

# Chartwell Investments

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Dear Friends,

It is with great pleasure that we announce the second transaction in our partnership with Leucadia National Corporation, a \$140 million investment in Goober Drilling, LLC. Goober Drilling, based in Stillwater, OK, provides contract drilling services to oil and gas exploration and production companies, primarily in the mid-continent region of the United States. Founded in 1991, Goober Drilling has a long history of providing superior drilling services to its customers. These include major independents like Chesapeake Energy, Dominion Resources, and Newfield Exploration. The investment consists of \$60 million to purchase a minority equity interest and \$80 million of senior debt. The Company will utilize substantially all of these funds to double its rig fleet by year end.

The transaction continues Chartwell's focus on investing in companies benefiting from the strength of US infrastructure spending. In November 2004, we purchased PPC Industries, the largest manufacturer of electrostatic precipitators for industrial pollution control applications. In May 2005 through our Leucadia partnership, we purchased Idaho Timber Corporation, the nation's largest independent distributor of remanufactured dimensional lumber. Both investments are performing extremely well. The Goober Drilling investment allows us to participate in the positive environment for energy services.

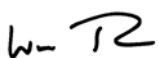
The Goober Drilling transaction reflects the characteristics of our investment partnership with Leucadia:

- Partnering with managers who are outstanding operators with demonstrated leadership in their industry segment;
- offering a long term home for companies within a capital rich public entity;
- rapid execution not dependent on outside financing sources - we closed within six weeks of signing a Letter of Intent; and
- prudent leverage levels of no more than 50% of total transaction value.

Since its founding in 1992, Chartwell's primary investment focus has been on acquiring ownership interests in market-leading industrial service, light manufacturing, distribution and consumer product companies that can benefit from our strategic, financial and operational support. Chartwell has now completed over \$2 billion in transactions. In addition to Idaho Timber and PPC Industries, we have investments in Carey International, Easton Bell Sports, Richard Childress Racing, and PlayCore.

Leucadia National Corporation (LUK:NYSE) is a diversified holding company engaged in a variety of businesses, including manufacturing, healthcare services, banking and insurance activities, and real estate development.

We look forward to discussing opportunities that fit our investment profile with you. If you have any questions, please do not hesitate to call.



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