

July 2008

Dear Friends:

We are pleased to update you on recent developments at Brookwood Associates and to share our perspectives on the current M&A market environment.

Market Environment. Despite persistently negative media reports, we continue to see well positioned companies in less cyclical industries generate very high levels of interest from both strategic and financial buyers. We are also seeing an increase in strategic interest from European and Asian companies. Middle market lenders continue to be willing to finance the purchase of strong companies. Leverage multiples and financing terms are off their highs but are still attractive in comparison to most historical periods.

Brookwood was founded just prior to the 1990-1991 recession, and our senior team has lived through numerous economic cycles. We believe that this experience makes us particularly well qualified to advise healthy and distressed clients during this complex and dynamic environment.

Brookwood Web Site and Branding. We have taken the opportunity of the firm's 20th anniversary to review our mission and the way we communicate with our constituencies. We have developed a new web site (www.brookwoodassociates.com) and marketing materials to better communicate our key differentiating characteristics:

- Close and ongoing attention from senior level bankers;
- Rigorous analysis and careful execution;
- Insightful judgment that comes from our deep collective experience; and
- Unwavering focus on achieving the most favorable outcome for our clients.

Recent Transactions. Our recently completed M&A transactions include:

- Sales of three industrial services businesses to a combination of financial and strategic buyers;
- Sales of three restaurant companies to a combination of financial and strategic buyers; and
- The completion of our fourth transaction for a European food service equipment client.

We have an attractive set of existing engagements and have several new engagements on the horizon. We are thankful for the opportunities that our clients and referral sources have introduced to us, and we look forward to more opportunities to work with you in the future.

Jeb Ball
Managing Director

C. Russell Bryan
Managing Director

David M. Felts
Managing Director

Amy V. Forrestal
Managing Director

Kevin Kaeppler
Director

Joseph F. Kenny
Managing Director

Thomas L. Temple
Managing Director

Matthew W. Whiting
Senior Vice President

Tina N. Williams
Director

Robert S. Winborne
Managing Director

2008 Brookwood Transactions Year-To-Date (through June 30th)



Advised Source Capital on the sale of Airworx, an equipment rental company, to Management and Hammond, Kennedy, Whitney & Company, Inc.



Advised Wakefield Group and Petra Capital Partners on the sale of Insource Contract Services, a provider of business services, to Colville Capital



Advised Caterpillar Inc. on the divestiture of International Fuel Systems, a remanufacturer of diesel fuel injection parts and services



Advised bd's Mongolian Grill on the sale of a majority interest in this Asian casual dining concept, to Kinderhook Industries



Advised Au Bon Pain on the sale of a majority interest in this fast casual restaurant concept to LNK Partners



Advised Georgas Partners on the sale of Florida Apple, LLC, an Applebee's franchisee, to In This Together, LLC



Advised Ali Group on its acquisition of Beverage-Air, a producer of reach-in refrigeration equipment, from United Technologies' Carrier Commercial Refrigeration