

ITEM 1: COVER PAGE

HUDSON CLEAN ENERGY PARTNERS

400 Frank W. Burr Boulevard, Suite 37
Teaneck, New Jersey 07666
(201) 287- 4400

www.HudsonCEP.com

February 14, 2012

This brochure provides information about the qualifications and business practices of Hudson Clean Energy Partners (together with certain of its affiliated entities, "Hudson").

If you have any questions about the contents of this brochure, please contact Colleen Kelly at (201) 287-4473 or at Colleen.Kelly@HudsonCEP.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. Hudson is registered as an investment adviser with the SEC. Registration as an investment adviser does not constitute an endorsement by the SEC of an investment adviser's skill or expertise, nor does it imply any level of skill or training in providing advisory services to its clients.

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

ITEM 2: MATERIAL CHANGES

Hudson is completing Part 2A of Form ADV for the first time and, as such, this Item 2 is not applicable.

In future filings, this item will address only material changes that have been incorporated since Hudson's last delivery or posting of this document on the SEC's public disclosure website (IAPD) at www.adviserinfo.sec.gov.

ITEM 3:**TABLE OF CONTENTS**

| Item Number | Item | Page |
|--------------------|---------------------------------------------------------------------------------------|-------------|
| 1 | Cover Page | 1 |
| 2 | Material Changes | 3 |
| 3 | Table of Contents | 4 |
| 4 | Advisory Business | 6 |
| 5 | Fees and Compensation | 10 |
| 6 | Performance-Based Fees and Side-by-Side Management | 13 |
| 7 | Types of Clients | 15 |
| 8 | Methods of Analysis, Investment Strategies and Risk of Loss | 16 |
| 9 | Disciplinary Information | 33 |
| 10 | Other Financial Industry Activities and Affiliations | 34 |
| 11 | Code of Ethics, Participation or Interest in Client Transactions and Personal Trading | 37 |
| 12 | Brokerage Practices | 38 |
| 13 | Review of Accounts | 39 |
| 14 | Client Referrals and Other Compensation | 40 |
| 15 | Custody | 41 |

| | | |
|----|--------------------------------------------|----|
| 16 | Investment Discretion | 42 |
| 17 | Voting Client Securities | 43 |
| 18 | Financial Information | 45 |
| 19 | Requirements for State-Registered Advisers | 46 |

ITEM 4: ADVISORY BUSINESS

OVERVIEW

Organized in 2006 by Neil Z. Auerbach, Hudson Clean Energy Partners, (together with certain of its affiliated entities identified in Item 10 “Hudson”), is a global alternative asset manager that is registered with the SEC as an investment adviser. It focuses on the clean energy sector, managing, on a discretionary basis, approximately \$1.025 billion of client assets as of December 31, 2011. Messrs. Neil Z. Auerbach and John A. Cavalier indirectly control Hudson through their ownership of its general partner.

Hudson specializes in providing advice with respect to investments in the clean energy sector, including investments in renewable power, alternative fuels and low-carbon sections. “Clean Energy” means energy from renewable resources and alternatives to fossil fuels, energy from fossil fuels using technologies or processes that improve their environmental impact, energy storage, grid management, energy delivery and energy efficiency, power derived principally from bio-fuels (such as ethanol), biomass, wind, solar, hydro and geothermal sources and the various technologies that support the production and storage of these sources.

This brochure primarily describes Hudson’s investment advisory services to separately managed accounts investing primarily in operating Clean Energy power projects. The services provided under this program (the “Separate Account Program” or “Program”) are tailored to the investment preferences of each client (each, a “Program”).

Participant”). Hudson also provides management services to private equity funds. These services are described in a separate brochure available upon request by contacting Colleen Kelly, at (201) 287-4473 or at Colleen.Kelly@HudsonCEP.com.

Hudson provides investment advisory services to Program Participants with respect to the acquisition and operation of companies (“Portfolio Companies”) in infrastructure and related industries in the Clean Energy sectors through: (i) direct investments in operating companies; (ii) investments in holding companies owning operating companies; or (iii) direct investment in infrastructure assets (any of the foregoing, a “Clean Energy Asset”). Such services under the Separate Account Program are customized to the particular investment criteria of each Program Participant, with an overall focus on Clean Energy Assets that are expected to generate stable and predictable cash flows. They include provision of investment, managerial and administrative services such as identifying, analyzing, structuring and negotiating potential investments, monitoring the performance of Clean Energy Assets and provision of advice with respect to disposition opportunities. Portfolio investments may include preferred stock, warrants, convertible debt, partnership or similar interests in operating companies or holding companies. Clean Energy Assets acquired may include, but not be limited to, alternative energy power generation facilities principally using wind, solar, geothermal, hydroelectric or biomass resources.

Three regionally-focused investment managers (each, a “Program Manager”), each of which is wholly-owned by Hudson, advise Program Participants. One focuses on investment opportunities in Europe, another in North America and the third in the rest of the world. Each Program Manager seeks investment opportunities consistent with specific regional investment criteria of Program Participants. The

Program Managers will establish an individual limited partnership or other similar investment vehicle (either, a “Program Partnership”) for each Program Participant to facilitate such Program Participant’s investments under the Program. The Program Manager will serve as the general partner of each Program Partnership investing in its respective region. Two or more affiliated Program Participants may be in a single Program Partnership, and more than one Program Partnership may purchase an interest in the same Clean Energy Asset.

Each Program Participant may specify its own investment criteria, which may include preferences based on: (i) geographic location of the Clean Energy Assets; (ii) asset class (e.g., solar power, wind power, etc.); (iii) the stage of development for Clean Energy Assets; (iv) desired level of ownership; and (v) such other investment criteria as may be agreed upon by the Program Managers and a particular Program Participant, all as set forth in an Investment Framework Agreement (“Management Agreement”) between a Program Participant and one or more Program Managers. The Program Partnerships may use leverage in connection with their investments.

Generally, investment management services provided by each Program Manager consist of identifying investment opportunities and making investments, as well as managing and disposing of such investments. Typically, Program Partnerships will invest through negotiated transactions to acquire operating entities. Program Partnerships may invest in a particular Clean Energy Asset along with other investors who are not advisory clients of Hudson or any affiliates. Hudson or its affiliates provide investment management services to private equity funds and may provide such services to additional funds, co-investment vehicles and additional separate accounts without prior consultation with Program Participants.

Each Program Manager may use the services of appropriate personnel of one or more affiliates for the provision of administrative, management, financial and other services; Program Partnerships will pay an arms-length fee for such services. Arrangements among affiliates take a variety of forms including, but not limited to, servicing arrangements.

ITEM 5: FEES AND COMPENSATION

ADVISORY FEES

Program Managers offer investment management services for a management fee ("Management Fee"), generally as described below. In addition, they receive fees based on performance as described below and in Item 6. Management Fee considerations for a particular Program Participant include, but are not limited to, size of investment commitment and scope of investment criteria required for that Program Participant, in accordance with the relevant Management Agreement for that Program Participant.

In addition to the fees described in this Item, Program Participants may bear, directly or indirectly, certain out-of-pocket expenses incurred by the Program Managers or their affiliates in connection with the services provided to such Program Participants. Such costs will vary and typically include, though are not limited to, organizational expenses, accounting, audit and tax preparation expenses, legal, fund administration and custodial fees and other related expenses. If placement agent fees are charged to the Partnership, they will reduce the Management Fee. Such Management Fee may also be reduced by certain other ancillary fees paid to the Program Managers or their affiliates in connection with investments, as more fully explained below.

Each Program Participant's Management Agreement specifies its Management Fee, which initially is calculated as a percentage of the capital commitment made by such Participant, with certain subsequent adjustments, as specified in the respective Management Agreement. Management Fees are payable quarterly in advance. Generally, should a Program Manager's management services to a Program Participant be terminated prior to the end of the period in which the Management Fee has been paid, an appropriate refund will be made of any Management Fee for any stub period in which services are not provided based on the number of days therein.

Generally, an amount equal to 90% of all advisory, underwriting, consulting, monitoring, organization, success fees, directors' fees and other fees discussed below paid to a Program Manager or an affiliate (with certain exceptions) in connection with a possible or actual acquisition, retention or disposition of a Clean Energy Asset (net of related expenses, reimbursements for expenses incurred by said Program Manager in connection with an actual or potential acquisition of a Clean Energy Asset, amounts received as compensation for services as an officer or employee of a Portfolio Company and reimbursements for compensation of any officer or employee) will be applied to reduce and offset the Management Fee. Such fees, for this purpose, will not include financing, advisory or any similar fees, if any, paid to certain advisors to the Program Managers. However, affiliates of the Program Managers that are advisory, service, consulting or similar persons that provide advisory, consulting, management, monitoring and similar services in connection with a possible or actual Clean Energy Asset will not be deemed to be affiliates of such Program Manager for purposes of the Management Fee offset, so long as such advisory persons: (1) apply the fees, expenses, reimbursement and payments to pay for the compensation, remuneration and benefits of the persons providing such services and other corporate or general purposes of such persons;

and (2) certain other conditions specified in the Program's offering documents are satisfied; they will be entitled to receive arms-length fees for such services, and payment of such fees will not offset the Management Fee.

It is anticipated that the Program Managers will retain, or cause the Clean Energy Assets to retain, third parties to oversee certain facets of the operations of the Clean Energy Assets including, without limitation, one or more operations and maintenance providers and one or more asset managers. Such asset managers will oversee local project administration and reporting and compliance obligations, among other responsibilities. An affiliate of the Program Managers may be retained as such a manager without requiring any offset to the Management Fee. If so retained, the affiliate will receive fees on terms no less favorable to the Program Participants than would be obtained in a transaction with an unaffiliated third party on an arms-length basis.

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

Distributions to Program Participants are subject to a form of carried interest for the benefit of each Program Manager providing advice to a particular Program Participant. If applicable, any performance-based fees charged will comply with the requirements of Section 205 of the Investment Advisers Act of 1940, as amended (the “Advisers Act”) and the applicable rules thereunder.

As noted in Item 5, each Program Manager may earn a performance-based fee in the form of a carried interest distribution (“Performance Fee”) with respect to its involvement with the Program. Generally, such performance-based compensation will be subject to a “distribution waterfall” calculation that includes a preference on cash distributions to be paid first to the Program Participants, with a “holdback” of Performance Fees to be applied in the event of and during periods of underperformance, if any, by the involved Program Manager. Performance-based fees are typically payable as income from the operating assets is distributed or as investments are realized. These fees are typically subject to a clawback (on an interim and final basis) or similar provision intended to ensure that any excess carried interest previously distributed to a particular Program Manager is recouped when calculating Performance Fees. The relevant Management Agreement for a particular Program Participant details the formula for calculating the timing and amount of, and allocation mechanics for, Performance Fees. In addition, as described above in Item 5, generally, each Program Manager is entitled to receive a

Management Fees for advisory services provided to Program Participants.

Program Participants should note that a Program Manager may have an added financial incentive to achieve gains, and its personnel may have an incentive to select investments that are riskier or more speculative than might otherwise be chosen, because of the Performance Fee arrangement. Each Program Manager manages each Program Participant's Clean Energy Assets in accordance with the investment criteria described in a particular Program Participant's Management Agreement and the Separate Account Program's offering materials.

The Program Managers may have a conflict of interest to the extent that they have an opportunity to earn a fee from a Program Participant's acquisition or disposition of investments.

ITEM 7: TYPES OF CLIENTS

The majority of Program Participants are expected to be sovereign wealth funds, insurance companies, public and private retirement and pension plans, public and private profit-sharing plans, commercial banks and business entities.

To help the U.S. federal government combat the funding of terrorism and money laundering activities, Hudson seeks to obtain, verify, and record information that identifies Program Participants. Hudson will ask for information that enables it to verify the identity of any prospective Program Participant in a manner that is consistent with applicable U.S. federal requirements and to share that information as required by applicable law.

Generally, each Program Participant participating in the Separate Account Program will be required to invest at least a minimum amount specified in the Program's offering documents. Exceptions are made at the discretion of the Program Managers.

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

Methods of Analysis

Each Program Manager uses various strategies and methods of analysis, as described more fully below, to identify, analyze and assess potential and existing investment opportunities under the Program. This Item 8 contains a discussion of the principal risks associated with such strategies. Prospective Program Participants should understand that it is not possible to identify all of the risks associated with investing and that past performance is not a guarantee of future results.

Each Program Manager seeks to manage the investments in each Program Partnership such that risks are appropriate to a particular strategy specified in the corresponding Program Participant's Management Agreement. Often, it is neither possible nor advisable to fully mitigate all risks. Any investment in Program Partnerships includes the risk of loss. Prospective Program Participants should understand that: (i) such investments are illiquid; (ii) they could lose some or all of their investment; and (iii) they should be prepared to bear the risk of such potential losses.

Investment Strategies and Risk of Loss

Each Program Manager evaluates investment opportunities and make decisions based on Hudson's extensive experience in the Clean Energy sector. It uses Hudson's extensive network of sources in this area to identify and evaluate potential Clean Energy Assets based on a number of factors including, but not limited to: (i) an assessment of the expected stability of the projected cash flows of the potential Clean Energy Asset based on industry and market dynamics and legal and regulatory factors; (ii) an assessment and projection of future items of operating and capital expenditures of the potential Clean Energy Asset; (iii) the potential Clean Energy Asset's financial statements, off-balance-sheet and contingent liabilities, debt capacity and financing needs; (iv) opportunities to improve the Asset's business operations; (v) other investment risks; and (vi) potential exit alternatives and potential return.

Except as expressly provided otherwise in the applicable Program Partnership's offering documents, any investment in one class or series of securities of a Clean Energy Asset pursuant to any investment opportunity shall be made by a particular Program Partnership directly or through single or multiple parallel investment vehicles and, subject to certain exceptions, Program Participants shall participate in such investment on the same terms. However, to the extent necessary or desirable to address accounting, tax or regulatory considerations, any such investment may be made in part as a Program Partnership investment and in part as a parallel investment or through one or more alternative investment vehicles. If such alternative investment vehicles are used to make an investment, a particular Program Participant's interest in such vehicle will generally be structured in such a manner

that reasonably would be expected to preserve in all material respects the overall economic relationships of the Program Participants.

An investment in securities, including the Clean Energy Assets, involves a significant degree of risk. There can be no assurance that there will not be a loss of capital. Therefore, a prospective Program Participant should only invest through the Separate Account Program if it can withstand a total loss of its investment. The following are some of the risks which should be considered prior to making an investment through the Separate Account Program:

Prior Investment Performance
Not Indicative of Future Results

The performance of prior investments by certain investment professionals working in the Separate Account Program is not indicative of the Program's future results. While such professionals intend to make investments that have estimated returns commensurate with the risks undertaken, the historical investment performance of any investment fund or other investment vehicle associated with such professionals was generated through an investment strategy and approach that may differ from that of the Separate Account Program. The Program is a newly-established program which has no prior operating history upon which a prospective Program Participant can base its prediction of future success or failure.

Loss of Capital

All investments in the Separate Account Program and Program Partnerships involve a risk of a complete loss of capital.

Long-Term Nature of Investment

Investment in the Separate Account Program and Program Partnerships requires a long-term commitment, with no certainty of return. There can be no assurance that a Program Participant will be able to realize returns on its investment in a timely manner or at all.

Management of Separate Account Program

Program Participants will have no right or power to participate in the management of the Program or the Program Partnerships or in the decisions made by the Program Managers on their behalf. Accordingly, no person should become a Program Participant unless such person is willing to entrust all aspects of Separate Account Program management to the Program Managers and their affiliates.

Reliance on Management

The return on each Program Participant's investment through the Separate Account Program will depend on the ability of its Program Manager to identify and consummate suitable investments, maintain or improve the operating performance of the Clean Energy Assets and hold or dispose of Clean Energy Assets at a profit. The loss of the services of any of the investment professionals at any Program Manager could have an adverse impact on a Program Partnership's ability to realize its investment objectives.

Failure to Fund Commitments;

Consequences of Default

If a particular Program Participant fails to honor its commitment to the Program, it may jeopardize the ability of other Program Participants investing in the same Clean Energy Asset to complete their investment

strategy or may substantially impair the ability of related Program Partnerships to continue operations.

Dependence on Management of Portfolio Companies

Although each Program Manager will be actively involved in, and monitor the performance of, each investment in its geographic area, each Program Manager will rely primarily upon Clean Energy Asset management teams, subcontractors and/or third-party asset managers to operate the Clean Energy Assets on a day-to-day basis.

Restrictions on Transfer;

Limited Liquidity

The interests in the Program and the Program Partnerships have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), any state securities laws or the laws of any foreign jurisdiction. There is no public or private market for such interests and none is expected to develop. In addition, a Program Participant may not sell, transfer or assign, in whole or in part, its interest in a Program Partnership except with the consent of the applicable Program Manager, which may be withheld by such Program Manager in its sole discretion, and in compliance with any governing offering documents and applicable securities law. There is no obligation on the part of any person to register any interest in the Separate Account Program or a Program Partnership under any applicable securities laws. Generally, Program Participants may not withdraw capital from a Program Partnership and, as such, may be able to realize returns on investments only to the extent of Program Partnership distributions and upon final termination of the Program and their Program Partnership.

Prospective Participants should be aware that they will be required to bear the financial risks of an investment in the Separate Account Program and Program Partnerships for an indefinite period of time as an investment therein is illiquid. While a Clean Energy Asset may be sold at any time, it is not generally expected that this will occur for a number of years after such investment is made. There may not be a public market for any Clean Energy Asset. The securities issued by Portfolio Companies typically cannot be sold except pursuant to a registration statement filed under the Securities Act or in a private placement or other transaction exempt from registration under the Securities Act and that complies with any applicable non-U.S. securities laws. In addition, in some cases, the Program Partnership may be prohibited by contract from selling securities for a period of time. Since there will generally be no readily available market for many investments held under the Separate Account Program, most of these investments will be difficult to value. A Program Partnership's investments are highly illiquid, and there can be no assurance that any Program Partnership will be able to realize on such investments in a timely manner.

No Right of Withdrawal

Generally, Program Participants will not be permitted to withdraw from the Program and the Program Partnerships. They will be able to realize returns on investments only to the extent of distributions from, and upon final termination of, the Program and the Program Partnerships.

Risks Related to Distinct Investment Criteria

Each Program Participant is entitled to establish tailored investment criteria with respect to the Clean Energy Assets in which such Program Participant will invest through the Program. Specific and/or restrictive investment criteria may limit the number of potential investments in

Clean Energy Assets that qualify as a suitable investment for a particular Program Participant. Accordingly, Program Participants that establish more specific investment criteria may have the opportunity to invest in a lower number of suitable investments through the Program as compared to Program Participants that establish less specific investment criteria.

Inability to Make Follow-On Investments

Following an initial acquisition of a Clean Energy Asset, the Program and the Program Partnerships may be called upon to provide additional funds for such investment or may have the opportunity to increase their investment in successful operations. There can be no assurance that the Program and the Program Partnerships will be able to make follow-on investments or that the Program and the Program Partnerships will have sufficient resources to make such investments. Any decision by the Program and the Program Partnerships not to make follow-on investments or their inability to make them may have a substantial negative impact on a Clean Energy Asset in need of such an investment or may result in missed opportunities for the Program and the Program Partnerships to increase their participation in successful operations.

Risks upon Dispositions of Investments

In connection with the disposition of a Clean Energy Asset, the Program and the Program Partnerships may be required to make representations about the business and financial affairs of such Clean Energy Asset typical of those made in connection with the sale of any business, or may be responsible for the contents of disclosure documents under applicable securities laws. The Program and the Program Partnerships may also be required to indemnify the purchasers of such investment or underwriters to the extent that any

such representations or disclosure documents turn out to be incorrect, inaccurate or misleading. These arrangements may result in contingent liabilities, which may ultimately have to be funded by the Program Participants. Each Management Agreement contains provisions to the effect that if there is any such claim in respect of a Clean Energy Asset or a Portfolio Company, it will be funded by the Program Participants to the extent that such contingent liabilities exceed the reserves and other assets of the Program and the Program Partnerships and to the extent that they have received distributions from the Program, subject to certain limitations.

Conflicts of Interest

The Program and the Program Partnerships are subject to a number of actual and potential conflicts of interest as described in the Program's offering documents and in Item 10 below. Certain inherent conflicts of interest may arise from the fact that certain members, partners, officers, employees and affiliates of the Program Managers have other ongoing business activities and may carry on other business activities (including other separate account programs) in which the Program and the Program Partnerships will have no interest, some of which may have similar investment objectives to those of the Program and the Program Partnerships.

Messrs. Auerbach and Cavalier will devote such amount of their business time as shall be reasonably necessary to conduct the business affairs of the Separate Account Program in an appropriate manner. Other investment professionals responsible for the day-to-day management of the Separate Account Program will devote substantially all of their business time to the Program. They will, however, work on other projects and for other advisory clients. As a result, conflicts may arise in the allocation of management resources.

The Program Managers do not anticipate that any investment opportunity that is appropriate for one or more Program Participants would also be appropriate for other any advisory client of Hudson, the Program Managers or their affiliates that is not participating in the Program (each such other client, “Other Client”). However, in the event that an investment opportunity may be appropriate for one or more Program Participants in addition to one or more Other Clients, Hudson and the Program Managers will consider several factors in determining the allocation of such investment among such clients, including the investment criteria, geographic scope, investment size and nature of the investment focus of each client, the relative amounts of capital available for investment by each client and such other factors as Hudson and the Program Managers deem relevant, subject to compliance with the investment guidelines applicable to the Program Participants and such Other Clients.

In addition, as noted in Item 4, pursuant to the Management Agreement with each Program Participant, each Program Participant will establish its own investment criteria with respect to its participation in the Program, which investment criteria may include preferences based on (i) geographic location of the Clean Energy Assets; (ii) asset class (e.g., solar power, wind power, etc.); (iii) the stage of development for Clean Energy Assets; (iv) desired level of ownership; and (v) such other investment criteria as may be agreed upon by the Program Managers and such Program Participant. In the event that a particular Clean Energy Asset satisfies the investment criteria of more than one Program Participant, the responsible Program Manager will allocate such investment among such Program Participants on a pro rata basis in proportion to each such Program Participant’s remaining unused commitment to the Program. However, in the event that a different allocation would be required in order to satisfy the investment criteria of the applicable Program Participants, the Program Managers may, in their discretion, adjust the allocation of

such investment in order to satisfy the investment criteria of the relevant Program Participants.

Additional Conflicts

The Program Managers are subject to a number of actual and potential conflicts of interest as described in the Program's offering documents and in Item 10.

Performance Fee

The existence of the Performance Fee may create an incentive for the Program Managers to make riskier or more speculative investments than would be the case in the absence of this arrangement.

Difficulty Locating Suitable Investments;

Competition for Investment Opportunities

The Program and Program Partnerships may be unable to source a sufficient number of attractive opportunities that satisfy their investment objectives and may be subject to intense competition for investment opportunities with many sources of capital.

Foreign Clean Energy Assets or Portfolio Companies

Certain Clean Energy Assets or Portfolio Companies in which the Program and Program Partnerships may invest may be domiciled and have significant operations outside of the United States. Such investments involve risks not typically associated with investments in the securities of U.S. companies including, but not limited to: (i) political and economic considerations (e.g., greater risk of expropriation and nationalization, confiscatory taxation and potential difficulty of repatriating funds); (ii) general social, political and

economic instabilities; (iii) the smaller size of the securities market in certain non-U.S. countries; and (iv) fluctuating foreign currency exchange rates. In addition, accounting and financial reporting standards that prevail in such countries are generally not equivalent to U.S. standards and frequently less information is available to investors. To the extent Clean Energy Assets or Portfolio Companies operate in emerging market countries, those investments involve certain risks not typically associated with investments in the securities of companies in more developed markets, including the direct and indirect consequences of potential political, economic, social and diplomatic changes in those countries.

Nature of Private Equity Investments

Private equity securities generally represent the most junior position within the issuer's capital structure and are therefore subject to the greatest risk of loss. The Program's and the Program Partnerships' investments in private equity may be associated with a leveraged transaction, increasing the financial risks of the issuer. Targeted returns will reflect the assumed level of risk, but there can be no assurance that the Program and the Program Partnerships will be adequately compensated for risks taken.

Risk of Early Stage Companies

The Program and the Program Partnerships may invest in private equity of companies at an early stage of development, which involves a high degree of business and financial risk. Early stage companies with little or no operating history may require substantial additional capital to support expansion or to achieve or maintain a competitive position, may produce substantial variations in operating results from period to period or may operate at a loss. Such companies may face intense competition, including competition from companies with greater

financial resources, more extensive development, better marketing and service capabilities and a larger number of qualified management and technical personnel. Such risks may adversely affect the performance of such investments and result in substantial losses.

Control Issues

Although the Program Manager may seek protective provisions, including, possibly, board representation, in connection with certain of its Clean Energy Assets, to the extent that the Program and the Program Partnerships take minority positions in Clean Energy Assets or Portfolio Companies in which they invest, the Program Managers may not be in a position to exercise control over the management of such Assets or Companies, and, accordingly, may have a limited ability to protect the Program's and the Program Partnerships' positions in such Assets or Companies.

Risks of Industry Focus

Program Partnerships will invest in Clean Energy Assets or Portfolio Companies in the Clean Energy and Clean Energy-related industries. Accordingly, the ultimate performance of each Program Partnership will be a function of the performance of these industries and of changes in, among other things, oil and gas prices and regulatory requirements. Oil and gas prices have been, and are likely to continue to be, volatile and subject to wide fluctuations in response to [any](#) of the following factors: (i) relatively minor changes in the supply of and demand for oil and gas; (ii) market uncertainty; (iii) political conditions in international oil producing regions; (iv) the extent of domestic production and importation of oil in certain relevant markets; (v) the level of consumer demand; (vi) weather conditions; (vii) the competitive position of oil or gas as a source of energy as compared with other energy sources; (viii) the refining capacity of oil purchasers; and (ix) the effect of federal

and state regulation on the production, transportation and sale of oil. The energy industry is subject to comprehensive federal, state and local laws and regulations. Present, as well as future, statutes and regulations could cause additional expenditures, restrictions and delays that could materially and adversely affect the Clean Energy Assets or the Portfolio Companies and the prospects of the Program Partnerships. In addition, estimates of hydrocarbon reserves by qualified engineers are often a key factor in valuing certain energy companies. These estimates are subject to wide variances based on changes in commodity prices and certain technical assumptions. Accordingly, it is possible for such reserve estimates to be significantly revised from time to time, creating significant changes in the value of the company owning such reserves.

Investment in Clean Energy

Program Partnerships will invest in Clean Energy Assets or Portfolio Companies that develop and operate Clean Energy power projects, which face a variety of risks. Technologies such as regenerative fuel cell, wind turbine and power electronics products and technologies are currently being developed or have only recently been made commercially available. Many of these new products and technologies are based on new and unproven design, and have not reached a level of maturity that allows for a predictable level of reliability. It is difficult to predict whether they will be commercially viable, at what rate the market will develop and whether there will be a sustainable market for them at all. Moreover, these companies may not be successful in developing product designs and manufacturing processes that permit, for example, the manufacture of hydrogen generators and fuel cell systems in commercial quantities at commercially acceptable costs while preserving quality. The prices of several types of competitive energy sources such as oil, gas or coal could be economically more attractive. As a result of any or all of the foregoing, these companies

may not be able to successfully develop and commercialize certain products and technologies in order to recover investment made in their development. Additionally, the patent situation in the field of wind turbine, distributed generation and fuel cell technology is complex and a large number of patents, including overlapping patents, relating to these technologies have been granted. Third parties could claim infringement with respect to patent and other proprietary rights, and these Clean Energy Assets or Portfolio Companies may incur significant costs defending these claims; there is also no assurance these Clean Energy Assets or Portfolio companies will prevail in such proceedings.

Affiliate Transactions

The Clean Energy Assets in which the Program and Program Partnerships invest may engage an affiliate of the Program Managers and Hudson to act as an asset manager for such Clean Energy Asset. Any such transaction presents a conflict of interest. The terms and conditions of any such transaction will comply with applicable provisions of all relevant laws.

Additional Conflicts

Program Participants may include both taxable and tax-exempt entities. In addition, Program Participants likely will include persons and entities organized in various jurisdictions. As a result, decisions made by the Program Managers may create conflicts of interest among such Program Participants because those decisions may be more beneficial for one type of Participant than for another.

Conflicts may also arise in the event that a Program Participant, or its affiliates, has an ongoing commercial or other relationship with the

Clean Energy Assets in which they have made an investment pursuant to the Program. The benefits of such ongoing commercial or other relationship with such Clean Energy Assets will be limited to the Program Participant with which such relationship exists, and other Program Participants that invest in such Clean Energy Assets will not be entitled to share in such benefits.

Tax Treatment

There may be changes in tax laws or interpretations of such tax laws adverse to a Program Partnership or Program Participants. There can be no assurance that the structure of a given Program Partnership or of any investment will be tax-efficient to any particular Program Participant. Also, there can be no assurance that a particular Program Partnership will have sufficient cash flow to permit it to make annual distributions in the amount necessary to permit Program Participants to pay all tax liabilities resulting from their ownership of their Partnership interests. Prospective Program Participants are urged to consult their own tax advisers with reference to their specific tax situations.

Concentration/Performance Risk

Because the Program and Program Partnerships may only make a limited number of investments, and because those investments generally will involve a high degree of risk, poor performance by a few of the Clean Energy Assets could severely affect the total returns to the Program Participants.

Regulatory and Legal Risks

Many Clean Energy Assets will be subject to substantial regulation by governmental agencies. In addition, their operations may often depend on governmental licenses, concessions, leases or contracts that are

generally very complex and may result in disputes over interpretation or enforceability. If Clean Energy Assets fail to comply with these regulations or contractual obligations, they could be subject to monetary penalties or they may lose their rights to operate the underlying infrastructure assets, or both. In addition, if a Clean Energy Asset operates under a concession or lease from the government, the concession or lease may restrict the ability to operate the asset in a way that maximizes cash flows and profitability. Government counterparties also may have the discretion to change or increase regulation of the operations of the Clean Energy Assets or to implement laws, regulations or policies affecting their operations. Governments have considerable discretion in implementing regulations and policies that could impact these Clean Energy Assets and may be influenced by political considerations and make decisions that adversely affect these Assets and their operations.

Potential Environmental Liability

Subject to a particular Program Participant's investment criteria, the Program and the Program Partnerships may make investments that are classified as investments in real estate. Under various federal, state, and local laws, ordinances and regulations, a current or previous owner, developer or operator of real estate may be liable for the costs of removal or remediation of certain hazardous or toxic substances at, on, under or in its property. The costs of removal or remediation of such substances could be substantial. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release or presence of such hazardous substances. The Program and the Program Partnerships will attempt to assess such risks as part of their due diligence activities, but cannot give any assurance that such conditions do not exist or may not arise in the future. The presence of such substances on real estate investments could adversely affect the ability of the Program and the Program

Partnerships to sell such investments or to borrow using such investments as collateral.

In addition to the risks discussed above, an investment in the Program and the Program Partnerships may be subject to the following additional risks: volatility in the market and general economic conditions, risks incidental to the ownership, construction and operation of infrastructure assets, including, but not limited to, risks associated with technical problems and financial failures of operating or construction sub-contractors. For a discussion of the Program's overall investment strategies and the principal investment risks of those strategies, please read carefully the Program's offering materials.

ITEM 9: DISCIPLINARY INFORMATION

There are no legal or disciplinary events required to be disclosed pursuant to this Item 9.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Hudson's registration applies to the following six affiliated entities, each of which is under common control and shares certain investment personnel. Three of these entities, Hudson Capital Infrastructure (Europe), LLC, Hudson Capital Infrastructure (U.S.), LLC, and Hudson Capital Infrastructure (Global), LLC, provide advisory services under the Separate Account Program. The remaining three firms, Hudson Capital Management (NY), L.P., Hudson Capital Management (NY) II, L.P. and Hudson Capital Management (NY) CUSD, L.P., provide advisory services to private equity funds.

Various potential and actual conflicts of interest may arise from the overall investment activities of the Program Managers and their affiliates, as described in more detail in the Program's offering documents and in Item 8.

Each Program Manager is a U.S. registered investment adviser under the indirect control of Messrs. Neil Z. Auerbach and John A. Cavalier, who also control other investment advisers.

Certain inherent conflicts of interest may arise from the fact that certain partners, officers and affiliates of the Program Managers carry on other business activities in which Program Participants may have no interest, some of which have similar investment objectives to those of

the Program Partnerships. As explained in more detail in the Program's offering documents, conflicts of interest exist in the structure and operation of the Program and Program Managers.

Hudson has arrangements and transacts, subject to applicable law, with related persons under the control of Messrs. Auerbach and Cavalier, including entities that create or manage private equity funds or other investment vehicles for which Hudson or an affiliate may provide advisory services and other entities which may offer services to Program Partnerships. Hudson and the Program Managers may face a number of potential conflicts as a result of these relationships. A Program Manager faces a conflict of interest if it engages an affiliated party to provide services to Clean Energy Assets or Program Partnerships. It will seek to address this conflict through procedures designed to help ensure that all arrangements with affiliates are made on terms comparable to those that could be obtained in an arms-length negotiated arrangement between two unaffiliated parties.

See Item 8 for a description of the policy of each Program Manager with respect to allocation of investment opportunities that fall within the investment guidelines of multiple Program Participants or within the investment guidelines of both Program Participants and Other Clients.

In addition, other potential conflicts of interest may arise due to the activities of the Program Managers and its personnel, including, but not limited to, potential conflicts arising when personnel of the Program Managers serve as managers of certain Clean Energy Assets or as directors of certain Portfolio Companies in which a Program Participant has an interest, but is not the sole shareholder. Having employees hold

such director positions often enhances the ability of a particular Program Manager to manage its investments for Program Participants. At the same time, directors are fiduciaries required to make decisions that consider the best interests of the Clean Energy Assets or the respective Portfolio Company and its shareholders, as the case may be, rather than solely the individual interests of the Program Participant.

As noted above in Item 6, the receipt of Performance Fees by the Program Managers creates a potential conflict of interest.

Item 8 contains a discussion of the allocation of investment opportunities by Program Managers.

The Program, the Program Partnerships, the Program Managers and their affiliates will be represented by legal counsel, which legal counsel is not representing the Program Participants. Prospective Program Participants should seek separate legal counsel if they so desire.

Each Program Manager has established policies and procedures to identify and address potential conflicts of interest. Any conflicts of interest that arise between a Program Participant and a particular Program Manager and its affiliates will be discussed and resolved on a case-by-case basis by senior officers of the Program Managers and their affiliates, or internally by the Program Managers, as applicable. Any such discussions will take into consideration the interests of the relevant parties and the circumstances giving rise to the conflict.

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

Personal Trading and Code of Conduct

Each Program Manager strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. In seeking to meet these standards, each has adopted a Code of Conduct which establishes ethical standards and sets forth procedures to address potential conflicts of interest. The Code of Conduct is designed to ensure that each Program Manager meets its fiduciary obligations to its Program Participants and to prevent and detect violation of securities laws. The Code of Conduct imposes requirements as to confidentiality and limitations on, and reporting of, gifts and entertainment, in addition to restrictions on, and reporting of, employee personal securities transactions.

Participation or Interest in Client Transactions

Item 10 provides information concerning the interests of each Program Manager and its affiliates in certain transactions which may involve a possible or actual conflict of interest.

ITEM 12: BROKERAGE PRACTICES

Typically, Clean Energy Asset transactions do not involve the use of a broker because they are made on a negotiated basis. In the event that a wholly-owned Clear Energy Asset or Portfolio Company has an initial public offering through an underwriter or syndication of underwriters, or a Program Manager uses a broker in any transaction, that Program Manager will select the broker involved in its absolute discretion, subject to its obligations as a registered investment adviser.

ITEM 13: REVIEW OF ACCOUNTS

Each Program Manager has policies in place for reviewing portfolio transactions for consistency with applicable investment guidelines for each Program Partnerships. The investments made by the Program Partnerships are generally long-term and illiquid in nature. Accordingly, the review process is not directed towards a short-term decision to purchase or sell Clean Energy Assets. However, each Program Manager carefully monitors Clean Energy Assets in which its Program Participants invest and generally maintains an ongoing evaluation of such Clean Energy Assets on a quarterly basis at a minimum. Each Program Manager's investment professionals provide reports in a manner, and on a frequency, as may have been negotiated with the respective Program Participants.

Typically, Program Participants receive quarterly financial statements and audited annual reports. The terms and conditions of each Program Partnership's organizational documents specify the type and frequency of reports to Program Participants, including relevant tax reporting information. Special reports may be developed to meet specific Program Participant requirements or respond to Program Participant inquiries.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

Hudson may enter into cash compensation arrangements with one or more unaffiliated placement agents.

Hudson may use as a placement agent an affiliate of an entity that owns both a minority interest in Hudson and a significant limited partnership interest in one or more investment partnerships managed by Hudson.

Any placement agent fees will ultimately be payable by Hudson either directly or through an offset of the Management Fee payable to Hudson by the respective Program Participant.

ITEM 15: CUSTODY

The Program Managers generally do not maintain direct custody of Program Participant assets. However, under Rule 206(4)-2 (the “Custody Rule”) under the Advisers Act, “custody” is broadly defined to also include holding indirectly Program Participant funds or securities, or having any authority to obtain possession of them, including the authority to withdraw funds or securities from a Program Participant’s accounts or ownership of or access to Program Participant funds or securities (such as through fee deductions). Under this Custody Rule, a particular Program Manager may be deemed to have custody because of its rights as a general partner of the Program Partnerships.

All Program Partnership assets are held in custody by an unaffiliated entity acting in the capacity as “qualified custodian” to the extent required by the Custody Rule.

Each Program Partnership is subject to an annual audit performed by a nationally recognized public accounting firm, and the audited financial statements are distributed to each Program Participant participating in such Program Partnership. The audited financial statements are prepared in accordance with U.S. generally accepted accounting principles and are generally distributed to the Program Participants entitled to receive them within 90 days of the end of the respective Program Partnership’s fiscal year.

ITEM 16: INVESTMENT DISCRETION

Generally, each Program Manager has discretion to determine, without the consent of any Program Participant, which securities will be bought or sold (and in what amount) by the Program Partnerships in which that Participant is invested, subject to compliance with the investment guidelines applicable to that Program Partnership under the Management Agreement.

ITEM 17: VOTING CLIENT SECURITIES

Investments in Program Partnerships and other types of investment vehicles do not typically convey traditional voting rights, and the occurrence of corporate governance or other consent or voting matters for this type of investment is substantially less than that encountered in connection with registered equity securities. On occasion, however, a Program Participant may receive notices or proposals from a Program Partnership or other investment vehicle seeking the consent of, or voting by, holders ("proxies").

As a registered investment adviser, each Program Manager is further required to describe its proxy voting policies and procedures and, upon the request of any Program Participant, to provide such person with (i) the actual proxy voting policies and procedures and (ii) information about votes cast on behalf of any Program Partnership managed by Hudson in which such Participant has made an investment. These proxy voting policies and procedures: (i) address each Program Manager's overall policy and are designed and implemented in a manner reasonably expected to ensure that Program Participant proxies are voted in the best interest of the Program Participants and in a manner that maximizes the value of Program Partnership investments; (ii) identify the persons responsible for monitoring corporate actions, determining whether and how to vote proxies and submit proxies; and (iii) describe each Program Manager's approach to addressing material conflicts of interest that may arise in connection with the consideration of a proxy. Investors in any Program Partnership can obtain a copy of each Program Manager's proxy voting policies and procedures or information on how a particular Program Manager voted

proxies for any Program Partnership in which a Program Participant has an investment by contacting Colleen Kelly, Hudson, 400 Frank W. Burr Boulevard., Suite 37, Teaneck, New Jersey 07666.

ITEM 18: FINANCIAL INFORMATION

Not applicable.

ITEM 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Not applicable.