



Dear Friend / Colleague,

Autumn greetings! We wanted to provide you with an update of our 2009 acquisition activities as well as reiterate some of our expanded investment criteria. Here are our details...

NEW PLATFORM



The Deal: In April, we successfully completed a preferred stock investment of approximately \$20 million in NewPath Networks, LLC ("NewPath" or the "Company"), a wireless infrastructure company. Founded in 2004 and based in Seattle, the Company is a provider of telecommunications services to the major carriers throughout the United States.

The Business: NewPath is a wireless infrastructure company that designs, develops and operates fiber-fed wireless carrier networks to improve signal strength and network capacity. The Company's solutions fill in and increase existing carrier footprints by adding network coverage in hard-to-reach areas to increase quality for the end-users, wireless customers. NewPath's networks are placed over new or existing infrastructure, such as telephone poles and street lights, to expand carrier networks with solutions that are aesthetically acceptable to local communities and municipalities. NewPath also focuses on bringing turnkey wireless communications solutions to areas where traditional network build-outs are difficult due to geography, zoning or cost constraints including large corporate, retail, or university campuses, sports arenas and stadiums, highways and residential neighborhoods. For more information on NewPath, please visit www.newpathnetworks.net

The Angle: Bill Marraccini, a Charterhouse Entrepreneur who initially and successfully partnered with Charterhouse to build AAT Communications, co-founded NewPath and now serves as Chairman. When seeking capital and a trusted partner to support the rapid growth of the business, Bill turned to Charterhouse. Thomas C. Dircks, Managing Partner at Charterhouse, stated, "This is a great example of our Charterhouse Entrepreneur Program at work, with talented executives that know the firm serving to source and oversee excellent portfolio company investments. Our relationship with Bill Marraccini goes back many years and has already produced outstanding results for our investors. We are very excited about this next chapter with Bill and NewPath's CEO, Mike Kavanagh."

PORTFOLIO ADD-ON/REFINANCINGS

TOWNE
AIR FREIGHT

Service you can count on!

The Deal: In August, Towne Air Freight ("Towne"), CEP IV's asset light provider of premium logistics services, completed the acquisition of Texas Land and Air ("TX L&A"), further strengthening Towne's position as one of the nation's leading, premium air cargo ground logistics solutions company. Towne provides a wide range of freight services through a national network of sixty-one terminals throughout the United States, including nine new service terminals in the Texas market as a result of the TX L&A acquisition. Based in Dallas, TX L&A is a leading regional provider of air and ocean cargo land transportation solutions to international airlines and freight forwarders in the U.S. and Canadian markets.

"This acquisition fits very well with Towne's build-up strategy and was sourced on a proprietary basis by Towne's senior management, representing Towne's third successful acquisition under Charterhouse's ownership," said William Landuyt, a Senior Partner at Charterhouse. "The Board of Towne, which includes Charterhouse Entrepreneurs Roger Gibson and Mike Wysocki, supports Towne's plan to further expand upon its geographic footprint and service offerings to better meet the needs of the Company's international customer base." In connection with the TX L&A acquisition, Towne's lenders agreed to a two-year extension of their facilities.

Refinancings: Over the course of the last four months, several of our portfolio companies, including Upstream Rehabilitation and MxEnergy also completed refinancings, both with existing and new lenders. Each of the businesses has performed well in the current environment, with year-to-date revenues and earnings through the end of Q3 2009 surpassing the comparable prior year period. This performance, coupled with our excellent relationships with the solid senior lenders, allowed each refinancing to be completed in a timely and efficient manner.

INVESTMENT CRITERIA AND OTHER ACTIVITIES

As noted in earlier emails, CEP IV has primarily focused on control investments in established business services, healthcare services and consumer products and services entities with enterprise values between \$50 million and \$300 million. The Charterhouse team has concentrated on and built a balanced portfolio of eleven buyouts, build-ups and growth capital financings. Two of these investments were sold in 2007, providing solid returns on our invested capital. To date, the average CEP IV investment has been in the \$40 million range.

In the current environment, Charterhouse has identified a number of opportunities to make minority preferred stock investments in Entrepreneur-owned, closely-held and sponsor-controlled deals as well as in public entities. NewPath Networks (covered above) served as an example of this type of opportunity. For the remainder of 2009 and in 2010, we would like you to also think of us when you come across similar types of non-control situations in which good companies are unable to tap the strained financial markets. Charterhouse would look to invest at least \$20 million in high-quality businesses that may fit this profile.

We are pleased to note that CEP IV's nine portfolio companies today are conservatively capitalized and are performing well. We are therefore able to focus significant time on new platform prospects as well as on portfolio company add-ons. In terms of current areas that we are excited about, we continue to dedicate a significant amount of time to subsectors that are thriving today including outsourced services, asset-light or emerging business service models (e.g., former portfolio companies Oakleaf Waste Management and Logisticare) and repeat purchase oriented consumer product and service entities. We are also working actively with our growing base of Entrepreneurs who serve as sources of investment deal leads and creative ideas. We welcome further discussions about our Entrepreneurs' backgrounds and areas of expertise.

Finally, Helis Zulijani, an investment professional with experience from another private equity firm, joined our team as an Associate in mid-2009. We welcome her to our bench!

We will continue to stay in touch with news updates and some new Charterhouse Entrepreneur Profiles over the coming months!

Best regards,

The Charterhouse Team

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Founded in 1973, Charterhouse Group is a privately owned investment firm that actively acquires and manages middle-market companies. Since our inception, we have invested more than \$2.0 billion in over 100 platform businesses. Combining innovative thinking and significant financial resources, we partner with experienced and proven operating managers (also known as Charterhouse Entrepreneurs) to make investments in established businesses with enterprise values between \$50 million and \$300 million. We seek to invest in buyouts, buildups and growth capital financings. We will participate in transactions through co-investments with our limited partner base and others. We will also consider investment opportunities where the enterprise value is initially less than \$50 million if a company is suited for rapid growth or a buildup strategy is achievable in the industry. Our specific sectors of interest include [Business Services](#), [Healthcare Services](#) and [Consumer Products and Services](#).