



Dear Friend / Colleague,

Greetings and our best wishes for a year filled with health, peace and innovation!

We wanted to provide you with an update on our 2008 acquisition activities as well as share some of our expanded 2009 investment criteria. Here are our details...

PLATFORM ACQUISITION



The Deal: In May, we successfully completed the acquisition of Chamberlin Edmonds & Associates ("CEA"). Founded in 1986 and based in Atlanta, CEA is a provider of eligibility determination services to hospitals throughout the United States.

The Business: CEA is a market leader in its specialized niche as it offers comprehensive solutions to hospitals for serving uninsured (or self-pay) patients. The Company seeks to guide this patient population through the complex application processes necessary to secure government reimbursement for traditionally uncompensated medical care expenses. CEA specializes in federal and state disability programs and primarily serves acute-care hospital customers.

CEA manages the eligibility determination process for over 150 hospitals which includes handling initial patient referrals through managing the post-application resolution/reimbursement process. The Company has the opportunity to expand through building its base of hospitals and hospital systems, by increasing its penetration of existing customers and by adding service offerings and entering new geographic areas.

The Angle: Charterhouse's Healthcare Services team had spent significant time studying the revenue cycle management sector. CEA was a compelling platform investment opportunity based on its strong model fundamentals and seasoned management team. Charterhouse and its co-investors are now actively engaged in building the business organically as well as through add-ons.

ADD-ONS



The Deals: In 2008, The Camelot Schools, Inc. ("Camelot"), the CEP IV portfolio company which provides services to youth and adolescents in both the behavioral health and alternative education markets, completed four add-on acquisitions. In April, Camelot acquired King's Achievement Center, a 45-bed residential treatment facility located in Goddard, KS; in July, the Company acquired Kids 1st, a provider of community-based behavioral health assessments and services located in Knoxville, TN; in September, Camelot acquired Southeast Oklahoma Counseling, a provider of outpatient mental health services based in Antlers, OK; and in December, the Company acquired Comprehensive Educational Resources, an alternative education business located in Trenton, NJ. Camelot has completed seven acquisitions since the original platform investment in 2006 and it continues to focus on organic growth strategies as well as on add-on prospects.

ADD-ONS (continued)



The Deal: In February, Towne Air Freight ("Towne"), CEP IV's full-service provider of premium air cargo (asset-light) ground logistics transportation services, completed the acquisition of Synergy Cargo Logistics, a Tucson, AZ-based provider of airport-to-airport transportation services for freight forwarders and airline customers. The business was founded by an experienced industry veteran who now has a senior management role within Towne. The acquisition gives the Company a leading presence in the Southwest as it adds four full-service terminals to the national network. Additionally, it expands Towne's customer base and service options and reinforces its position as the largest privately-held provider of airport-to-airport transportation solutions in the U.S.



The Deal: In January 2008, MX Energy Holdings ("MX") completed the acquisition of Georgia-based GasKey, the natural gas division formerly owned by PS Energy Group Inc., strengthening MX's commercial business. In October 2008, MX completed the acquisition of Catalyst Energy, a Georgia-based natural gas retailer focused on the residential market segment. The two add-ons are complementary to the Company's existing business in Georgia and strengthen its position as a leading retail energy marketer in one of the largest deregulated natural gas markets in the country. MX is one of the fastest growing retailers of natural gas and electricity in North America serving approximately 500,000 customers in 14 states and two Canadian provinces.

EXPANDED AREAS OF INVESTMENT INTEREST

To date, CEP IV has primarily focused on control investments in established healthcare services, business services and consumer entities with enterprise values between \$50 million and \$300 million. The Charterhouse team has concentrated on and built a solid portfolio of ten buyouts, build-ups and growth capital financings; two of these investments were sold in 2007. To date, the average CEP IV investment has been in the \$40 million range.

In the current environment, Charterhouse has started to source a significant number of opportunities to make minority preferred stock investments in Entrepreneur-owned, closely-held and sponsor-controlled deals (as well as in public entities). In 2009, we would like you to also think of us when you come across similar types of non-control situations where 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.

OTHER NEWS

Given the firm's 36-year history, we have experience operating in challenging economic periods. We are pleased to note that CEP IV's eight portfolio companies today are well-capitalized and are performing on plan. 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 are dedicating a significant amount of time to subsectors that are thriving today - e.g., outsourced healthcare services, asset-light or emerging business service models and repeat purchase oriented consumer product/service entities. We also continue to work actively with our Entrepreneurs who consistently are a major source of creative investment leads and deal ideas.

Finally, Rob Haisch and Todd Neustat, investment professionals with experience from other private equity firms, joined our team in 2008. We welcome both of them to Charterhouse!

We look forward to staying in touch with news updates over the coming months!

Stay tuned!

Best regards,

The Charterhouse Team

New Business Contact:

David G. Hoffman:

212 584-3234

dhoffman@charterhousegroup.com

Other Contact Points:

Web: Please see our [Contact page](#).

Mailing Address: Charterhouse Group, Inc.
535 Madison Ave - 28th Floor
New York, NY 10022-4299

Phone: 212-584-3200

Fax: 212-750-9704

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 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](#).