



Dear Friend/Colleague,

Early 2008 greetings! We are pleased to report that our new year is off to a strong start and we want to provide you with an update of our recent activities. Here are our headline accomplishments since our last newsletter:

- **We had our second realization in Charterhouse Equity Partners IV (CEP IV) in November when we sold LogistiCare to a strategic acquirer generating a solid return on this healthcare services investment made in 2004**
- **We completed the sale of three portfolio companies within CEP III - Oakleaf Waste Management, United Road Services and Albrige Solutions - all at the end of 2007**
- **We completed two add-on acquisitions for Camelot Schools, our CEP IV behavioral health and educational services platform**
- **We completed one new add-on for Towne Air, our full-service provider of air cargo logistics transportation services**
- **We have continued to build our Charterhouse Entrepreneur ranks as a result of our strong outreach and outstanding executive network**

Our latest and greatest follows:

REALIZATIONS



Deal/Business: In August, CEP III announced that it completed the sale of its interest in Oakleaf Global Holdings, Inc., the leading provider of outsourced waste logistics solutions, to private equity funds sponsored by New Mountain Capital LLC in a transaction valued at \$655 million. Charterhouse originally invested in the Company in 2003 in a transaction valued at approximately \$44.1 million. Our successful exit resulted in a return of approximately 7.2x our invested capital.

The Business: Oakleaf is a manager of national waste service contracts for a diverse group of corporations in the retail, restaurant, hospitality, manufacturing and property management industries. The Company utilizes a network of local and regional waste haulers to provide non-hazardous waste collection services for its customers. Oakleaf is differentiated from others in the waste industry by its asset-light, outsourced logistics business model, which reduces customer costs, improves vendors' route density and encourages environmentally "green" alternatives to traditional waste disposal. At the Company's core is one of the most advanced customer and vendor management information technology platforms in the business process outsourcing industry. During Charterhouse's tenure, the Company's entrepreneurial management and proprietary state-of-the-art systems were responsible for revolutionizing the waste services industry.

Entrepreneur Angle: Under Charterhouse's four year partnership with Oakleaf CEO and Founder Jim Barnes, the Company grew significantly to become North America's leading asset-light provider of outsourced waste logistics solutions. The Company completed six add-on acquisitions between 2004 and 2007, broadly expanding its service offering and diversifying its customer base. Charterhouse Entrepreneur Paul Verrochi oversaw the development of a first-class company through a methodical and intelligent build-up.



Deal: In December, CEP IV completed the sale of LogistiCare, Inc. to a strategic buyer (Providence Service Corporation) in a transaction valued at \$260 million. Charterhouse purchased the business in 2004 and our successful exit resulted in a return of approximately 2x our invested capital.

The Business: Based in Atlanta, GA, LogistiCare is the nation's leading provider of non-emergency transportation management solutions, primarily for Medicaid beneficiaries. The Company manages a national network of more than 1,200 transportation entities that provide more than 13 million trips to customers annually. LogistiCare's clients include state Medicaid agencies, school boards, transit authorities, hospital systems and many of the nation's largest managed care organizations.

Entrepreneur Angle: The sale of LogistiCare demonstrated the underlying value-creation fundamentals which result from the Charterhouse Entrepreneur model. Of key importance to this investment was our alliance with Entrepreneur Paul Verrochi and his active involvement with the Company's senior management team. Paul helped identify and evaluate the LogistiCare opportunity and he was Chairman of the business during our three and one-half year investment period. Paul continues as one of our in-house Operating Partners.



Deal/Business: In November, CEP III announced that it completed the sale of its interest in United Road Services, Inc. Based in Romulus, Michigan, the Company provides transportation and logistics services for more than two million vehicles annually through its national vehicle logistics network. The Company's fleet includes more than 1,100-owned carriers and owner operators, supported by 2,500 carrier partners operating from 34 terminals. Customers include most global vehicle manufacturers, finance institutions which remarket lease vehicles, auction houses, rail distribution centers, individuals and ports.

Entrepreneur Angle: Under Charterhouse's partnership with United Road CEO Mike Wysocki, we were able to provide the resources needed to capitalize on the numerous evolving opportunities in the vehicle transportation industry - one which was in dislocation. In 2006, the Company announced the sale of its towing division in a very successful auction. Mike and his team then reinvested capital into the logistics side of the business and were able to significantly build profitability during a period when many of the Company's competitors were financially and operationally constrained. Charterhouse continues its relationship with Mike as he recently joined the board of CEP IV portfolio company Towne Air Freight.



Deal/Business: In November, CEP III announced that it completed the sale of Albridge Solutions Inc. to PNC Financial Services Group. Our successful exit resulted in a return of approximately 10.6x our invested capital.

The Business: The Company, a provider of portfolio accounting and enterprise wealth management services, was one which required growth capital from Charterhouse. When presented with a compelling business plan by an entrepreneurial management team, our investment professionals saw a reason to back a talented group that identified a product/service void in a financial marketplace that they knew intimately.

ADD-ONS



Deal: At 2007's year-end, The Camelot Schools, Inc., a CEP IV portfolio company, completed the acquisitions of two companies. The first one, Liberty Juvenile Services, operates a Wichita, Kansas-based residential treatment facility serving youth with psychiatric and behavioral disorders. The second one, Tekoa, operates three group homes in Virginia serving at-risk youth. The Camelot team, under the leadership of Entrepreneur John Harcourt and Chairman Chris Garcia, has developed a strong plan to expand the residential services part of its business and Charterhouse is having active discussions with various add-on prospects as we aggressively move forward with this build-up.



Deal: In February, Towne Air Freight, our full-service provider of premium air cargo ground logistics transportation services, completed the acquisition of Synergy Cargo Logistics, a Tucson, Arizona-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 significant role within Towne. The Company's CEO, Mike Downey, is supported by a strong board including Charterhouse Entrepreneurs Roger Gibson and Mike Wysocki.

OTHER NEWS

We continue to nurture our team of Charterhouse Entrepreneurs and we have several exciting platform projects underway with our 'jockeys'. Introductions, through our network, to new CEO / Chairman candidates continues to be vibrant. We also have several add-on transactions underway.

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

Stay tuned!

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 \$75 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 will consider investment opportunities where the enterprise value is initially less than \$75 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](#).