



Dear Friend/Colleague,

Early summer greetings! We are pleased to report that 2007 is off to a strong start and we want to provide you with an update of our recent activities. Here are the headline accomplishments since our last newsletter:

- **We had our first realization in Charterhouse Equity Partners IV (CEP IV) in February when we sold Lason, Inc., generating approximately 5x our original investment within a thirty-month period**
- **We liquidated a portion of our CEP III investment in Cross Country Healthcare in a secondary sale**
- **We completed add-on acquisitions for two of our CEP IV platform companies - Towne Holdings, Inc. and The Camelot Schools**
- **We have continued to build our Charterhouse Entrepreneur ranks as a result of the resources of our strong network**

Our latest and greatest follows:

REALIZATIONS



The Deal: In February, CEP IV completed the sale of Lason, Inc. to a strategic buyer in a transaction valued in excess of \$120 million. Charterhouse had originally purchased the company in August of 2004. Our successful exit resulted in a 5x return on invested capital.

The Business: Based in Troy, MI, Lason is a provider of document-related outsourcing services within the rapidly growing business process outsourcing ("BPO") market. Under our ownership, Lason's mission had been to deliver industry-leading BPO solutions to a broad customer base by combining business process and vertical market expertise with integrated, highly secure technology. During our thirty-month hold period, Lason achieved significant sales and profit growth while it strengthened the quality of the core business. The Company became an innovator in creating customized solutions that reduced costs and increased efficiencies for customers within the financial services, healthcare services, government, e-publishing, automotive and other sectors.

Entrepreneur Angle: The sale of Lason demonstrated the underlying value-creation fundamentals which result from Charterhouse's Entrepreneur model. Of key importance to this successful investment was our working with Entrepreneur Chris Garcia and his active involvement with the company's senior management team. Chris helped lead the evaluation of the transaction and then, as Executive Chairman, oversaw the execution of the investment thesis - transforming Lason into a BPO platform for delivering customized process solutions to the global marketplace. By developing a pre-investment strategic plan, capitalizing the company to remove its previous financial constraints and making investments in human capital, process and technology, Charterhouse, with our Entrepreneur, was able to significantly expand the Company's offerings and triple EBITDA in a short period of time. We continue to work actively with Chris - who is also now involved with other CEP IV companies.



The Deal/Business: In November, Charterhouse (CEP III) sold a portion of its investment in Cross Country Healthcare, Inc. a leading provider of healthcare staffing services in the United States (and a publicly traded company - NASDAQ: CCRN). As a result of Cross Country's strong performance in the second half of 2006, shares of the company's stock increased to a four-year high, providing the opportunity to sell slightly less than four million shares with proceeds in excess of \$82 million - a return of in excess of 3.5 times Charterhouse's basis.

The Business: Cross Country is a leading provider of healthcare staffing services in the United States. The Company places traveling nurses and other healthcare professionals with more than 3,000 hospitals, pharmaceutical companies, nursing homes and other healthcare providers throughout all 50 states. Cross Country also provides other human capital management services, including search and recruitment, consulting, education and training and resource management. The expansion of the Company under Charterhouse's ownership has included the acquisition of numerous complementary businesses in the staffing and related services field. Cross Country remains well-positioned to continue to take advantage of current industry dynamics, including the growing shortage of nurses in the United States, the growing demand for healthcare services and the trend among healthcare providers toward outsourcing staffing services.

Entrepreneur Angle: After having nurtured a relationship with Joseph Boshart, CEO, for the better part of a year, Charterhouse initiated a buyout, backing Cross Country management in July of 1999. Just six months after the acquisition, the company merged with TravCorps, the leading competitor at the time, to create what became the largest single brand in the nurse staffing sector. The integration of this business and subsequent acquisitions resulted in numerous operating efficiencies including improved productivity of administrative personnel, elimination of redundant functions, greater purchasing power and the consolidation of, and improvement in, information systems. Charterhouse took Cross Country public in the fall of 2001.

ADD-ONS



The Deal: In February, Towne Holdings, Inc., a CEP IV portfolio company, completed the acquisition of Complete Transport, a leading regional provider of pick-up and delivery and airport-to-airport trucking services for the air cargo industry. The acquisition of Complete adds new full-service terminal locations to Towne's expansive network and it has strengthened the company's position as the largest privately-held provider of airport-to-airport transportation solutions in the U.S.



The Deal: In May, The Camelot Schools, a portfolio company in CEP IV, purchased RPI (also known as Capital Academy), a provider of comprehensive, clinically-focused residential treatment educational programs. The RPI programs are fully licensed under the auspices of the New Jersey Department of Health and Human Services (DHS). The Camelot team has developed a strong plan to expand the residential services currently offered at the Company's current Camden, NJ facility as well as to provide on-site educational services to its residents. Following the sale of Lason (see story above), Entrepreneur Chris Garcia became the Chairman of Camelot.

OTHER NEWS

Nishant Bubna, a former Analyst with UBS Investment Bank, joined us at the end of 2006, bringing three years of strong middle-market banking experience to the Charterhouse associate team!

We continue to work closely with our base of Charterhouse Entrepreneurs and we have several exciting platform projects underway. Introductions, through our network, to new CEO / Chairman prospects continue to be strong. We also have several solid add-on transactions underway. Finally, we continue to work on harvesting our CEP III and CEP IV portfolios and will soon have some realization news to share - all of which you will read about in next newsletter!

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](#).