



Dear Friend / Colleague,

We wanted to provide you with an update on our recent activities as well as share some of our current investment criteria. Here are some highlights - and then the stories:

- **In February, we sold Amerifit Brands, one of our consumer build-ups in the health and wellness space, for \$200 million. The Amerifit platform company had \$11.5 million in EBITDA when we bought it in mid-2005 and approximately \$25 million at the time of sale**
- **We completed a strategic add-on acquisition - the Freightmasters Company - for Towne Air, our logistics solutions portfolio company**
- **We have signed a letter of intent for a new platform in outsourced data management services backing a serial Charterhouse Entrepreneur**
- **We have signed a second letter of intent for a new platform in outsourced logistics**

## REALIZATION



**The Deal:** In February, we successfully completed the sale of Amerifit Brands, Inc. to Martek Biosciences Corporation (NASDAQ:MATK) in a transaction valued at \$200 million. The transaction followed a period of significant growth for Amerifit, driven by numerous initiatives undertaken by Charterhouse to build and strengthen the Company's portfolio of premier health and wellness brands. Today, Amerifit holds strong market positions in the Women's Health category with the following key brands: Culturelle®, a leading probiotic supplement; AZO®, the leading OTC brand addressing symptom relief, detection and prevention of urinary tract infections; and ESTROVEN®, the leading all-natural nutritional supplement brand addressing the symptoms of menopause. Amerifit's products are sold in most major mass, club, drug, grocery and specialty stores.

Our original investment, which was made in 2005, was the result of a targeted search overseen by Charterhouse Entrepreneur Paul Mullan (who served as Chairman). Under Charterhouse's ownership, the Company significantly grew its revenue base and more than doubled EBITDA through two add-on acquisitions, new product introductions and organic growth achieved through numerous product extensions.

## CEP IV PORTFOLIO COMPANY UPDATES



**TOWNE  
AIR FREIGHT**

**The Deal:** In October, Minneapolis-based Freightmasters, joined Towne Air's nationwide network of transportation providers. The two companies had been working together for some time and Freightmasters made the decision to become a part of the Towne organization in order to better serve its regional customer base. This new business expanded Towne's geographic reach in the upper Midwest and also added an exciting new customer service vertical in the pool distribution business. Pooling involves providing value-added handling and distribution of high-frequency, time-sensitive merchandise in a specific geographic region and this offering helps cement Towne's integral role in customers' time-critical supply chains.

Today, Towne is one of the nation's leading premium air cargo ground logistics solutions companies. Towne provides a wide range of freight services through a national network of 61 service terminals throughout the United States, including nine new terminals added in the southern market as a result of the Texas Land and Air acquisition (consummated in October 2009). The Freightmasters business fits very well with Towne's build-up strategy and the deal was sourced on a proprietary basis by Towne's senior management; the add-on represents Towne's fourth successful acquisition under our ownership. Charterhouse plans to further expand upon the Company's geographic footprint and service offerings over the course of 2010 taking advantage of the current dislocation in the transportation sector.



**Progress Update:** Charter Baking, the leading North American marketer, manufacturer and distributor of natural and organic breads and other baked goods, recently had some major breakthroughs. These include: the successful introduction of a superior tasting Rudi's Gluten Free line of bread products; the launch of a new look and branding campaign for the core Rudi's Organic Bakery brand; and, entry into Costco and other thought-leader retailers with the Rudi's brand.

## OVERALL PORTFOLIO



**Update:** We are pleased to report that the eight companies in Charterhouse Equity Partners IV (CEP IV) today are each valued above cost as of 3/31/10. The three CEP IV companies that we have sold returned an average 2.5x invested capital (and all were sold at a profit).

We are in advanced stages at the present time with two new deals. We have recently signed letters of intent for new platforms in outsourced services - in fragmented sub-sectors where we have significant experience and/or knowledge as well as a couple of teams of very strong Charterhouse Entrepreneurs.

## INVESTMENT CRITERIA

The Charterhouse team has concentrated on and built a balanced portfolio of eleven buyouts, buildups and growth capital financings in our current fund, Charterhouse Equity Partners IV. Three of these investments have been sold to date, returning two-thirds of our invested capital. Our equity investment range is \$40 million to \$60 million - over the life of each investment.

We continue to focus on buildup opportunities in established Business Services, Healthcare Services and Consumer Products and Services companies with enterprise values between \$75 million and \$300 million. An abbreviated list of sub-sectors of interest follows:

### HEALTHCARE SERVICES

- **Provider, Payer and Other Outsourcing Services**
- **Alternate Site Healthcare - Inpatient and Outpatient**
- **Disease and Utilization Management Services**
- **Contract and Program Management Services**
- **Behavioral and Mental Health Services**
- **Home Healthcare**
- **Specialty Payers and Related Services**
- **Pharmacy Benefit Management**
- **Pharmaceutical Outsourcing Services**
- **Specialty Distribution and Supply Services**
- **Healthcare Information Technology**
- **Long Term Care**

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### BUSINESS SERVICES

- **Waste Management and Recycling**
- **Specialty Maintenance and Repair**
- **Business Process Outsourcing**
- **Logistics**
- **Vendor Management**
- **Specialty Distribution**
- **Energy Services**
- **Information Management Services**
- **Marketing Services**
- **Education**
- **Security and Security Services**
- **Transaction Processing / Information Processing**

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## INVESTMENT CRITERIA (continued)

### CONSUMER

- **Food, snacks and confections**
  - **Wellness innovators; organic and natural; specialty and ethnic**
- **Beverage**
  - **Wellness innovators; upscale brands**
- **Household Products**
  - **High performance; innovators**
  - **Organic and natural**
- **Ingredients**
- **Health and Beauty Aids (HBA)**
- **Personal Care Products**
- **Nutritional and Dietary Supplements / OTC Products**
- **Pet Consumables**
  - **Food, snacks and supplements**
- **Select Areas within General Merchandise**

### Consumer Products and Services

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We will continue to stay in touch with news updates and some more Charterhouse Entrepreneur profiles over the coming months!

Best regards,

The Charterhouse Team

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**About Charterhouse Group:** Founded in 1973, Charterhouse Group is a privately owned investment firm that backs Entrepreneurs and actively acquires and manages middle-market companies. Since our inception, we have invested more than \$2.0 billion in over 100 platform businesses and completed more than 200 add-on acquisitions. Combining innovative thinking and significant financial resources, we partner with experienced and proven operating managers to make investments in established businesses with enterprise values between \$75 million and \$300 million. We seek to invest in buyouts, buildups and growth capital financings. We will participate in transactions through co-investments with our limited partner base and others. We will also consider investment opportunities where the enterprise value is initially less than \$75 million if a company is suited for rapid growth or a buildup strategy is achievable in the industry.