell Coddington, Andrew E. Schroeder, Mark D. Segel, Keith E. Derman, Warren J. MacGillivray, Andrew N. Pike, Catherine M. Reese, Jose A. Torres Monllor, and Mark W. Voccola. No single person owns 25% or more of the Firm. The Firm’s Executive Committee and the Firm’s Investment Committee are 100% controlled and operated by members of EIF’s ownership team.

The Firm is a discretionary investment manager which specializes in private investment opportunities in the U.S. power sector and only advises pooled investment vehicles that invest in that sector. This brochure generally describes (i) the Firm’s investment strategy with respect to such investments and (ii) the domestic funds currently advised by the Firm that invest principally in this strategy. These funds generally have made, or seek to make, long-term equity and equity-related investments in electric generating and transmission facilities and companies, as well as gas pipelines, storage facilities, and related energy investments (each a “Power Asset” and, collectively, the “Power Assets”). The chart below lists each of the active funds managed by the Firm, along with a brief description of such funds.

<u>Name</u>	<u>Description</u>
United States Power Fund, L.P. (“USPF”)	<p>USPF concluded fund-raising in 2003. It is no longer accepting new investors or making new investments; however USPF may provide follow-on funding for its portfolio companies or may have the opportunity to increase its investments in such portfolio companies.</p> <p>USPF Feeder, L.P. is an alternative investment vehicle that invests substantially all of its assets into USPF.</p>
United States Power Fund II, L.P. (“USPF II”)	<p>USPF II concluded its fund-raising in 2005. It is no longer accepting new investors or making new investments; however USPF II may provide follow-on funding for its portfolio companies or may have the opportunity to increase its investments in such portfolio companies.</p> <p>USPF II Direct Feeder, L.P., USPF II Leveraged Feeder, L.P. and USPF II Blocker Fund, L.P. are alternative investment vehicles that invest (directly or indirectly) substantially all of their assets into USPF II.</p>

USPF II Institutional Fund, L.P. (“USPF II Institutional”)	USPF II Institutional concluded its fund-raising in 2005. It is no longer accepting new investors or making new investments; however USPF II Institutional may provide follow-on funding for its portfolio companies or may have the opportunity to increase its investments in such portfolio companies.
USPF II Co-Investor Ferndale, L.P. (“Co-investor Ferndale”)	Co-Investor Ferndale (along with a feeder fund) was formed to allow certain USPF II investors to participate in a co-investment opportunity with USPF II. This co-investment fund sold its underlying investment in 2012 and is expected to be liquidated at the conclusion of the escrow period related to such sale in 2015.
United States Power Fund III, L.P. (“USPF III”)	<p>USPF III concluded its fund-raising in 2007. It is no longer accepting new investors or making new investments; however USPF III may provide follow-on funding for its portfolio companies or may have the opportunity to increase its investments in such portfolio companies.</p> <p>USPF III Direct Feeder, L.P., USPF III Leveraged Feeder, L.P., USPF III Blocker Fund, L.P., and USPF III Blocker Fund II, L.P. are alternative investment vehicles that invest (directly or indirectly) substantially all of their assets into USPF III.</p>
USPF III Calypso Co-Investor, L.P. (“Co-investor Calypso I”)	Co-Investor Calypso (along with a feeder fund and a blocker fund) was formed primarily to allow certain USPF III investors to participate in a co-investment opportunity with USPF III. This co-investment fund is not accepting new investors or making new investments.
EIF United States Power Fund IV, L.P. (“USPF IV”)	<p>USPF IV concluded its fund-raising in 2011. It is no longer accepting new investors, but continues to seek new investments.</p> <p>EIF USPF IV Leveraged Feeder, L.P., EIF USPF IV Blocker Fund, LLC, EIF USPF IV Blocker Fund II, LLC, and EIF USPF IV LF Holdings, L.P. are alternative investment vehicles that invest (directly or indirectly) substantially all of their assets into USPF IV.</p>
EIF Calypso II Blocker, LLC (“Co-Investor Calypso II”)	Co-Investor Calypso II was formed to allow certain Co-Investor Calypso I investors to participate in a co-investment opportunity with USPF IV. This co-investment fund is not accepting new investors or making new investments.

Each of USPF, USPF II, USPF II Institutional Fund, L.P., USPF III, and USPF IV is referred to herein as a “Fund” and, collectively, as the “Funds”. Each of Co-Investor Ferndale, Co-Investor Calypso I, Co-Investor Calypso II is referred to herein as a “Co-investment Fund” and, collectively, as the “Co-investment Funds”. Each Fund and Co-investment Fund is a client of the Firm and is referred to herein as a “Client” and, collectively, as the “Clients”.

An affiliate of EIF serves as general partner (or equivalent) of each of the Clients. The Clients' underlying investors are accredited investors and qualified purchasers (as noted in **Item 7** below). These underlying investors are referred to herein as "Underlying Investors". For each Client, the capital commitments made to it are generally fixed – meaning that the Client can no longer accept new capital commitments and the Underlying Investors cannot redeem their interests in the Client (although, Underlying Investors are generally permitted to transfer their interests subject to the terms of the relevant operating agreement).

The investment mandate of each Fund (including investment restrictions) is described in its offering documents. The Firm provides discretionary investment advisory services to the Funds pursuant to applicable operating agreements, management agreements and side letters. The Firm tailors its investment decisions in accordance with the terms of these documents and agreements. The Firm provides investment advice directly to the Clients, subject to the discretion and control of the applicable general partner, and not individually to the Underlying Investors.

The Firm does not participate in any wrap fee programs.

The Firm manages the assets of each Fund on a discretionary basis. As of December 31, 2012, the Firm had approximately \$3,987,100,000 of assets under management.

Item 5. FEES AND COMPENSATION

Each Fund's offering documents describe the Firm's fee arrangements. These arrangements generally provide for each Fund to pay management fees to the Firm quarterly in advance, based upon a percentage of committed or invested capital. Management fees typically range from 1.50% to 2.00% of committed or invested capital per annum for the Funds and from 0.60% to 0.70% of committed capital per annum for the Co-investment Funds. To the extent described in a Fund's operating agreement, the following fees are credited towards an offset of such management fees: transaction fees, placement fees, amounts of capital calls to be funded by the Firm, and a percentage of all co-investment management fees. Except as stated in the following sentence, all Underlying Investors invested in a particular Client are generally subject to the same management fee as other Underlying Investors invested in such Client. The limited partnership agreement for EIF's most recent Fund (USPF IV) permits the Firm to agree with the general partner of USPF IV to negotiate different fee arrangements with certain Underlying Investors in USPF IV based on the amount of such Underlying Investor's capital commitment.

The Firm is prohibited from receiving transactional fees from any portfolio company in which a Fund holds an interest, unless either (i) such fees offset the management fees to be paid by such Fund to the Firm or (ii) such transaction has been approved by such Fund's investor advisory board (comprised entirely of representatives of certain Underlying Investors).

The Clients may also bear certain out-of-pocket expenses incurred by the Firm and/or its affiliates in connection with the services provided to such Funds. The most common fees and expenses for which the Clients are typically responsible include: (a) organizational and syndication expenses and placement fees (which placement fees are credited towards an offset of management fees as described earlier in this Item 5), (b) reasonable fees and expenses of

custodians, outside counsel and accountants and other similar outside advisors, (c) reasonable costs and expenses incurred in identifying, evaluating and arranging any transaction contemplated for investment by such Client (regardless of whether such transaction is subsequently consummated), (d) reasonable out-of-pocket costs, fees and expenses of holding or selling portfolio investments, including record-keeping expenses, (e) reasonable out-of-pocket costs of reporting to the Client's Underlying Investors, of any meetings of the Client's partners, and of any meeting of the Client's investor advisory board, (f) any taxes, fees or other governmental charges levied against the Client or on its income or assets or in connection with its business or operations, and (g) all other reasonable costs and expenses of the Client or its general partner (or equivalent) in connection with such Client's operating agreement (such as costs of insurance, costs of litigation, any taxes, fees or other governmental charges levied against the Client, or other matters that are the subject of indemnification or contribution and costs of winding-up and liquidating the Client). Note that some of these expenses are generally not applicable to Co-Investment Funds. Additionally, note that brokerage fees are not typical for the types of investments made by the Clients.

Management fees are generally paid by each Client by (i) requiring Underlying Investors in such Client to make capital contributions in respect of such fees, or (ii) withholding the amount of such fees from investment proceeds that would otherwise be distributable to the Underlying Investors in such Client. Management fees are then paid by the applicable Client to the Firm or one of its affiliates. In addition, the Firm often has the ability to cause Clients to borrow money for the payment of such fees. EIF has the authority to deduct its management fees from any Client account. In accordance with the management agreements, management fees are generally deducted from Client accounts by the Firm quarterly in advance. In the event of the termination of a management agreement between the Firm and one of the Clients, the Firm generally expects to provide such Client with a refund of pre-paid fees attributable to any period after termination. However, the Firm is not contractually obligated to provide such refund.

The Firm and its supervised persons do not accept compensation for the sale of securities or other investment products, including interests in the Clients.

Item 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

The Firm currently acts as investment adviser to the Clients, and EIF affiliates typically act as general partners (or managing members) of such Clients. These affiliates are entitled to receive "carried interest" from each Fund, generally equal to 20% of the applicable profits after capital contributions have been returned to such Fund's Underlying Investors and such Fund's Underlying Investors have received their applicable preferred return, if any, each as further described in the applicable Fund's operating agreement. The Firm generally does not charge a Co-investment Fund a performance-based fee if another Fund that also invests in the same portfolio company does charge a performance-based fee.

Because each Fund generally has the same carried interest allocation, the Firm does not have a significant interest to favor one Fund over another. However, the Firm might have an incentive to favor Funds that are making, or close to making, carried interest distributions. As such, the

Firm has implemented procedures to provide reasonable assurance that all Funds are treated fairly and equally. For example, the Firm has adopted a policy (described in **Item 10**) pursuant to which it seeks to allocate investment opportunities among Funds in a fair and equitable manner, bearing in mind, among other things, the diversification of each Fund's portfolio, the investment philosophy of each Fund, the aggregate unused capital commitments of each Fund and the investment stage of each Fund at the time of allocation. The Firm does not allocate investment opportunities based on anticipated compensation or profits to the Firm, any of its affiliates or their professionals. Each Fund has its own investment guidelines and organizational documents that must be taken into account when making investment allocation determinations. Final allocation decisions are under the purview of the Firm's Investment Committee, which is charged with allocating investment opportunities in compliance with the Firm's allocation policies.

Additionally, to the extent required by the terms of the applicable operating agreement, if the Firm determines in good faith that an investment that falls within the scope of the investment focus of a Fund is not an appropriate investment for such Fund at a particular time, and such investment is made by another EIF entity, the Firm reports such determination and the reasons behind such determination to the members of such Fund's investor advisory board (comprised entirely of representatives of certain Underlying Investors) prior to the transaction occurring.

Item 7. TYPES OF CLIENTS

As previously noted in **Item 4** above, the Firm serves as the investment manager to the Clients. The Funds, other than Co-investment Funds, generally require a minimum initial investment of \$10 million from each Underlying Investor, as described in each Fund's offering documents. Such minimum investment, however, may typically be waived by the Fund's general partner (or equivalent). The criteria for investing in a Co-Investment Fund are described in the related Fund's operating agreement and generally require a particular minimum commitment to such related Fund. In order to invest in any of the Funds, an Underlying Investor must be an "accredited investor" as defined by Regulation D under the Securities Act of 1933, as amended, and a "qualified purchaser" as defined in Section 2(a)(51)(A) of the Investment Company Act of 1940, as amended.

The Underlying Investors include a wide array of institutional, financial, and strategic investors (both domestic and foreign), including: banks/financial institutions, bilateral and multilateral government agencies, corporate pension funds, endowments and foundations, family offices, fund-of-funds, insurance companies, money managers, public pensions funds (state, city, county, police & fire), strategic energy and power industry participants, and sovereign wealth funds.

Item 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

The Funds make investments in Power Assets typically by either acquiring existing operating facilities or developing and constructing new ones.

The Firm's primarily asset-based investment strategy is grounded in the principle of utilizing long-term contracts to create predictable cash flow streams, regardless of asset type (i.e., the Funds have made investments in natural gas, coal, oil, wind, solar, geothermal, landfill gas, biomass, and hydroelectric power facilities, as well as transmission line investments and pipelines). The Firm typically structures investments to reduce both merchant (non-contracted) and carbon exposure by passing on the commodity pricing risks associated with the cost of fuel to the purchaser of the electricity under the terms of a power purchase agreement or other offtake contract.

Fund portfolios are allocated into two general categories to maximize return and minimize risk while producing current cash distributions. Funds generally (i) deploy substantial equity capital into the acquisition of existing operating assets, and (ii) invest nominal capital in development-stage assets to capture the right to provide larger follow-on equity commitments required during the construction phase of the same project.

The Firm seeks to identify complex situations where extensive operating skills and regulatory navigation know-how are essential. Whether a Power Asset or a portfolio of Power Assets is acquired on a proprietary basis or even in a limited competitive process, the Firm expects to create value by executing on multiple operational initiatives, e.g., cost cutting, improving efficiencies, expanding facilities, and renegotiating off-take power contracts and fuel procurement contracts, as well as structuring management services agreements and tax equity partnership agreements.

Upon closing an investment, the Firm's asset management group actively manages and monitors the project's commercial, operational, and financial performance. The Firm draws on the resources of its experienced staff of financial, engineering, and legal professionals to optimize the value of the Clients' investments. Specifically, the asset management group oversees third-party operations and maintenance providers and construction contractors; it negotiates new project contracts and renegotiates existing ones in an effort to garner more advantageous (and often mutually beneficial) terms; it monitors compliance and provides detailed reporting analysis on a regular basis; it maintains ongoing dialog with lenders and credit rating agencies; and it executes refinancings. The asset management group also implements synergies relating to power plant maintenance and emissions strategies across the entire portfolio of assets in which the Clients are invested.

Furthermore, the asset management staff engages in regular and ongoing consultations with project developers and personnel during the construction and operational phases of a Power Asset in order to achieve efficiencies and maximize financial returns to Clients.

The Firm's primary objective for assets in which Clients have invested is to establish long-term contracted cash flows with sound underlying operations. Once this objective is achieved, the Firm seeks a strategic buyer that desires to integrate additional Power Assets into an existing enterprise, or a financial buyer who seeks low risk assets with a predictable cash flow stream. Purchasers of a Client's assets may include private equity and infrastructure funds, financial institutions, publicly-traded utilities, and independent power producers.

The Clients generally seek to obtain liquidity for their Underlying Investors primarily from one or more of the following five potential sources: (i) asset sales (sales of profitable single operating assets and/or portfolios of assets); (ii) current cash distributions; (iii) leveraged recapitalizations or securitizations of assets and/or groups of assets; (iv) disaggregations and sales of integrated companies; and (v) public markets.

RISK FACTORS

Below is a summary of potentially material risks associated with the Firm's investment strategy (described above), the methods of analysis used, and/or the particular types of investments that a Fund may invest in. The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in a Fund. Underlying Investors should ultimately refer to the applicable Fund's offering documents for detailed disclosures regarding their investments.

All investing involves a risk of loss that investors should be prepared to bear, including the risk that the entire amount invested may be lost. The investment strategies offered by the Firm could lose money over short or long periods of time. There are no assurances that the Firm's investment strategies will succeed. The Firm cannot give any guarantee that it will achieve the investment objectives it establishes for a Client or that any Client or Underlying Investor will receive a return of its investment.

Early-Stage Companies

The Clients may hold investments in early-stage companies, which may have little or no history of operations and may not have well-defined business plans, products or strategies. Early-stage companies differ from more established companies. Early-stage companies frequently have less diverse product lines, smaller market presence, less experience, and less financial resources than larger competitors and are therefore more vulnerable to economic downturns. For these reasons, early-stage companies in which the Clients invest may experience substantial variations in operating results. Furthermore, these types of companies involve additional uncertainties, including the possibility that their projects may not be completed, operating licenses may not be obtained, and permanent financing may not be available. Further, there is no assurance that their projects will be profitable or generate cash flow sufficient to service their debt or provide a return on or recovery of amounts invested therein.

Concentration of Investments

Each Client invests in a limited number of portfolio companies. As a result, each Client's investment portfolio will be highly concentrated, and the performance of a few holdings may substantially affect the Client's aggregate return.

Illiquid and Long-Term Investments

Although the Clients' investments may generate current income, the return of capital and the realization of gains, if any, from an investment generally will occur only upon the partial or

complete disposition of such investment. Although an investment may be sold at any time, it is not generally expected that this will occur for a number of years after the investment is made. The limited market for the Clients' investments may cause the value of these investments to be volatile. Periods of economic, regulatory, and political uncertainty may result in substantially greater volatility in the value of the Clients' investments. There can be no assurance that the Clients' investments will not be sold at a price below their acquisition cost. In addition, it is unlikely that there will be a public market for the assets held by the Clients at the time of acquisition of such assets. The Clients will generally not be able to sell securities held by them unless their sale is registered under applicable securities laws (which the issuers of such securities may be under no obligation to effect), or unless an exemption from such registration requirements is available. Certain sales of interests in portfolio investments require pre-consummation regulatory approval, which involves a formal process and some discretion on the part of regulatory agencies.

Broken Deal Expenses

Investments in the energy industry often require extensive due diligence activities and regulatory approvals prior to acquisition. Due diligence may include feasibility and technical studies, preliminary engineering and marketing studies, legal, regulatory, and environmental review, any or all of which may entail significant third-party expenses. In the event that an investment is not consummated, the Clients may bear some or all of such third party expenses and any termination fees.

Ability to Exit Investments

Individual investments in infrastructure assets tend to be large due to the general nature and size of such assets (such as power plants, transmission lines, distribution properties or gas storage and pipeline facilities). Infrastructure assets may have unique geographic and market characteristics (and may be subject to political, regulatory, and public opinion considerations), which could make them highly illiquid. The Clients may hold portfolios of assets that are not easily separated into individual asset acquisitions or dispositions. Accordingly, the Clients' investments may be quite sizeable. There are limited pools of capital available in the sector that can make sizeable investments and limited numbers of market participants. As a result, the potential exits from these investments may be limited and there can be no assurance that the Clients will be able to realize their investments on favorable terms, in a timely manner or at all. Moreover, the realizable value of a highly illiquid investment may be less than its intrinsic value.

Project Financings

Some of the Clients' investments will be structured on a project finance basis. A project finance structure entails the assumption of "project risk" by equity investors such as the Clients, usually without recourse to a project sponsor. Buildings and other structures may be subject to design and construction flaws. It may be difficult to locate customers for power that is generated, and projected markets for power may not materialize. Projects in which the Clients invest may experience shortages of skilled personnel. Operations may depend upon government licenses, franchises, and contracts, which may be subject to termination, revocation or modification.

Investments may be adversely affected by storms and other natural disasters. Operators of power projects may be adversely affected by sharp increases in fuel prices and in some cases limited availability of fuel. Power producers may also be adversely affected by events that affect the creditworthiness of the electric utilities to which they sell power. Regulatory changes may affect or require substantial modifications to key project documents, including power sales, interconnection, and fuel and power transmission agreements.

The Clients may hold investments in some projects and facilities at an early stage of development. These projects involve additional uncertainties, including the possibility that the projects may not be completed, construction or operating licenses may not be obtained or may contain unduly burdensome conditions and limitations, and permanent financing may be unavailable.

Leveraged Portfolio Companies

The Clients may hold equity investments in portfolio companies whose capital structures may include leverage in significant amounts. While the use of leverage may increase the potential returns on equity, leverage also increases the risk of loss since borrowings represent a prior claim on assets and require fixed payments, regardless of the profitability of particular investments encumbered by such borrowings. In the case of default under any borrowing, some or all of the assets of the borrower could be taken by the lenders in payment of their claims. Moreover, leveraged capital structures are more sensitive to rising investment rates and to increases and decreases in revenues and expenses.

Non-Controlling Investments

Each Client seeks appropriate rights in negotiating investments in order to protect the Client's investment and the interests of its Underlying Investors. However, the Clients may not have the right to participate in the management of some investments. In such circumstances, the Clients may have a limited ability to protect its economic position in such investment.

Operating Risk

The Clients may hold investments in operating facilities. Operation of such facilities involves certain operational risks, which include: the possibility of performing below expected levels of output, availability or efficiency; interruption in fuel or other necessary supplies; increases in the cost of fuel or other necessary supplies; pipeline disruptions; disruptions in the offtake of steam or electrical energy; power shutdowns; breakdown or failure of equipment or processes; accidental discharges of hazardous materials; labor disputes; changes in law; failure to obtain or maintain necessary governmental permits; or catastrophic events such as fires, earthquakes, lightning, explosions, hurricanes, tornados, floods or similar occurrences affecting a facility owned by the Clients or their power purchasers, steam purchasers, fuel suppliers or fuel transporters.

Construction Risk

The Clients' investments may involve significant construction risk, including the risk of substantial delays or increase in cost due to a number of unforeseen factors, including: political opposition; regulatory and permitting delays; delays in procuring sites; equipment; labor disputes; lawsuits and other disputes; environmental issues; force majeure; or failure by one or more of the infrastructure investment participants to perform in a timely manner (or at all) its or their contractual, financial or other commitments. New facilities have no operating history and may employ recently developed or technologically complex equipment that may take time to operate at peak levels of output and efficiency. A material delay or increase in cost not absorbed by other participants in the transaction could significantly impair the financial viability of an infrastructure investment project and result in a material adverse effect on the Clients' investment therein.

International Investments

To the extent one of the Clients makes investments in Canada, those investments are subject to risks and uncertainties relating to the political, social, and economic structures of Canada. Risks related specifically to non-U.S. investments may include risks of expropriation, confiscatory taxation and nationalization, currency exchange and convertibility risks, unreliable governmental subsidies, risks of increased regulation and approvals and changes in regulatory rights and requirements, and governmental policies limiting returns to foreign investors.

Energy Regulatory Matters

Federal and state energy laws regulate, among other things, the development, ownership, business organization, and operation of generating and transmission facilities, the sales of electricity and gas, and the construction, siting, and operation of hydro power projects and interstate gas pipelines and storage fields. State laws regulate the activities of traditional utilities which serve retail electric and gas customers. The Federal Power Act ("FPA") requires the Federal Energy Regulatory Commission ("FERC") to regulate the wholesale sale of electric energy and the transmission of electric energy in interstate commerce, along with certain electric-sector asset and corporate ownership changes and financings. The Public Utility Holding Company Act of 2005 ("PUHCA 2005") provides for accounting, cost-allocation and disclosure regulation of holding companies that are deemed by FERC to control, own or operate facilities for the generation, interstate transmission or distribution of electricity or the distribution of gas, except where specific exemptions apply. Public Utility Regulatory Policies Act of 1978 ("PURPA") was enacted to encourage the development of generating facilities which conserve fossil fuels.

Several of the Clients' portfolio companies are Qualifying Facilities ("QFs") under PURPA. A QF either must produce a certain proportion of its total energy output in the form of thermal energy that is used for a commercial purpose, and its fossil fuel input must be in a certain proportion to its electric and thermal output, or satisfy FERC requirements relating to facility size and fuel use. PURPA requires utilities in some regions of the U.S. and permits utilities in other regions to purchase the electric output of QFs at negotiated rates or rates up to the incremental or "avoided" cost that the utility would have incurred if it produced the electricity itself or purchased it from another source. State public utility commissions must approve the rates, and in some instances, other contract terms, under which utilities purchase electricity from

QFs. Since the enactment of the Energy Policy Act of 2005, many utilities have been prospectively excused from PURPA “must-buy” requirements. State public utility commissions are responsible for determining the avoided cost rates for utilities subject to their jurisdiction, although QFs and utilities may negotiate outside of this framework. Some state public utility commissions require utilities to file their agreements under which utilities purchase electricity from QFs. Many QFs also make other wholesale sales of power, subject to FERC regulation and in some states may make retail power sales to direct customers. Under PURPA and FERC regulations, most QFs also are entitled to certain exemptions from the FPA, PUHCA 2005 and state utility regulation.

Each of the Clients’ portfolio companies which sells electricity, but is not a QF, has filed rate schedules with FERC in compliance with the FPA and has received FERC authorization to sell electricity at wholesale at market-based or negotiated rates to any unaffiliated purchaser or into a FERC-regulated regional energy market except for projects not yet in or approaching commercial operation. Additionally, certain QFs have filed rate schedules to allow certain non-PURPA sales as required by FERC rules. In connection with market-based rate authorizations, companies usually receive a blanket authorization to issue securities or assume liabilities without further FERC pre-approval, and waivers of other FPA regulations which apply to traditional utilities selling electricity at cost-based rates. Each of these companies files quarterly reports providing certain details concerning wholesale power transactions during the prior calendar quarter. The non-QF project companies must obtain the prior authorization of FERC for change-of-control transactions and for the sale or other transfer of jurisdictional facilities, including wholesale power sale contracts and interconnection facilities connecting a generating facility to the transmission grid.

The Clients also hold interests in Exempt Wholesale Generators (“EWGs”) under PUHCA 2005. An EWG may only be in the business of producing and selling power for resale. EWGs must receive FERC permission to sell power; FERC grants market pricing authority only to sellers found to lack market power. To assess whether an entity has market power, FERC has put in place several market power statistical screens, and imposed a variety of technical requirements applicable to sellers’ market conduct and continuing disclosure requirements.

The Clients also hold economic interests in the independent transmission sector. Various Clients hold indirect, passive interests in portfolio companies formed to develop, construct, own, and operate independent transmission companies. All of the Clients’ independent transmission investments to date are treated by FERC as being passive in nature.

The Clients also hold non-managing interests in a FERC-regulated interstate gas pipeline company.

None of the Clients are currently subject to accounting or cost-allocation regulation under PUHCA 2005.

Regulation of Gas Pipeline Systems, Transportation, and Storage

The siting of pipeline systems and transportation and storage of natural gas in interstate commerce is subject to regulation by FERC under the Natural Gas Act of 1938 and under the Natural Gas Policy Act of 1978 and, as such, rates and charges for the transportation of natural gas in interstate commerce, the extension, enlargement or abandonment of jurisdictional facilities, and accounting, among other things, are subject to regulation.

Rates, charges and non-rate service conditions and tariffs for the transportation of natural gas in interstate commerce are subject to regulation by FERC. Generally, rates charged by interstate natural gas companies may not exceed the just and reasonable rates approved by FERC. In addition, interstate natural gas companies are prohibited from granting any undue preference to any person, or maintaining any unreasonable difference in their rates or terms and conditions of service except for any FERC approved negotiated rate.

Additionally, PUHCA 2005 gives FERC (i) access to the books and records of any holding company or affiliate of an electric or gas utility relevant to the rates of that electric or gas utility or any affiliated natural gas pipeline company subject to FERC's jurisdiction, and (ii) authority to regulate accounting matters and to allocate costs within holding company systems, including where a service company is involved, and state utility regulatory authorities were given similar books and records access rights.

The Natural Gas Pipeline Safety Act of 1968 (as amended, the "NGPSA") regulates safety requirements in the design, construction, operation, and maintenance of interstate natural gas transmission facilities. The NGPSA requires any entity that owns or operates pipeline facilities to comply with applicable safety standards, to establish and maintain inspection and maintenance plans, and to comply with such plans. Inspections and tests are performed at prescribed intervals to ensure the integrity of the pipeline system. These inspections, for example, include periodic corrosion surveys, testing of relief and over-pressure devices, and periodic aerial inspections of the rights-of-way.

In 2002, the U.S. Congress enacted the Pipeline Safety Improvement Act ("PSIA"), with final regulations implementing the PSIA issued in December 2003. The PSIA makes numerous changes to pipeline safety law, the most significant of which is the requirement that operators of pipeline facilities implement written integrity management programs. Such programs include a baseline integrity assessment of each facility located in high consequence areas that must be completed within ten years of the enactment of the PSIA. The PSIA and its applicable regulations have increased costs associated with new pipeline inspection and pipeline integrity program requirements.

Under the Clean Air Act, the U.S. Environmental Protection Agency has promulgated regulations addressing emissions from equipment present at typical natural gas compressor stations. These regulations include National Emission Standards for Hazardous Air Pollutants for reciprocating internal combustion engines, stationary turbines, and glycol dehydration equipment in addition to regulations that address regional transport of ozone.

The U.S. Department of Transportation, through the Pipeline and Hazardous Materials Safety Administration, has adopted regulations that govern all aspects of the design, construction,

operation, and maintenance of pipeline facilities. These regulations require, among other things, that pipeline operators engage in a regular program of pipeline integrity testing to assess, evaluate, repair, and validate the integrity of their pipelines within areas of high consequence. Determination of such high consequence areas, for natural gas transmission pipelines, is primarily based on population.

Availability of Natural Gas Supplies

The operating results of a portfolio company that transports natural gas will be dependent upon its customers having access to adequate supplies of natural gas. Such portfolio company will likely depend on having access to multiple sources of gas production so that customers can satisfy their total gas requirements and have the opportunity to source gas at the lowest overall delivered cost. Moreover, such portfolio company will not have the ability to operate its pipeline system at full capacity without access to sufficient gas sources. The ability of producers to maintain production is dependent on the prevailing market price of natural gas, the exploration and production budgets of the major and independent gas companies, the depletion rate of existing sources, the success of new sources, environmental concerns, regulatory initiatives, and other matters beyond the portfolio company's control. Operational failures on pipelines that deliver gas to such portfolio company's pipeline system, such as reductions in pressure or volume, or interruptions in service due to maintenance activities or unanticipated emergencies, could result in lower volumes of gas being available to the portfolio company for transportation. There is no guarantee that production or supplies of natural gas will be maintained at sufficient levels to sustain the expected volume of transportation commitments on the pipeline system or that multiple sources of gas will remain available to provide the company's customers with access to sufficient low cost supplies. If the availability of natural gas supplies decreases, the revenues and results of such a portfolio company's operations could be adversely affected.

Decreases in Demand for Natural Gas

Demand for the services of a portfolio company that operates gas pipelines depends on the ability and willingness of customers with access to such portfolio company's facilities to store natural gas on, and deliver natural gas through, the portfolio company's system. Demand for natural gas is dependent upon the impact of weather, industrial and economic conditions, fuel conservation measures, alternative fuel availability and requirements, the market price of gas, fuel taxes, price competition, drilling activity and supply availability, governmental regulation, and technological advances in fuel economy and energy generation devices.

Competitive Pressures

The market for Power Assets is competitive. Other entities could construct new facilities or expand existing facilities that could potentially serve the same markets as one of the Clients' portfolio companies. Any such new facility could offer services that are more desirable to customers because of locations, rates or other factors. These new facilities could charge rates or provide service to locations that could result in savings for shippers and producers and thereby force a portfolio company to lower the rates charged for services on its services in order to extend existing service agreements or to attract new customers. An increase in the availability of

competing alternative facilities or services could result in a significant reduction in a portfolio company's revenue.

Additionally, forms of energy compete with each other, including natural gas, electricity, coal, hydroelectric power, nuclear power and fuel oil. The principal elements of competition among alternative forms of energy are based on the existing infrastructure, rates, terms of services, access to supply and reliability. The impact of competition on a portfolio company could decrease demand for its services in the markets such company serves.

Environmental and Other Regulatory Matters

Investments will be subject to federal, state, regional and local laws, regulations, directives, and policies relating to, among other things, trade, imports, currency, energy, labor, and environmental, land use and regulatory matters. Investments may require numerous regulatory approvals, licenses and permits to commence and continue their operations. In addition, portfolio companies in certain jurisdictions will be required to obtain emissions reduction credits or similar emissions trading credits. Under the cap and trade programs that create these credits, the costs of the credits can be significant and may increase substantially over time. Moreover, these programs can result in limiting the operations of facilities. Failure of portfolio companies to obtain required regulatory approvals, permits, and/or credits could adversely affect the Clients. New laws, policies or regulations, or changes in the interpretation or application of existing laws, policies and regulations that modify the present regulatory environment, could also have an adverse effect on the Clients' investments. The Clients' investments will be subject to other developing areas of regulation, such as thermal pollution and noise requirements, that are the subject of ongoing legislative and regulatory efforts. These developments have the potential to significantly impact energy related projects. For instance, to the extent that coastal projects use sea water as a cooling medium that is not recycled (once through cooling), there is a significant risk that such systems will be regulated out of existence over time. Replacement of these cooling systems may involve substantial capital investment and regulatory approval risks.

Compliance with statutes and regulations pertaining to emissions, discharges, releases, exposures, environmental controls or restrictions and the storage, handling, transportation, disposal of hazardous and toxic material, waste or other substances may be costly and may affect the ongoing powergenerating capacity of a project or facility in which the Clients invest. Failure by a project or facility in which the Clients invest to comply with any such statutes or regulations could, among other things, prevent operation of such project or facility, require expenditure of significant funds to bring the project or facility into compliance, result in substantial investigation and remediation costs, result in cleanup liens and fines, and give rise to civil or criminal liability. Power producers, transmitters, and natural gas pipeline and distribution systems are also subject to a wide variety of permitting and regulatory requirements affecting the physical loss, emission or discharge of liquid, particulate, gaseous and other substances associated with their facilities and operations. Some of these requirements involve obtaining advance governmental approvals which are prerequisites for constructing and operating a facility that will have such discharges. Additionally, the Clients may also invest in portfolio companies that could be subject to the effects of extreme weather. Extreme weather conditions could stress a portfolio company's transmission and distribution system or its generation facilities resulting in

increased maintenance and capital expenditures. Extreme weather events, including hurricanes or storms or other natural disasters, could be destructive and result in casualty losses that are not ultimately offset by insurance proceeds or in increased capital expenditures or costs, including supply chain costs. Moreover, an extreme weather event could cause disruption in service to customers due to downed wires and poles or damage to other operating equipment, which could result in the portfolio company foregoing sales of electricity and lost revenue. Similarly, an extreme weather event might affect the availability of generation and transmission capacity, limiting the portfolio company's ability to source or deliver electricity to where it is needed. These conditions, which cannot be reliably predicted, could have an adverse consequence by requiring the portfolio company to seek additional sources of electricity when wholesale markets are tight or to seek to sell excess electricity when those markets are weak.

Regulation of Greenhouse Gas Emissions

In recent years, a growing concern has emerged nationally and internationally about global climate change and how greenhouse gas emissions ("GHGs"), such as CO₂, contribute to global climate change. For instance, recent state and regional carbon control initiatives and the potential for future federal carbon control legislation could substantially impact power generating facilities. Several bills addressing climate change have been introduced in Congress or discussed by the Obama administration that are intended to address climate change using different approaches, including a cap on carbon emissions with emitters allowed to trade unused emission allowances ("cap-and-trade"), a tax on carbon emissions ("carbon-tax"), incentives for the development of low-carbon technology, and federal renewable portfolio standards. In addition, in April 2007, the U.S. Supreme Court issued its decision in *Massachusetts v. US Environmental Protection Agency* holding that CO₂ and other GHG emissions are pollutants subject to regulation under the new motor vehicle provisions of the Clean Air Act. Some commentators believe that the possible outcome from the decision include regulation of GHG not only from motor vehicles but also from industrial sectors, including electricity generation, transmission, and distribution facilities. To the extent that the Clients invest in portfolio companies that produce GHG emissions, its financial condition and results of operations could be materially adversely affected by the enactment of any legislation or regulation that mandates a reduction in GHG emissions or that imposes financial penalties, costs or taxes upon those that produce GHG emissions. For example, to the extent a cap-and-trade program is adopted, the portfolio company may be required to incur material costs to reduce its GHG emissions or to procure emission allowances or credits to comply with such program, and may or may not be able to pass these costs through to its electric power purchaser, depending on the terms of the applicable PPA. To the extent a carbon-tax is adopted, the portfolio company could be subject to a material tax liability under such a program and could incur material costs to reduce its GHG emissions in order to reduce such tax liability.

Item 9. DISCIPLINARY INFORMATION

Neither the Firm nor any of its management persons has been subject to any legal or disciplinary events that, in the Firm's opinion, are material to a Client's or prospective Client's evaluation of the Firm's advisory business or the integrity of its management.

Item 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither the Firm nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

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

The Firm does not recommend or select other investment advisers for the Clients.

The Firm, its partners and the members of its investment committee do not have any relationships or arrangements that are material to the Firm's business or to the Clients with any related person in the following businesses: (i) broker-dealer, municipal securities dealer, or government securities dealer or broker, (ii) investment company or other pooled investment vehicle, (iii) other investment adviser or financial planner, (iv) futures commission merchant, commodity pool operator, or commodity trading advisor, (v) banking or thrift institution, (vi) accountant or accounting firm, (vii) lawyer or law firm, (viii) insurance company or agency, (ix) pension consultant, (x) real estate broker or dealer, or (xi) sponsor or syndicator of limited partnerships.

Notwithstanding the foregoing, there are occasions when EIF and its affiliates encounter potential conflicts of interest in connection with a Client. Each Fund's offering documents provide a description of potential conflicts of interest between the Firm and the Underlying Investors in such Fund. The Firm currently acts as discretionary investment manager to multiple Clients, and its affiliates act as a general partner (or similar managing fiduciary) of such Clients. In the ordinary course of conducting its activities, the interests of a Fund may conflict with the interests of the Firm, other Funds or their respective affiliates. Certain of these conflicts of interest, as well a description of how the Firm addresses such conflicts of interest, can be found below.

- Determining how to allocate investment opportunities among its Clients (this conflict is mitigated by the Firm's policy requiring it to allocate, in good faith, investment opportunities among Funds in a fair and equitable manner, considering, among other things, the diversification of each Fund's portfolio, the investment philosophy of each Fund, the aggregate unused capital commitments of each Fund and the investment stage of each Fund at the time of allocation; additionally, whenever the Firm determines that an investment that falls within the scope of the investment focus of a Fund is not an appropriate investment for such Fund at a particular time, and such investment is going to be made by another Fund, the Firm reports such determination and the reasons behind such determination to the members of the non-investing Fund's investor advisory board (comprised entirely of representatives of certain Underlying Investors) prior to the transaction occurring and such determination and the reasons behind such determination are added to the agenda for discussion at the next meeting of the investor advisory board);

- Permitting a Fund to make an investment in, or otherwise enter into a transaction with, a portfolio company in which another Fund holds an investment (this conflict is mitigated by the Firm's policy to seek approval from each Fund's investor advisory board prior to consummating such an investment/transaction);
- Determining how much time of EIF personnel should be allocated to the business affairs of each Client (this conflict is mitigated by the Firm's policy to devote substantially all of its business time and efforts to the management of such Fund (including any related feeder or blocker funds) during such Fund's commitment/investment period; additionally, at all times, the Firm devotes such time and effort to each Fund's business as it reasonably deems necessary to promote adequately the interests of such Fund and the mutual interests of the partners in such Fund);
- Permitting Funds to enter into side letter arrangements providing rights and benefits to certain Underlying Investors (this conflict is mitigated by the Firm's policy of disclosing to all Underlying Investors in a Fund the existence and nature of any side letter or arrangement entered into by such Fund; additionally, each Fund will generally extend the rights and benefits of any side letter to its other Underlying Investors, to the extent such rights and benefits may be fairly and reasonably applied (except for rights and benefits granted by reason of the fact that such investor is subject to certain laws, rules or regulations, or benefits granted by reason of the fact an Underlying Investor has made a capital commitment equal to or in excess of a stipulated amount, unless such other Underlying Investor has also made a capital commitment equal to or in excess of a stipulated amount); and
- Each Fund's general partner (or equivalent) is not independent of the Firm (this conflict is mitigated by the general partner's fiduciary duties and the specific restrictions set forth in the applicable operating agreement).

Additionally, the Firm may enter into transactions with, or use services provided by, certain Underlying Investors, but these types of arrangements are determined at an arms-length basis and are generally not material to the Firm's advisory business.

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

The Firm has adopted an Employee Code of Ethics and Professional Conduct ("Code") which includes policies regarding personal trading activities, handling confidential information, material non-public information, using electronic communications and social media, allocating expenses, accepting/offering gifts, making political contributions, engaging in other business activities and identifying/disclosing conflicts of interest. All of the Firm's partners and employees must confirm their compliance with the Code annually. A copy of the Code will be provided to any current or prospective Client or Underlying Investor upon request.

Although the Funds do not typically invest in public securities, the Code includes specific restrictions with respect to the personal trading activities of the Firm's partners and employees. The Code is designed to ensure, among other things, that the Firm's partners and employees conduct their investing activities in accordance with applicable law and in a manner where Clients' interests are placed first and foremost. The Firm's trading policies apply to all Firm partners and employees and any account in which a partner or employee has control or a beneficial interest as well as the accounts of family members of each partner's and employee's immediate household. Some aspects of the Code regarding personal trading activities include: (i) requirement that partners and employees seek pre-approval prior to investing in initial public offerings and limited offerings, (ii) requirement that partners and employees certify that they are not aware of any material non-public information ("MNPI") when investing in certain securities, (iii) prohibition on partners and employees investing in certain securities, (iv) annual requirement for partners and employees to report all accounts and securities holdings covered by the Code, and (v) quarterly requirement for partners and employees to report all securities transactions executed during such quarter.

Additionally, the Code includes specific prohibitions on insider trading and the misuse of MNPI.

Whenever a partner or employee becomes aware of a potential or actual conflict of interest that could reasonably impact the business of the Firm, the Funds or the Underlying Investors (whether such conflict involves the partner/employee or not), he/she is required to disclose such conflict to the Firm's Investment Committee (for conflicts that relate to investments contemplated or made by a Client) or to the Chief Compliance Officer (for all other conflicts). If the Firm's Investment Committee and/or the Chief Compliance Officer determine that a material conflict of interest actually exists, they or he, as applicable, are required to (i) disclose such conflict to any relevant stakeholders (including the Fund's investor advisory board, if appropriate), (ii) take appropriate steps to mitigate such conflict if possible, and (iii) maintain appropriate documentation about the discussion of such conflict and any resulting recommendations or resolutions.

Pursuant to the applicable operating agreements, generally only with the consent of a Fund's investor advisory board (comprised entirely of representatives of certain Underlying Investors), may a Fund (i) make an investment in a company in which the Firm (or one of its affiliates) holds any interest at such time; or (ii) engage in any transaction with the Firm (or one of its affiliates), unless the terms of such transaction are expressly permitted under such operating agreement. Additionally, the applicable operating agreements typically prohibit Firm affiliates, partners and employees from making investments in any company in which a Fund is invested. At present, neither the Firm nor any Firm partner or employee has ever held a direct investment in a company in which a Fund has also invested. However, on occasion, multiple Funds have held investments in the same company – each such joint investment has been disclosed to Underlying Investors in accordance with the applicable operating agreements.

Notwithstanding the foregoing, note that the Firm (either directly or through its affiliates) makes capital commitments to certain of the Funds as a "special limited partner". The capital commitments of the special limited partner are generally funded through management fee offsets, as discussed in **Item 5**.

Item 12. BROKERAGE PRACTICES

The Firm's investment strategy does not typically involve public securities. As such, the Firm does not generally select or recommend broker-dealers for Client transactions. However, to meet its fiduciary duties to the Clients, the Firm has adopted written policies to address selection of broker-dealers. The Fund's objective in selecting a broker-dealer and in effecting an asset sale is to seek to obtain the best combination of price and execution, or best execution. In selecting a broker for a transaction, the Fund will use its best judgment to choose the broker-dealers most capable of providing best execution on an overall basis. As a matter of policy, broker-dealers will not be selected solely on the basis of price. The best price is normally an important factor in this decision, but a number of other judgmental factors will be considered as they are deemed relevant.

The Firm does not have any formal soft dollar arrangements or other arrangements that would commit the Funds to any specific or implied level of trading with a broker-dealer or a third party in connection with Client securities transactions.

The Firm's investment strategy of acquiring Power Assets does not typically present opportunities to aggregate the purchase or sale of securities for various Client accounts.

Item 13. REVIEW OF ACCOUNTS

The Firm's Investment Committee is responsible on an ongoing basis for evaluating investments, reviewing portfolios of each Client account and making asset allocation decisions. The investments made by the Funds are generally long-term in nature. The Firm monitors the entities in which the Funds invest and generally maintains an ongoing evaluation of such companies and other entities. In some cases, Firm partners or employees serve on the board of directors (or equivalent) of a portfolio company. New pipeline investments are generally reviewed internally on a weekly basis with members of the Firm's investment team (including representatives from the accounting and legal departments). A comprehensive portfolio review is typically conducted internally once per month with members of the Firm's investment team (including representatives from the accounting and legal departments). Additionally, the Chief Compliance Officer or his designee typically participates in these reviews. The portfolio reviews are made in accordance with the Client's investment objectives and pursuant to the stated investment strategies of the respective Client. Portfolios are reviewed for operating and financial performance, risk, and other matters.

Investors in each Fund generally receive quarterly written reports which include, among other things, summary financial information, financial statements, a general discussion of the business and affairs of each portfolio company and of any material developments with respect thereto (all subject to legal or contractual restrictions); and the fair value of each of the Fund's investments. In addition, Underlying Investors may receive specific reports regarding their accounts upon request.

Furthermore, each Fund's general partner (or equivalent), on at least an annual basis, reviews with the Fund's investor advisory board the valuation of such Fund's investments.

Item 14. CLIENT REFERRALS AND OTHER COMPENSATION

The Firm does not receive any economic benefits from someone who is not a Client for providing investment advice or other advisory services to Clients.

At the present time, per the applicable operating agreements, the Firm is prohibited from accepting new investors in any of its Funds and from starting a new Fund. As such, no one is currently engaged by the Firm with respect to client referrals. However, the Firm has previously entered into contractual agreements with two organizations (hereafter referred to as "agents") that have solicited clients for certain of the Funds. While the specific terms of each arrangement differ, generally an agent's compensation has been based upon the capital commitments made by the referred clients to the Funds. Any sales charge associated therewith has ultimately been paid by the Firm or its affiliates, either directly or through an offset of the management fee payable by the relevant Fund. The identity of the agents has been typically disclosed to Underlying Investors via the offering materials and/or subscription agreements.

Item 15. CUSTODY

EIF uses unaffiliated, qualified third-party custodians to hold the assets of its Clients in a manner that it believes complies with current SEC standards and guidelines.

Silicon Valley Bank (275 Grove Street Suite 2-200, Newton, MA 02466) acts as qualified custodian for the funds of the following five Clients: USPF, USPF II, USPF II Institutional, Co-investor Ferndale, and Co-investor Calypso I.

Citibank (111 Huntington Avenue, 30th Floor, Boston, MA 02199) acts as qualified custodian for the funds of the following three Clients: USPF III, USPF IV and Co-Investor Calypso II.

Citibank (153 East 53rd Street, 21st Floor, New York, NY 10022) acts as qualified custodian for securities held by each of the Clients.

Each of the Clients are generally exempted from the reporting and surprise audit requirements contained in the SEC's custody rule as each one is a "pooled investment vehicle" that (i) distributes its audited financial statements prepared in accordance with generally accepted accounting principles to all of its Underlying Investors within 120 days (and typically within 90 days) after the end of its fiscal year; (ii) is subject to an annual audit by an independent public accountant that is registered with, and subject to regular inspection by the Public Company Accounting Oversight Board in accordance with its rules; and (iii) upon liquidation would distribute its audited financial statements prepared in accordance with generally accepted accounting principles to all of its Underlying Investors promptly after the completion of such audit.

Notwithstanding the prior sentence, to the extent any of the Clients do not satisfy the criteria for such exemption, the applicable qualified custodian would send quarterly account statements directly to its Underlying Investors. Underlying Investors are encouraged to carefully review such statements and compare them against any account statements provided by the Firm.

Item 16. INVESTMENT DISCRETION

The Firm provides investment advice to the Funds on a discretionary basis through signed management agreements. Additionally, an affiliate of EIF, typically the general partner (or equivalent) of the applicable Fund, accepts discretionary investment authority for each Fund. Generally this discretion is subject only to the investment guidelines set forth in the Fund's offering memorandum, operating agreement and in any side letters entered into with Underlying Investors. Such operating agreements generally provide that the applicable general partner (or equivalent) has the authority to make all decisions concerning the investigation, evaluation, selection, negotiation, structuring, commitment to, monitoring of and disposition of investments. Investment limitations contained in side letters are oftentimes not relevant to the applicable Fund's strategy, but are nonetheless required by the relevant Underlying Investor (e.g., although the partnership agreement for USPF IV prohibits investments outside of the United States and Canada, a state government investor required USPF IV to agree to a side letter provision explicitly prohibiting USPF IV from engaging in certain business operations in Sudan).

Item 17. VOTING CLIENT SECURITIES

Securities held by the Clients (e.g., promissory notes) do not typically allow for the exercise of voting authority. However, in the unlikely event that a Client was solicited to vote a security, the Firm would, in its sole discretion, vote in a manner which it reasonably believes furthers the economic interest of such Client with the objective of maximizing the ultimate economic value of the Client's investments. In the event of an actual or perceived conflict of interest between the Firm and one of its Clients with respect to a vote, such conflict will be referred to the Firm's Investment Committee and the Firm's Chief Compliance Officer for discussion prior to such vote being submitted.

A copy of the Firm's proxy voting policies and procedures, including information about any securities voted by the Clients, may be obtained by contacting the Firm's Chief Compliance Officer using the contact information listed on the cover page of this brochure.

Item 18. FINANCIAL INFORMATION

The Firm does not require or solicit prepayment of any fees from the Funds six months or more in advance.

As of the date of this brochure, the Firm is not aware of any financial condition that is reasonably likely to impair our ability to fulfill our contractual commitments to our Clients.

The Firm has not been the subject of any bankruptcy petitions, including within the past ten years.

Item 19. REQUIREMENTS FOR STATE-REGISTERED ADVISERS

The Firm is not registering, and is not required to be registered with, any state securities authorities.