



## Sterling Investment Partners Acquire a Majority Equity Stake in Fairway Market

January 25, 2007 – Westport, CT -- Sterling Investment Partners ("Sterling"), a leading middle-market private equity firm, announced today that it has completed the acquisition of a majority stake in Fairway Market ("Fairway"), a New York area food super store renowned for offering the highest quality and largest selection of meat, cheese, fish, produce, and specialty items alongside a full complement of traditional grocery items. The existing owners and original founders of Fairway, as well as the management team, have retained a significant equity stake in the business and will continue to lead the business going forward. CapitalSource Finance LLC acted as Agent of the credit facility in support of the acquisition. Also participating in the debt financing were Golub Capital, BlackRock Kelso Capital, Dymas Capital Management, JPMorgan Chase and Citibank. The debt financing was structured to help support the growth plans envisioned by Sterling and the management team.

Fairway Market is a unique specialty grocery concept that currently operates four leading full service retail food stores in the New York metropolitan area. Fairway offers its customers an extensive array of the freshest produce—both conventional and organic—prepared foods, and quality specialty grocery items. The stores also carry exotic food items, private label products and conventional grocery items, all at reasonable prices and with high quality service. Conducting nearly 10 million transactions annually, Fairway is one of the nation's highest grossing food stores per square foot, far outpacing national and regional competitors.

Sterling intends to work closely with management and provide ongoing capital and strategic resources to help Fairway continue to enhance its presence through select new store openings. Earlier this year, Fairway opened a 52,000-square foot store in the Red Hook section of Brooklyn, the first food super store of its kind in that borough. There are also Fairway Market at 74th and Broadway and 125th St. and 12th Ave. in Manhattan and in Plainview, Long Island. Fairway is currently in negotiations for two new locations and is actively exploring other new store opportunities.

"Everything about this partnership is exciting, not just for me and my family, but also for our management team, our great employees and the millions of incredibly loyal customers who shop at Fairway annually," said Howard Glickberg, Fairway's third generation owner. His grandfather, Nathan Glickberg, opened the original Fairway Market, a fruit and vegetable store, in 1940, where Fairway's flagship Broadway and 74th Street store now stands. "We have been very impressed with Sterling's dedication to this transaction and their shared support of our vision for the future, and we look forward to working in partnership with the Sterling team to continue to build the business. It will be the same Fairway brand, the same Fairway traditions, and the same Fairway experience for consumers. The only difference is that more people throughout the New York metropolitan region will have the opportunity of shopping at a Fairway location in the future."

"As its slogan says, Fairway is 'like no other market' – not just in New York, but in the country," said Charles Santoro, a managing partner of Sterling Investment Partners. "Indeed, for more than a half-century, Fairway has been a pioneer in the grocery industry. It is a highly scalable concept with a terrific management team. It is very exciting to be an integral part of bringing this highly successful business model to a greater segment of consumers throughout the region."

William Selden, a managing partner at Sterling added, "We are very pleased to be associated with what has clearly become a franchise brand in food retailing in the greater New York metropolitan area. The management team has created a unique platform and infrastructure which will allow the company to grow while retaining what makes it such a popular destination food market."

### About Sterling Investment Partners

Sterling Investment Partners invests in companies with significant competitive strengths and growth potential. Founded in 1991, Sterling has completed investments, strategic or add-on acquisitions, and liquidity events with an aggregate transaction value in excess of \$6.0 billion, representing over 75 transactions. Sterling maintains a broad industry focus, including professional and business services, manufacturing, transportation and logistics, retail and technology-related businesses.



# NEWS RELEASE



## About CapitalSource Finance LLC

CapitalSource is a specialized commercial finance company operating as a REIT and offering first mortgage, asset-based, cash flow and mezzanine financing to small and mid-sized borrowers through three focused lending businesses: Structured Finance, Healthcare and Specialty Finance and Corporate Finance. By offering a broad array of financial products, CapitalSource had outstanding \$11.0 billion in loan commitments as of September 30, 2006. Headquartered in Chevy Chase, Maryland, CapitalSource has a national network of offices across the country.

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