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CHARTERHOUSE GROUP PORTFOLIO COMPANY CREATES A LEADING ORGANIC AND NATURAL BAKING COMPANY

Charter Baking Company's Three Premier Industry Brands Rudi's Organic, Vermont Bread and The Baker - Poised for Major Growth

NEW YORK, NY. (August 31, 2005) – Charter Baking Company (“Charter Baking”), a portfolio company of Charterhouse Group, Inc. formed earlier this year, announced it has completed the merger of Rudi’s Organic Bakery (“Rudi’s”) with the operations of The Vermont Bread Company and the Adams Baking Corporation. With the combination, Charter Baking is positioned as one of North America’s leading organic and natural baking companies with premier industry brands and a national presence.

Founded in 1976 and headquartered in Boulder, Colo., Rudi’s is one of the nation’s leading producers and distributors of USDA certified organic sandwich breads, artisan breads, hamburger buns, hot dog rolls, tortillas and spelt baked goods. Nearly three decades ago, the Company commenced operations as a small bakery shop and health-conscious consumers soon recognized the Rudi’s Organic brand for its nutritious preservative-free baked goods. A pioneer in the baking field, Rudi’s helped champion congressional passage of the Organic Foods Production Act of 1990, more than a decade before implementation of the official U.S. National Organic Standards. Always ahead of the market, Rudi’s introduced its line of organic Whole Grains & Fiber breads in 2004, prior to the January 2005 debut of the federal government’s revised U.S. Dietary Guidelines.

Majority-owned by the Iowa Farm Bureau Federation prior to the merger, Rudi’s operates its new, state-of-the-art bakery facility in Boulder. Additionally, Rudi’s operates company-owned distribution routes and works with numerous third-party distributors to reach

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retailers nationally. Today, the Company sells its organic bread line across the nation to natural/organic supermarkets, independent natural food stores, traditional supermarkets and mass retailers. In recognition of its history of strong growth, Rudi's was recently awarded the prestigious *Achievement Award for Growth* by *Nutrition Business Journal*. The Iowa Farm Bureau Federation has become a significant shareholder in Charter Baking Company.

In early 2005, Charterhouse Group, the New York-based private equity firm, established Charter Baking Company and commenced its build-up within the natural and organic baked goods sector with the acquisition of The Vermont Bread Company ("VBC"). Based in Brattleboro, Vt., VBC is one of the northeastern region's largest producers and distributors of natural and organic breads and muffins. Founded in 1978 by entrepreneur and continuing shareholder Lisa Lorimer, VBC today sells its products to natural/organic supermarkets, independent natural food stores, traditional supermarkets and mass retailers throughout the northeastern corridor. Ms. Lorimer, together with Charterhouse Group, developed the vision and plan for building a multi-brand, national business with leading natural and organic baked goods product lines.

Charter Baking Company completed its second acquisition, Adams Baking Corporation ("Adams"), in June 2005. Adams, another premier maker of premium natural, made-with-organic and 'better-for-you' breads, muffins and other baked goods, sells most of its products under *The Baker*[™] brand. Additionally, Adams produces the award-winning line of granola, ranked number one by *Body and Soul Magazine* (June 2005). Founded in 1979 and based in Milford, NJ, Adams operates a DSD (direct store delivery) distribution network that services more than 1,500 supermarket and independent grocery stores from the Mid-Atlantic through New England.

The continuing build-up strategy is consistent with Charterhouse Group's history of developing and executing master consolidation plans in fragmented industries. It is also representative of Charterhouse Group's focus on backing entrepreneurial managers and making investments in consumer sectors focused on healthy living and wellness.

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The Charter Baking operating team is comprised of seasoned food and operating executives. Charterhouse Strategic Partner Paul Mullan is the Company's Chairman. Mr. Mullan is an experienced food industry leader having served as CEO of Del Monte Foods and as CEO of

Fleer, Inc., both former Charterhouse Group consumer products portfolio companies. John Foley remains the CEO of Charter Baking Company. Previously, he was a senior sales and marketing executive with Grupo Bimbo - Bimbo Bakeries USA, the world's second largest baking company, and a former General Manager with Bestfoods Baking/Unilever. The newest team members include Gary Sebek, who moves from the role of Rudi's President to that of President, Charter Baking Company and Victoria Hartman, a senior Rudi's executive who has now assumed the role of Charter Baking's Vice President - Sales. Mr. Sebek previously was Rudi's CFO and has senior experience in operations and finance. Ms. Hartman brings sales experience from prior positions at Horizon Organic Dairy and Celestial Seasonings.

According to John Foley, Charter Baking Company's CEO, "We are very excited about the combination of Rudi's with Vermont Bread and Adams Baking. Our business will now oversee three stellar brands, and with this merger we have added tremendous experience and bakery-industry acumen to our senior management rank. The entire Rudi's team and company resources will provide significant strength to our overall sales, marketing, manufacturing and distribution capabilities."

Gary Sebek, Charter Baking Company's President, states, "This merger joins together three unique and pioneer brands, the resources of Charterhouse Group, and one common vision for growth within the natural and organic baked goods category." Mr. Sebek also pointed out that the newly combined forces will give more consumers the opportunity to purchase Rudi's Organic branded goods across the United States. "We are pleased with Charter Baking Company's commitment to Boulder as well as the fortuitous timing of this transaction, which coincides with our recent opening of the new Rudi's Boulder production facility."

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Joe Rhodes, a Partner at Charterhouse Group, says, "Charter Baking is clearly taking shape as the ideal national platform in the natural and organic baked goods sector. Our objective is to continue to develop our leading brands and address consumers' and retailers' needs for excellent products in various bakery categories. With the addition of

Rudi's, we have a top quality management team and brand portfolio, as well as excellent sales, marketing, production and distribution capabilities. We look forward to taking this newly-shaped company into its next growth chapter in similar fashion to successful investment build-ups that we have created in other industries."

Mintz & Co. LLC acted as advisor to Charter Baking Company. Proskauer Rose LLP acted as legal counsel to Charter Baking Company.

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Charterhouse Group, Inc. is a private equity firm with three decades of experience in building leading middle-market companies. Established in 1973, Charterhouse currently manages in excess of \$1.7 billion in equity through several limited partnerships. Since its inception, Charterhouse Group has completed investments in over 90 platform companies with a focus in the Business Services, Healthcare Services and Consumer Products & Services sectors. For more information, please visit www.charterhousegroup.com.

The **Iowa Farm Bureau Federation** is a grassroots, statewide organization dedicated to enhancing the People, Progress and Pride of Iowa. More than 153,000 families in Iowa are Farm Bureau members, working together to achieve farm and rural prosperity. For more information about Farm Bureau and agriculture, visit the online media center at: www.Iowafarmbureau.com.

For more information on the Charter Baking Company entities, please visit www.rudisbakery.com and www.the-baker.com.

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