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Dear Friends:

We are pleased to report on a successful 2007 – and a very good start to 2008 – for Brookwood Associates. The transactions shown on the following page were completed since January 2007 and represent a wide mix of sectors, including business services, healthcare, industrial, restaurants, food processing and building products.

Market Environment. Despite the gloom and doom in the media, we continue to see companies with strong results and buyers who are eager to purchase and finance those businesses. We are seeing a mix of both strategic and private equity interest in our clients' businesses and an increase in interest from foreign buyers. As compared to lenders for very large transactions, lenders to middle market companies remain active. Strong businesses not subject to cyclicalities continue to command a significant amount of interest and attractive valuations. Leveraged companies in weaker economic sectors or market positions are increasing our restructuring advisory engagements as lenders tighten selectively.

Brookwood Team. Our senior team has grown to ten investment banking professionals with the recent addition of Joe Kenny, a former co-head of the exclusive sales team within Wachovia Securities' Mergers & Acquisitions Group. Joe has more than 20 years of experience with Lehman Brothers, Bowles Hollowell Connor & Co. and First Union / Wachovia. We also promoted Tina Williams to Director and Rob Tyndall to Vice President.

Our philosophy of a top-heavy organization, with highly experienced bankers focused on a limited number of assignments, continues to work well for our clients – and we believe that it will be a more important differentiator in this uncertain economic climate.

We are thankful for the opportunities that our clients and referral sources have introduced to us, and we look forward to more chances to work with you in the future.

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Selected Transactions – January, 2007 to Present



Divestiture of an outsourced diesel engine remanufacturer, to Caterpillar, Inc. on behalf of Remy, Inc. and Court Square Capital Partners



Sale of a majority stake in Au Bon Pain to LNK Partners



Sale of this diabetes management company to Neighborhood Diabetes, a Salix Ventures company



Sale of Paradise Bakery & Cafe to Panera Bread Company



Sale of Filet of Chicken, a further processor of chicken products, to CreCapital Partners



Recapitalization of this specialty equipment rental company for Source Capital



Sale of this business process outsourcing provider to Colville Capital on behalf of Wakefield Management Group



Sale of this restaurant concept to Brentwood Associates



Sale of Applejama franchisee, to a group of private investors



Divestiture of this fuel systems remanufacturing and services provider on behalf of Caterpillar, Inc.



Sales of Wendy and Applebee franchisees and real estate in separate transactions for Georgas Partners



Divestiture of building products manufacturer Alabama Division to Builders FirstSource



Sale of this restaurant concept on behalf of Mellon Ventures



Divestiture of Marubeni yarn company to Backstreet Capital Management

Sale of YUM! franchisee to a strategic buyer

Sale of this restaurant concept to CarpReilly