



January 18, 2012

Dear Partner:

Happy New Year! We hope you are having a great start to 2012. There have been some recent developments at Cohesive Capital Partners, L.P. (together with its affiliates, the "Fund") since our last communication on November 14, 2011. As such, we thought it would be helpful to give you a brief update on the Fund's activities since our next communication will not be until we deliver to you, in late March, a more comprehensive year-end wrap-up on the Fund's 2011 activities.

On January 22, 2012 (this Sunday) at 8pm ET / 7pm CT on CBS, the Dwyer Group and its CEO Dina Dwyer-Owens will be featured on the show "Undercover Boss". This hidden-camera show features executives who go undercover in their companies to get a look at how people really work. Dwyer-Owens (a/k/a "Faith George" on the show) went undercover within The Dwyer Group franchise service brands to find out how the corporate culture is being embraced by service professionals on the front line. We hope you can watch the show and learn more about Dwyer and its culture and we look forward to your thoughts and feedback next week.

On November 29, 2011, the Fund held a third closing, which included two new individual investor commitments and an increase in commitment amount from one existing investor. As a result of the third closing, total capital commitments of the Fund as of year-end amounted to approximately \$110 million. With regard to fundraising, we continue to be excited about our Morgan Stanley Smith Barney feeder fund, which officially launched in the MSSB system late in the fourth quarter of 2011. We spent a good deal of time in December preparing for meetings with MSSB brokers that we are now having or will be having throughout the first quarter. While it is too early at this point to project, we feel very good about the MSSB process so far and they expect to raise a significant amount of capital for the Fund.

As we discussed in our third quarter letter, the Fund had committed \$4 million in November 2011 for an approximate 16% ownership interest in the leveraged buyout of Rita's Water Ice ("Rita's"). This commitment to the Rita's transaction was made alongside Falconhead Capital Partners, a small-market private equity sponsor that focuses on, and has significant experience in, the consumer sector. Due to a variety of factors, we decided not to proceed with the investment for the Fund. As such, the Fund was left with \$3.8 million¹ of cash that will be used to fund future investments (including capital calls related to the Fund's investment commitment in TLP Energy).

On December 23, 2011, the Fund closed on its previously announced \$8 million commitment to TLP Energy, the newly formed company that is focusing on the acquisition, exploration and production of oil and gas resources in the Anadarko Basin, specifically on leased acreage in the oil and liquids-rich Granite Wash and Cleveland Sand regions in six counties on the Texas and Oklahoma border. This

¹ The Fund called from its partners \$4.0 million for its investment commitment in Rita's. This investment amount was to have been reduced at closing to a net cash outlay of \$3.8 million after taking into account a \$200,000 transaction fee the Manager was to have received (but which was to have been eventually offset by lower management fees to the Manager, pursuant to Section 6.3(a) of the Fund's partnership agreement). As a result of the expected transaction fee, the Fund only called \$484,750 for 1H'2012 management fees (as opposed to \$684,750 before taking into account that transaction fee). Thus, the Fund was left with \$3.8 million of cash, after paying the full amount of management fees due for 1H'2012 given the transaction never closed.

investment commitment was made alongside Trilantic Capital Partners (f/k/a Lehman Brothers Merchant Banking). Trilantic closed on a \$250 million total commitment to TLP Energy in the form of an equity line of credit in August 2011. Concurrent with Cohesive's closing, First Reserve, a successful energy-focused PE firm, closed on a \$125 million commitment to TLP Energy, \$100 million of which expanded the total equity capital available to TLP Energy from \$250 million to \$350 million, while \$25 million was purchased directly from Trilantic. At the December close, Cohesive funded \$2.3 million (or 29% of its investment commitment) in TLP Energy. TLP Energy is calling \$75 million of additional capital from its investors to make an acquisition of additional acreage and to fund drilling costs for Q1 2012 related to the existing and newly acquired properties. The Fund's portion of this capital call is \$1.7 million, which is due January 20, 2012 and will bring the Fund's total invested capital in TLP Energy to \$4.0 million (or 50% of its investment commitment). Approximately \$700,000 of this capital call will be funded by capital previously called for the TLP Energy investment and approximately \$1.0 million of this capital call will be funded by a portion of the remaining cash available due to the Fund not completing the Rita's transaction, as discussed above.

As we have highlighted in prior quarterly letters, since our first closing, we have met with dozens of private equity firms about Cohesive. The general response and deal flow potential continue to be very positive. As a result of our efforts, we are potentially close to committing to a fifth investment for the Fund. This transaction would represent a \$5-6 million investment for the Fund that could close sometime in mid-to-late February. If the \$5-6 million investment previously mentioned is approved, we expect to call an additional \$3-4 million of capital from our partners sometime in late January (due for payment by mid February).

PricewaterhouseCoopers is the Fund's auditor and they are in the middle of their audit process now. Fourth quarter financial statements and 12/31/2011 capital account statements will be issued following the conclusion of the Fund's annual audit. These statements will be posted on Cohesive's Intralinks investor reporting website or will be delivered to you by LeverPoint Management, LLC. As a reminder, LeverPoint is the third-party administrator that maintains the Fund's books and records and handles all its tax matters.

As we continue to find investment opportunities for the Fund throughout the investment period, we will be reaching out to you for input and thoughts on diligence. Should you come across any investment opportunities that fit with the strategy of the Fund, we would appreciate the introduction.

If you have any questions now or in the future, please do not hesitate to contact me at 212-616-9619 or via email at jbarber@cohesivecapital.com.

Best regards,



John R. Barber
Managing Partner