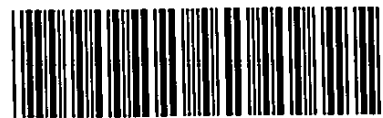


Limited Liability Partnership Registration No OC329378 (England and Wales)

ARCLIGHT CAPITAL UK LLP
MEMBERS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

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ARCLIGHT CAPITAL UK LLP

LIMITED LIABILITY PARTNERSHIP INFORMATION

Designated members	ACP UK I Limited ACP UK II Limited
Limited liability partnership number	OC329378 (England and Wales)
Registered office	20 - 22 Bedford Row London United Kingdom WC1R 4JS
Auditors	Fitzgerald and Law LLP Chartered Accountants and Statutory Auditors 8 Lincoln's Inn Fields London United Kingdom WC2A 3BP
Bankers	Citi Private Bank 41 Berkeley Square London W1J 5AN

ARCLIGHT CAPITAL UK LLP

MEMBERS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2010

The members present their report and financial statements for the year ended 31 December 2010

Principal activities

The principal activity of the LLP in the year under review continued to be that of providing investment management services under a sub-advisory agreement for an investment manager

Designated Members

The following designated members have held office since 1 January 2010

ACP UK I Limited

ACP UK II Limited

Results for the year and allocation to members

The profit for the year before members' remuneration and profit shares was £255,961 (2009 £289,275)

Members' interests

The Limited Liability Partnership Deed dated 5 July 2007 establishes the basis for the members' drawings, subscriptions and repayments of members' capital. Contributions of capital to the LLP by the members are determined by the agreement of members. Any member may at any time withdraw any amount then standing to the credit of the member's capital account with prior consent of all the other members.

Statement of members' responsibilities

The members are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the limited liability partnership and of the profit or loss of the limited liability partnership for that year. In preparing those financial statements, the members are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the limited liability partnership will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the limited liability partnership's transactions and disclose with reasonable accuracy at any time the financial position of the limited liability partnership and to enable them to ensure that the financial statements comply with the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008). They are also responsible for safeguarding the assets of the limited liability partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ARCLIGHT CAPITAL UK LLP

MEMBERS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2010

Statement as to disclosure of information to auditors

So far as the members are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the LLP's auditors are unaware, and each member has taken all the steps that he ought to have taken as a member in order to make himself aware of any relevant audit information and to establish that the LLP's auditors are aware of this information

Auditors

In accordance with the limited liability partnerships' articles, a resolution proposing that Fitzgerald and Law LLP be reappointed as auditors of the limited liability partnership will be put at a General Meeting

Going Concern

The members of the LLP intend to wind up the LLP after the balance sheet date and therefore the financial statements have been prepared on a break up basis

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 as modified by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 relating to small LLP's

On behalf of the members



ACP UK I Limited
Designated Member

28. April 2011

ARCLIGHT CAPITAL UK LLP

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ARCLIGHT CAPITAL UK LLP

We have audited the financial statements of Arclight Capital UK LLP for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective April 2008).

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008). Our audit work has been undertaken so that we might state to the limited liability partnership's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the members and auditors

The members' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that they give a true and fair view are set out in the Statement of Members' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, have been prepared in accordance with the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008), and give a true and fair view.

In addition we report to you if, in our opinion, the limited liability partnership has not kept adequate accounting records or if we have not received all the information and explanations we require for our audit.

We read the members' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the members in the preparation of the financial statements, and of whether the accounting policies are appropriate to the limited liability partnership's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

ARCLIGHT CAPITAL UK LLP

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF ARCLIGHT CAPITAL UK LLP

Opinion

In our opinion

- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities,
- the financial statements have been prepared in accordance with the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008), and
- the financial statements give a true and fair view of the state of the limited liability partnership's affairs as at 31 December 2010 and of its profit for the year then ended

Fitzgerald and Law LLP

Louise Morriss (Senior Statutory Auditor)
for and on behalf of Fitzgerald and Law LLP

Chartered Accountants and
Statutory Auditor

4th May 2011

8 Lincoln's Inn Fields
London
United Kingdom
WC2A 3BP

ARCLIGHT CAPITAL UK LLP

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2010

		2010	2009
	Notes	£	£
Turnover	2	1,612,710	2,191,600
Administrative expenses		(1,361,982)	(1,902,771)
Other operating income		-	75
Operating profit	3	250,728	288,904
Other interest receivable and similar income	4	57	371
Profit on ordinary activities before taxation		250,785	289,275
Tax on profit on ordinary activities		-	-
Profit for the financial year before members' remuneration and profit shares		250,785	289,275
Profit for the financial year before members' remuneration and profit shares		250,785	289,275
Members' remuneration charged as an expense	13	(104,118)	(89,590)
Retained profit for the financial year available for discretionary division among members		146,667	199,685

ARCLIGHT CAPITAL UK LLP

BALANCE SHEET

AS AT 31 DECEMBER 2010

	Notes	2010 £	£	2009 £	£
Fixed assets					
Tangible assets	5		-		12,883
Current assets					
Debtors	6	519,432		362,913	
Cash at bank and in hand		24,740		365,821	
		544,172		728,734	
Creditors amounts falling due within one year	7	(25,957)		(370,028)	
Net current assets			518,215		358,706
Total assets less current liabilities			518,215		371,589
REPRESENTED BY					
Loans and other debts due to members within one year					
Other amounts	10		516,215		369,589
			516,215		369,589
Members' other interests					
Members capital	10		2,000		2,000
			518,215		371,589
TOTAL MEMBERS' INTERESTS					
Loans and other debts due to members	10		516,215		369,589
Members' other interests	10		2,000		2,000
			518,215		371,589

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 as modified by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 relating to small LLP's and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

Approved by the Members for issue on 28 April 2011



ACP UK I Limited
Designated Member

Limited Liability Partnership Registration No OC329378

ARCLIGHT CAPITAL UK LLP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

1 Accounting policies

1.1 Basis of preparing the financial statements

The financial statements have been prepared on a break up basis as it is the members' intention to wind up the LLP after the balance sheet date. Accordingly, adjustments have been made to reduce the carrying value of the assets to their estimated realisable value and to provide for any further liabilities which will arise.

1.2 Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008) and the requirements of the Statement of Recommended Practice, Accounting by Limited Liability Partnerships.

1.3 Turnover and other income

Turnover represents the invoiced value for investment advisory services supplied. Interest income is recognised on an accrual basis.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings	Leasehold	Over the life of the lease
Fixtures, fittings & equipment		20% on costs

1.5 Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

1.6 Pension costs and other post retirement benefits

The LLP operates a defined contribution pension scheme. Contributions payable to the LLP's pension scheme are charged to the profit and loss account in the period to which they relate.

1.7 Foreign currency translation

Assets and liabilities are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

1.8 Members' capital

Members' capital is classified as equity as members may withdraw capital only with the prior consent of all the other members.

1.9 Taxation

No provision for taxation is made, as any liability arising is assessable directly on the members of the LLP.

ARCLIGHT CAPITAL UK LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2010

2 Turnover

The turnover and profit for the financial year before members' remuneration and profit shares are attributable to the one principal activity of the LLP

An analysis of the turnover by geographical market is given below

	2010	2009
USA	100%	100%
	<u>100%</u>	<u>100%</u>

3 Operating profit

	2010	2009
	£	£
Operating profit is stated after charging		
Pension costs	36,245	49,560
Depreciation of tangible assets	2,761	3,681
Foreign exchange differences	(11,174)	(22,567)
Auditors' remuneration	7,000	7,000
	<u>7,000</u>	<u>7,000</u>

4 Investment income

	2010	2009
	£	£
Bank interest	57	371
	<u>57</u>	<u>371</u>

ARCLIGHT CAPITAL UK LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2010

5 Tangible fixed assets

	Improvement to property £	Fixtures and fittings £	Total £
Cost			
At 1 January 2010	25,512	18,404	43,916
Disposals	(25,512)	(18,404)	(43,916)
At 31 December 2010	-	-	-
Depreciation			
At 1 January 2010	25,512	5,521	31,033
On disposals	(25,512)	(8,282)	(33,794)
Charge for the year	-	2,761	2,761
At 31 December 2010	-	-	-
Net book value			
At 31 December 2010	-	-	-
At 31 December 2009	-	12,883	12,883

6 Debtors

	2010 £	2009 £
Amounts owed by group undertakings	490,779	290,489
Other debtors	12,390	57,216
VAT	10,735	13,475
Prepayments	5,528	1,733
	519,432	362,913

ARCLIGHT CAPITAL UK LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2010

7	Creditors amounts falling due within one year	2010 £	2009 £
	Amounts owed to group undertakings	-	116,962
	Social security and other taxes	-	194,957
	Other creditors	-	5,126
	Accrued expenses	25,957	52,983
		<hr/>	<hr/>
		25,957	370,028
		<hr/>	<hr/>

8 Secured assets

The company entered into a collateral agreement dated 17 August 2007 for securing all monies due or becoming due from the Limited Liability Partnership to Citibank, N A London and Citigroup Inc

9 Pension commitments

Included within creditors at the balance sheet date, is an amount of £nil (2009 £5,126) due from the LLP in relation to a defined contribution pension scheme

ARCLIGHT CAPITAL UK LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2010

10 Members' interests

	Members' other interests		Total	Loans and other debts due to/(from) members	Total	2009
	Members' capital (classified as equity)	Other reserves				
	£	£	£	£	£	£
Amount due to members				369,589		
Members' interests at 1 January 2010	2,000	-	2,000	369,589	371,589	166,865
Members' Remuneration charged as an expense, including employment costs and retirement benefit costs	-	-	-	104,118	104,118	89,590
Profit for the financial year available for discretionary division among members	-	146,667	146,667	-	146,667	199,685
Members' interests after profit for the year	2,000	146,667	148,667	473,707	622,374	456,140
Other divisions of profits	-	(146,667)	(146,667)	146,667	-	-
Introduced by members	-	-	-	-	-	5,039
Drawings	-	-	-	(104,159)	(104,159)	(89,590)
Members' interests at 31 December 2010	2,000	-	2,000	516,215	518,215	371,589
Amounts due to members				516,215		

11 Loans and other debts due to members

	2010 £	2009 £
Amounts owed to members in respect of profits	516,215	369,589
Falling due within one year	516,215	369,589

In the event of a winding up the amounts included in "Loans and other debts due to members" will rank equally with unsecured creditors

ARCLIGHT CAPITAL UK LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2010

12 Financial commitments

At 31 December 2010 the limited liability partnership was committed to making the following payments under non-cancellable operating leases in the year 31 December 2011

	2010 £	2009 £
Operating leases which expire Within one year	44,955	234,055

13 Information in relation to members

	2010 £	2009 £
Remuneration to members charged as an expense	104,118	89,590
	104,118	89,590

The remuneration above is that paid to the members under an employment contract Remuneration representing a division of profit is included in the allocation of profit figures in note 10

	2010 Number	2009 Number
The average number of members during the year was	2	2

	2010 £	2009 £
The share of profit to the member with the largest entitlement was	127,981	144,638

14 Ultimate controlling party and ultimate parent company

The members consider ArcLight Capital Holdings, LLC, a company registered in USA to be the ultimate controlling party and ultimate parent company by virtue of its interest in ArcLight Capital Partners, LLC, the members' parent company

ARCLIGHT CAPITAL UK LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2010

15 Related party transactions

Included within debtors at the balance sheet date, is an amount of £490,779 (2009 £290,489) due from ArcLight Capital Partners, LLC

During the year commission income of £1,612,710 (2009 £2,191,600) was receivable from ArcLight Capital Partners, LLC

Included within creditors at the balance sheet date, is an amount of £nil (2009 £116,962) payable to ArcLight Capital Holdings, LLC in respect of an interest free loan and reimbursement of amounts paid on behalf of the LLP