

Grisanti Brown & Partners LLC

Investment Managers

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Dear Clients and Friends of Grisanti Brown & Partners:

The recent dispatch of the third quarter letter was a thankless event, as the losses from the market and in your portfolio were sobering. For that reason, we wanted to give you a bit of good news. October was our best month ever, with the investments that had treated us so poorly in August and September rebounding sharply.

The Grisanti Brown portfolio was up 20.4% in October, almost double the performance of the market (as measured by the S&P 500 Index), which was up a very respectable 11.0%. Our positions in energy and financials were especially potent, with our two oil refineries, **Valero** and **Marathon Petroleum**, up 38% and 33% respectively. Our investment in **Morgan Stanley**, initiated during that horrible last week of the third quarter, is now up 31% since purchase. Only two of our 15 investments trailed the market, and every holding was higher on an absolute basis. As we mentioned in our third quarter letter, we cannot recall a time when the fundamental reality at our portfolio companies is so different than their market prices. As earnings have been reported in October, that gap has started to close.

We realize that we are not out of the woods yet in terms of European debt issues and slow U.S. economic growth, and we expect the market to be volatile as events unfold. Although our portfolio is still lagging the market for the year, the gap has closed dramatically, and we wanted you to know that the losses incurred during the third quarter have been mostly recouped. As you know, we made no major portfolio changes during that time, except to add to positions that we believed had fallen to ridiculous levels (and initiating the position in Morgan Stanley). We expect macro-economic headlines to continue to drive the market in the short term, but we continue to believe our portfolio companies are deeply undervalued and we look forward to reporting back to you at the end of the year.

Please do not hesitate to contact us with any questions or comments.

GRISANTI BROWN & PARTNERS LLC