

January 2010

Dear Friends:

While most everyone in the universe is thrilled to be saying “Good Riddance” to 2009, Northwood Ventures ended the year on a high note following our December acquisition of the Central Florida operations from Pizza Hut. We spent nearly a year arranging the purchase and are invigorated to have closed a leveraged transaction in this challenging environment.

2009 was obviously a very choppy year for all, including Northwood. Results within our portfolio were mixed – ranging from a couple of All-Star performances to a couple of dire situations, but with the majority of our companies reporting solid results. Across the board, each of our management teams instituted aggressive cost controls and dealt proactively with the new economic realities. Although realizations were modest in 2009, we added three new portfolio companies and completed several follow-on investments.

Listed below are some of our highlights for the last twelve months:

New Portfolio Additions:



CFL Pizza – Orlando, FL, acquired 91 Pizza Hut restaurants in Central Florida from Yum! Brands in December. Our operating partner, Andy Rosen, is a 20-year veteran of Yum! Brands, mostly in the Pizza Hut system. We see lots of opportunities for CFL to grow its revenues and profitability and look forward to working with Andy and his management team to operate one of Pizza Hut’s largest franchisees.



indoorDIRECT – Dallas, TX, is a powerful digital out-of-home media company providing entertainment content to high volume quick-service and fast casual restaurant chains across the nation. With LCD screens in over 1,000 locations, the company’s proprietary BITE Network reaches the millions of Americans who visit these restaurants every day.

www.indoordirect.com, www.thebitenetwork.com



JVC Media – Ronkonkoma, NY, is Long Island’s only independently owned and locally operated radio broadcaster. JVC broadcasts *Party FM*, the tri-state area’s exclusive rhythmic dance station and *La Fiesta*, a Spanish tropical station. Shortly following our acquisition of JVC, the company entered into an agreement to broadcast *Party FM* on a New York City signal reaching over 10 million people. www.jvcbroadcasting.com

Significant Portfolio Company News:



Aircell – Itasca, IL, made significant progress in the roll-out of its Gogo Inflight Internet product. Most major U.S. airlines now offer Gogo and the service is available on approximately 700 aircraft. Demand is building! www.aircell.com, www.gogoinflight.com



Jack Rogers – New York, NY, an iconic American designer of women’s sandals expanded its product line to include footwear, accessories and ready to wear apparel. In addition, Jack Rogers launched a new ecommerce website. www.jackrogersusa.com



Swoozie's – Atlanta, GA, a specialty gift and stationery retailer increased its store base approximately 40% through the acquisition of stores operated by a former competitor, Blue Tulip. This transaction enabled Swoozie’s to create a substantial presence in the Northeastern U.S. The company also initiated a bank facility and completed a follow-on equity financing. Swoozie’s now operates 43 company owned locations. www.swoozies.com

We remain as enthusiastic as ever about Northwood’s business model and believe the current environment will provide us with many attractive investment opportunities. We continue to invest in **venture capital** situations and **buyouts** in the **communications, retail/consumer, manufacturing** and **financial services** sectors. We have deployable equity, excellent relations with other capital sources and are actively seeking new investments.

We look forward to working with you in 2010 and send our best wishes for the New Year.

Regards,

A handwritten signature in blue ink that reads 'Peter'.

Peter G. Schiff
President

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A handwritten signature in blue ink that reads 'Hal'.

Henry T. Wilson
Managing Director

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A handwritten signature in blue ink that reads 'Paul'.

Paul R. Homer
Principal

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CURRENT PORTFOLIO

AIRCELL	GOGO INFLIGHT INTERNET AND VOICE COMMUNICATIONS
ATLANTIC BROADCASTING	OPERATES RADIO STATIONS IN ATLANTIC CITY, NJ
ATLANTIS BIDDING	U.S. WIRELESS COMMUNICATIONS (39 GHZ)
CFL PIZZA	PIZZA HUT FRANCHISEE IN CENTRAL FLORIDA
COMMUNITY BROADCASTERS	OPERATES RADIO STATIONS IN WATERTOWN, NY
THE HEALTHY BACK STORE	SPECIALTY RETAILER OF BACK-RELATED PRODUCTS
HYGRADE METAL MOULDING	MANUFACTURER OF WINDOW COMPONENTS
IBEX OUTDOOR CLOTHING	DESIGNS AND SELLS WOOL-BASED OUTDOOR CLOTHING
INDOORDIRECT	NATIONWIDE RESTAURANT-BASED TELEVISION NETWORK
INTERBORO INSURANCE	LONG ISLAND'S OLDEST P&C INSURER
JACK ROGERS	ICONIC WOMEN'S FOOTWEAR AND CLOTHING
JVC MEDIA	OPERATES RADIO STATIONS ON LONG ISLAND AND METRO NY
ORBCOMM	SATELLITE COMMUNICATIONS SERVICES
PACIFIC DATAVISION	INSTANT VOICE INTERNET MESSAGING
REDBUILT	ENGINEERED WOOD-BASED STRUCTURAL SOLUTIONS
SWOOZIE'S	SPECIALTY RETAILER OF GIFTS AND STATIONERY
TRISTATE CAPITAL BANK	MIDDLE MARKET BUSINESS BANK

About Northwood

Northwood Ventures partners exclusively with successful management teams to make equity investments in privately held companies. We invest in venture capital and management buyout opportunities in a broad range of industries, with a particular interest in the communications, retail/consumer, manufacturing, and financial services sectors. Northwood's flexible and opportunistic investment philosophy allows us to creatively evaluate and structure investments to meet the needs of each situation. Since our establishment in 1983, we have invested in approximately 160 companies.

