



PSERS PRIVATE INVESTMENT PROGRAM

Recommendation for Investment in Catterton Partners VI, L.P.

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Director of Alternative Investments

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Catterton Partners VI, L.P.

EXECUTIVE SUMMARY

Introduction

Catterton Partners (“Catterton” or the “Firm”) is a group of affiliated private equity vehicles, the first of which was founded in January 1990. Catterton is a pre-eminent U.S. private equity investment firm making control and minority growth investments in leading middle market companies in the consumer industry. Catterton has a disciplined and proactive approach to investing in the following consumer verticals: Food and Beverage, Consumer Brands, Retail, and Marketing Services (each a “Vertical” and collectively the “Verticals”). Catterton Partners VI, L.P. (the “Partnership” or the “Fund”), Catterton’s sixth focused fund since 1990, is seeking capital commitments of \$850-\$900 million, and is the successor to Catterton Partners V, L.P., a \$650 million fund formed in 2003.

Catterton has developed a highly analytic and proprietary investment process for identifying and screening investment opportunities (the “Vertical Process”). This process includes the analysis of each of its targeted Vertical segments against key consumer demographic and lifestyle trends, economic and market fundamentals, and brand attributes. This process allows Catterton the ability to prioritize the relative attractiveness of various sub-segments of each Vertical and to develop a proactive list of targeted companies in the most attractive sub-segments. The integration of this process with disciplined, risk-averse underwriting and highly active portfolio management has enabled Catterton to produce superior investment results over its 16-year history.

The Fund, through its general partner, will be actively managed by a team of seven partners (the “Partners”) who have worked together in various capacities for over a decade. The Partners of Catterton are J. Michael Chu, Scott A. Dahnke, Craig H. Sakin, Michael J. Farello, David Heidecorn, Andrew C. Taub and Frank M. Vest Jr. Collectively, these Partners bring in excess of 150 years of operating, financial, marketing and strategic expertise. The Partners are supported by nine investment professionals and a group of Senior Advisors.

Unique and Proven Investment Strategy

Catterton has built its reputation and track record as a result of: (i) a proprietary industry focused investment approach; (ii) proactive deal origination supported by strong strategic relationships; (iii) a disciplined and analytic underwriting methodology; and (iv) a proven ability to create value by improving portfolio company operating performance. This proactive culture and approach, which is supported by the most experienced team in private equity consumer investing, has established Catterton as the leading private equity investor in the middle market consumer sector.

Disciplined Industry Focused Investment Approach

Catterton invests in middle-market consumer businesses that meet its strict consumer, brand and economic criteria. Its consumer experience base and highly-developed understanding of its market allows for early identification of superior and sustainable business models resulting in a significant competitive advantage at all stages of the investment process. Catterton’s goal is to be the knowledge and reputation leader in the consumer sector. The Partners believe that this approach creates a higher probability of replicating historical investment successes than a less disciplined approach.

Proactive Deal Origination

Catterton's reputation and leadership in the consumer industry distinguishes it from its competitors, making it the "investor of choice" among management teams and the preferred partner among potential co-investors and strategic industry players. Additionally, Catterton's analytic methodology allows it to proactively identify specific companies for investment. As a result, almost 80% of Catterton's investment opportunities, to date, have been self-originated, outside of traditional auctions and other sale processes conducted by investment banking firms or other intermediaries. Catterton's deal flow is augmented by numerous strategic relationships, several of which are formalized through investments in Catterton funds. Several transactions have been done in collaboration with strategic partners.

Proprietary Analytic Underwriting Methodology

Over the past decade Catterton has developed, continuously refined and improved its analytic investment methodology. Catterton relies on a strategic and research-intensive investment approach, which has as its cornerstone industry Vertical and segment analysis of the consumer industry. This analysis allows the Firm: (i) to form a "point of view" for each vertical in the consumer universe; (ii) to identify sub-segments where consumer, demographic, economic, and brand trends simultaneously converge to create superior investment opportunities; and (iii) to target specific companies within these vertical sub-segments for potential investment.

Proven Ability to Add Value to Portfolio Companies

Portfolio company value is created primarily through superior operating results. Accordingly, Catterton employs a disciplined approach to portfolio management. This includes a focus on value creation through the systematic execution of a well-articulated strategic plan, operating improvements, building management teams, and acquisitions. Catterton's bias towards control investments enables it to clearly and firmly drive all elements of the value creation process.

MARKET OPPORTUNITY

The significant size, breadth and dynamic nature of the consumer industry present an attractive opportunity for investment. Demographic, lifestyle and behavioral changes among consumers continuously create significant opportunities for companies that can consistently deliver high-quality, branded products and services. Investment opportunities fueled by these trends exhibit sustainable growth, are less affected by economic downturns, and can be identified, analyzed and invested in on a proactive basis.

Within this vast market, Catterton utilizes its proprietary Vertical Process to identify the sub-segments with sustainable growth, strong economics and attractive private equity investment characteristics. This is accomplished through a systematic application of demographic, consumer trend and economic screens which filter the entire sector down to a defined group of sub-segments and niches that are supported by strong long-term consumer fundamentals. Catterton then focuses on proactively identifying the best companies in each of these targeted sub-segments for potential investment. The consumer sector as a whole represents an attractive investment arena for the following reasons:

- **Large Target Market** – Representing approximately two-thirds of the US GDP, consumer spending in the United States was \$8.0 trillion in 2004 and is expected to approach \$10 trillion by the year 2010. Catterton's targeted Verticals represent 37% of overall GDP and account for 54% of overall personal consumer spending, representing a \$4.3 trillion market opportunity.

- **Stable Growth** – The consumer sector is one of the strongest categories of the economy in terms of risk adjusted revenue growth, and low volatility with respect to such growth, the consumer sector has historically provided dependable, low-risk revenue growth.
- **Strong Margins** – The consumer sector where Catterton focuses has exhibited substantial and stable margins, which on a risk adjusted basis, are the highest of all major sectors of the U.S. economy.
- **Brand Value** – Successful consumer companies are generally able to build brand value, which translates into the ability to sustain superior revenue growth, maintain strong margins and outperform over long periods of time, even during recessionary periods. By understanding the dynamics and attributes of brand creation, Catterton is able to target investments in companies, which have the opportunity to build substantial brand value. Brand value generally translates into additional and superior economic value at exit.
- **Underinvested Sector and Attractive Valuations** – Although they are some of the largest sectors of the economy, Catterton's targeted Verticals have not historically been an area of active investment by the private equity industry. Additionally, there are few firms focused on Catterton's targeted equity investment size of \$25–\$85 million in the consumer sector.

THE CATTERTON PROCESS

The Partners of Catterton have continually developed and successfully utilized their investment approach over the past 16 years. Catterton has a consistent, disciplined investment approach, which relies on a strategic and highly analytic investment process based on intensive and proprietary research. This process includes segmenting the U.S. consumer sector into the key industry Verticals of Food and Beverage, Consumer Brands, Retail, and Marketing Services, then analyzing each Vertical and its sub-segments against the key consumer demographic and lifestyle trends, and key economic and market fundamentals. Specific sub-segments within each Vertical are then prioritized for relative attractiveness and a specific “pro-active” target list of companies is developed. This approach allows for a clear Catterton “point-of-view” to be developed for each Vertical, and enables Catterton to identify sub-segments and specific companies where consumer, demographic, economic and brand characteristics all simultaneously converge to create superior investment opportunities.

The Fund will seek to invest in middle market consumer growth companies that can deliver high quality, branded products and services with the following profile:

- Strong management in place with a demonstrated ability to execute a clearly defined strategic business plan;
- Attractive business model economics which address a specific customer need and the operational capabilities to achieve market leadership;
- A concept with substantial and identified consumer demand, which can be replicated in multiple markets;
- A unique and leveragable brand asset or capability that differentiates the company from its competition;
- A strong, focused and customer-oriented culture capable of remaining targeted on its mission;
- Significant growth or growth potential and an expansion strategy which is consistent with its performance history; and
- A defensible and extendable position in a growing multi-billion dollar industry segment.

For companies which fit this profile, Catterton looks to invest in situations where:

- the Partners can control strategic decision making through board representation;
- the Partners can leverage their strategic, marketing and operating capabilities to realize sector leadership and superior returns; and
- Catterton can achieve superior returns with modest use of leverage.

Catterton seeks to build well-managed companies that are leaders in their respective markets. In building its portfolio companies, the Partners work with management to: (i) establish an operating and strategic plan that prioritizes the company's initiatives from the time of investment; (ii) develop consistent monitoring and performance metrics to measure the company's progress; and (iii) strengthen the existing management team and its supporting infrastructure.

Market inefficiencies in certain targeted sub-segments within each Vertical create significant opportunities for investment. Catterton regularly evaluates and seeks opportunities in sub-segments that are highly inefficient and fragmented and could benefit from economies of scale in purchasing, manufacturing, servicing, sales and marketing or distribution. In such sub-segments, the Partners seek to identify companies uniquely poised to create competitive barriers and serve as the lynchpin of a consolidation strategy. In addition, the Partners will focus on identifying companies with a strong consumer brand or consumer proposition, but which have been operationally and financially under-managed.

Catterton's overall approach consists of the following five part process:

Vertical Process

The Vertical Process is the method by which Catterton identifies the sub-segments of the targeted Verticals that it considers to be the most attractive from an investment perspective. Catterton then utilizes this perspective to proactively identify companies within these targeted sub-segments for potential investment. The Vertical Process, including each of its components is updated on an annual basis.

Catterton's commitment to this proprietary, highly strategic and research-intensive approach allows the Firm to form a "point-of-view" on all of the sub-segments of its Verticals. Further, this approach allows Catterton to identify the superior brands and companies in the growing sub-segments of these Verticals and to proactively seek to invest in these companies.

The Vertical Process consists of three primary components:

1. **Vertical Sub-Segment Screens** – Catterton divides each Vertical into its properly defined sub-segments to evaluate the relative size, growth rates and trends within these sub-segments. The purpose of this is to identify the sub-segments with the best investment profiles.
2. **Consumer Trend Screen** – Catterton utilizes a proprietary process to identify the key demographic, psychographic, socio-economic and cultural trends that shape consumer behavior and influence purchase decisions. The overlay of this trend analysis on the Vertical Process allows Catterton to identify categories where growth is driven by strong underlying and sustainable consumer trends.

Catterton's Lifestyle Trends

ATTENTION	Make it Mine – Consumers are rebelling against being “grouped” or “target marketed” and demanding more personalized, customized relationships with companies. Forever Young – Slowing down the aging process, as we try to stay healthy longer; mentally and physically fitter.
INSPIRATION	Who am I? – What’s keeping us awake at night; grappling with those bigger-than-life forces. Just Simplify – With so much going on and at such a frantic pace, simplification has become a strong force impacting consumers.
ESCAPE	Urge To Splurge – Indulgences, both large and small, that help us feel good in the face of so much that is challenging for us. Word-of-Mouth Redux – Between AIM, blogs, text messaging and book groups, word-of-mouth is rapidly returning as a way to both stay connected and make decisions. No Place Like Home – Whether we are feathering our nests or building tree houses, home is where the heart (and wallet) gets invested.
TRUST	Fear Of Dangers – It can happen to us. Dangerous strangers and strange dangers are showing up everywhere: schools, homes, cars, water, air. Feels Like A Deal – Consumers want to feel like they got a good deal on everything from cars to computers to vacations to everyday goods and services. The Real Deal – Authenticity is becoming synonymous with high quality; our quest for authenticity is touching everything from the water we drink and the food we eat to the art we buy and the clothes we wear.

3. Private Equity Screen – Catterton’s private equity screen takes the targeted sub-segments and overlays a series of economic and financial analysis. This allows Catterton to identify which sub-segments (all of which have strong consumer fundamentals) meet its stringent economic criteria. The private equity screening process uses the following primary metrics:

- Competitive analysis
- Profit and business model including ROI, margin sustainability, capital intensity and recession analysis
- Value chain analysis to determine where sustainable value is created during the products manufacturing, distribution, branding and sales cycle
- Entry and exit valuation parameters

II. Sourcing Strategy

Catterton employs a systematic and proactive program to originate investment opportunities. The Partners review numerous potential investments to find the few companies which the Partners believe have the capacity to produce superior returns while at the same time maintaining strict discipline in the underwriting and valuation of each investment. Catterton has, to date, self originated almost 80% of its investment opportunities outside of traditional auctions conducted by investment banking firms and other intermediaries. In seeking out such

investment leads, the Partners utilize their proactive and focused efforts to contact companies in targeted industry Verticals and sub-segments where the Partners have developed an extensive sourcing network for over 16 years. Catterton's Vertical Process generates a list of specific public and private companies, as well as subsidiaries and divisions of larger companies, which are systemically approached for possible acquisition or investment and sometimes tracked for extended periods of time.

A key element of Catterton's deal origination program is the Partners' relationship with the managers, board members and co-investors of the current and prior portfolio companies. The Partners have worked with many companies to achieve their business objectives. As a result, these managers frequently contact Catterton when they are in need of private equity. In addition, the Partners utilize these relationships as strong and positive references in competitive situations where prospective CEOs can contact these individuals to verify the Partners' abilities and experience.

Catterton also sources transactions through its strong strategic network of investors, relationships with key industry executives, investment bankers, business brokers, accountants, lawyers and other contacts that the Partners have developed over 16 years. One benefit of this network is that the Partners generally are aware of and have an opportunity to participate in most of the transactions in Catterton's targeted Verticals. In addition, because of its reputation in the consumer space, Catterton is shown many investment opportunities on an exclusive or semi-exclusive basis. The Partners prefer to pursue exclusive transactions, which provide more attractive pricing and enhance Catterton's ability to understand and address entrepreneur or seller objectives with minimal competitive pricing pressure. Furthermore, in exclusive transactions, due diligence can be conducted in a more deliberate and comprehensive manner than would be possible in a traditional auction situation, thus providing a greater understanding of the investment's merits and improved pre-acquisition planning.

In connection with its sourcing strategy, Catterton has entered into strategic relationships with certain investors, where Catterton has arranged favorable structured exits on transactions completed with these investors. The ability to enter into this type of arrangement further validates Catterton's focused sourcing strategy and is another example of the value of the Partners' long-term commitment to the consumer products and services industry.

III. Investment Underwriting Process

Thorough analytical investment underwriting approach is a key driver of success. Catterton employs this rigorous underwriting process to analyze, structure, document and approve prospective investment opportunities. As a result, the Partners have a complete understanding of their investments and respective business models and therefore an enhanced ability to generate superior returns.

The Partners' policy is that all investment decisions are made by consensus and each Partner is either directly involved in, or closely apprised of, each step in the underwriting process.

The key elements of this underwriting process are:

- A. Preliminary Review** – Once a potential investment has been identified and a deal team has been assembled, the preliminary investment review begins. The Partners screen each investment opportunity to establish whether it is consistent with the Fund's investment strategy. Each target company is assessed with reference to characteristics which include, but are not limited to the following:

- *Consumer Screen:* The company is scored against the various elements of Catterton's consumer trend analysis to determine if it is supported by good demographic, cultural, lifestyle and psychographic trends.

- *Business Model:* Catterton will seek to minimize concept risk and requires that a superior economic business model has been proven. For retail companies, the units must generate superior cash-on-cash payback and return on investment, while manufactured products must be sold at sustainable and high gross margins with minimal working capital and capital expenditure needs.
 - *Brand Screen:* Catterton evaluates the company's brand strength and stature to determine if it is properly positioned to create a superior brand franchise. Catterton looks for brands which are driven by differentiated products, strong consumer trends, an identifiable and loyal consumer group, and where significant growth potential exists. This includes new and emerging brands, as well as brands which are under managed or neglected.
 - *Market Attractiveness:* The growth potential of the company and its segment are evaluated against overall industry growth and competitive dynamics. This helps to insure that the company will be able to achieve its growth and financial objectives with a minimal risk profile.
 - *Strong Management:* Once an attractive investment has been identified and structured the primary drivers of value creation are superior management and consistent operational execution. Each company's management team must have: (i) clearly defined strategic and operational priorities; (ii) the ability to execute against the plan to create value; and (iii) incentivization consistent with equity value creation. Catterton will endeavor to support strong management teams, adding strategic and financial expertise as necessary to enhance operational efficiency and build highly profitable companies. In virtually all of its portfolio investments to date, Catterton has assumed the lead role at the board of directors level.
 - *Deal Screen:* The quality of the management team, transaction structure, valuation expectations and risk/return profile are all evaluated to determine if the investment meets all of Catterton's underwriting criteria.
- B. Due Diligence** – Once a potential investment has met preliminary approval guidelines, Catterton undertakes a thorough due diligence analysis of both company-specific and industry factors, to assess the company and management team's ability to sustain long-term growth, attractive margins and create economic value. Primary responsibility for each investment opportunity is assigned to one Partner who is supported by a second Partner (the "Shadow Partner") and additional investment professionals. In addition to supporting the lead Partner, the Shadow Partner has a responsibility to be the "devil's advocate" on the transaction. This approach helps to insure that potential issues or concerns are identified and addressed early in the process. Catterton's process is designed to ensure the early documentation of all facts – both positive and negative – pertaining to a transaction and the dissemination of the data to all Partners, thereby allowing the full input of the Firm's experience base and the collective Partners' judgment into the investment review process.

The Catterton due diligence process involves: (i) visiting the company and meeting with its management team; (ii) in-depth evaluation of operations, infrastructure, staffing, cost structure, financial controls, and the overall business model; (iii) aggregating and evaluating primary and secondary research on the company and industry; (iv) speaking with industry experts, customers, suppliers, and individual references for the management team and key shareholders; (v) developing a financial model, including various sensitivities on the operating economics and exit assumptions in order to

determine the appropriate valuation and capital structure for the proposed investment; and (vi) deploying outside professionals for such areas as legal review, accounting and tax review, and insurance and environmental assessments.

The following are examples of the type of analysis the Partners undertake:

- *Industry Analysis* on current industry dynamics and how these dynamics are likely to evolve over time. Analysis of competitors and how the company can create and sustain a competitive advantage.
- *Customer Research* and analysis to profile the company's customer base and assess the level of demand for the company's products.
- *Economic Analysis* of the company's cost position or unit economics, including sensitivity analysis to assess profitability levels under different scenarios.
- *Detailed Reference Checks* of the company's management team including interviews with individuals who previously worked with members of the management team, but are also relatively close to Catterton in order to obtain a candid appraisal.
- *Operations Analysis* including involvement by Senior Advisors or the Partners' extensive network of industry contacts. In some cases, these relationships are co-investors and/or board members in the company after the investment.

C. Structuring – Once an investment has been identified and qualified, the Partners develop an investment structure that they believe will achieve desired rates of return while minimizing downside risk. As a result, the Firm seeks to structure its investments in a manner which: (i) protects its return through valuation adjustment mechanisms; (ii) gives it the ability to make management changes if necessary; and (iii) allows it to control the nature and timing of the exit. In most of the Firm's investments, the purchase price, while important, has not been the only critical issue to the seller. Other issues such as ongoing ownership for the seller, optimal tax treatment and certainty of closing have also been important.

In addition, the Partners seek to only negotiate with committed sellers and usually avoid auction situations where pricing is likely to be unattractive. Finally, the Partners believe that owners make the best managers and structure investments with the goal of ensuring that top management's incentives are aligned with Catterton through meaningful equity participation.

D. Risk Management – Catterton employs a formalized risk management process. This function is intended to ensure that all elements of the investment process are completed with acceptable results and that all issues, contrarian views and concerns are fully aired, investigated and successfully resolved prior to finalization of an investment. While producing attractive financial returns, Catterton's investment approach also emphasizes reduction of risk and preservation of capital. Catterton plays an active role in identifying and managing the risks associated with each investment, through its extensive due diligence, negotiation of the financing, representation on the board of directors and close monitoring of a portfolio company's progress.

IV. Portfolio Management

Catterton's philosophy is that sustainable investment performance over long periods of time is created primarily through superior operating results in portfolio companies as opposed to financial leverage, multiple arbitrage or other financial means. As a result, Catterton employs a methodical and disciplined approach to portfolio management that focuses on value creation through operating improvements, strong execution, strategic planning, management upgrades and acquisitions. At the closing of an investment, typically the business plan is in place together with an agreed upon schedule outlining the timeline and responsibilities for execution of each part of the plan. Catterton's bias towards control investments enables it to clearly and firmly drive all elements of the value creation process.

Establishing a close, working relationship with the management team of a portfolio company is a critical element in Catterton's operating philosophy and a key driver of its success to date. Catterton does not intend to manage the day-to-day operations of its Portfolio Companies. Rather, as in past investments, Catterton will actively seek to create equity value in the Fund's Portfolio Companies by providing management with access to the Partners' strategic, operating, financial and industry experience, as well as their ability to identify and recruit key members of management, develop incentive compensation schemes, and optimize exit alternatives.

Catterton generally holds several seats on the board of directors of each of its portfolio companies. Through this role, Catterton has been able to add value to its portfolio companies in the following ways:

- A. **Strategic Planning** – In addition to the expertise of the Partners, Catterton utilizes its Senior Advisors, and affiliations with industry and professional experts in developing and implementing strategic plans for its portfolio companies.
- B. **Recruiting and Retaining Key Members of Management** – The Fund will generally make investments in companies with proven and strong existing management teams. In most cases, however, the Partners will recruit additional management to support a company's rapid growth. In its previous funds, Catterton has leveraged the Partners' significant industry contacts for this purpose. In addition, Catterton has taken a broad role in ensuring that the appropriate incentives are in place for its management teams. Such incentives are carefully structured to attract, promote and retain quality managers while protecting the Fund's investments and encouraging high returns on invested capital. In this manner, the goals of the company, management and the Fund are aligned.
- C. **Fostering Growth** – Long-term equity value can be created through a variety of strategic initiatives, including brand building, product development and new market entry. Accelerated revenue growth is frequently achieved through new product introductions, product line extensions, expanded channels of distribution and geographic expansion.
- D. **Enhancing Operating Performance** – Catterton works closely with the management team of each investment to ensure the successful execution of its business plan. Catterton may provide assistance in improving systems, performing cost analysis, improving operating efficiencies, implementing financial controls, budgeting, and making capital expenditure decisions.
- E. **Synergistic Mergers and Acquisitions** – Certain sub-segments of the consumer industry could benefit from the successful application of a consolidation strategy. Catterton's extensive experience in mergers and acquisitions in the consumer industry lends itself to an in-depth understanding of when and how to apply such a strategy. As

needed, the Partners will draw on their financial and transaction experience to play an integral role in raising debt or equity to implement these consolidations.

V. Exit Management

Before undertaking any investment, Catterton identifies multiple potential exit scenarios through which it may realize an investment. The financial and non-financial metrics that the company will need to achieve are identified and tracked over the life of the investment. Investments generally are made with the expectation of a three to five year investment horizon. Once an investment is made, the Partners continuously measure the prospects of any specific investment against its value in the public equity and private acquisition markets with a focus on realization. Catterton continuously tracks each company's relevant metrics (operating, financial, brand building and otherwise) against both its underwriting expectations and against exit requirements. This process enables Catterton to quickly take advantage of exit opportunities as the various metrics converge in a positive manner and to proactively make midstream adjustments when necessary.

In the past, the Firm has pursued outright sales, recapitalizations and initial public offerings typically followed by secondary share transactions to realize investments. The Partners are familiar at any given time with conditions in each of these markets and accordingly are well positioned to measure, on a real-time basis, future prospects versus current value.

THE CATTERTON TEAM

The Fund will be run by Partners who have worked together in various capacities successfully for over a decade. In addition to proven investment experience, most of the Partners of Catterton have extensive operating experience in senior executive positions of consumer companies. The Firm has demonstrated that this combination of private equity investment experience and operating expertise represents a significant advantage in adding value to portfolio companies and in sourcing opportunities. The combined experience of the Partners' involvement with middle market consumer companies is over 150 years. The Partners are further supported by nine investment professionals and a group of Senior Advisors.

Managing Partners

J. Michael Chu

Mr. Chu is a Managing Partner and Co-Founder of Catterton Partners. Prior to forming Catterton, Mr. Chu held a variety of senior positions with First Pacific Company, a Hong Kong-based publicly listed investment and management company, which he joined in 1983. His positions at First Pacific included Vice President and Corporate Treasurer, First Pacific (Hong Kong); Director of Finance, Hagemeyer N.V. (Netherlands); Vice President and Treasurer, Hibernia Bank (San Francisco); Chief Operating Officer, Comtrad, Inc. (New York); and Chief Operating Officer, Doyle Graf Raj (New York), an advertising firm.

Mr. Chu received a B.A. with highest honors in Psychology and Economics from Bates College and he is also a member of their Board of Trustees. He currently serves on the Board of Directors of several portfolio companies. He is also a member of the Committee of 100, the leading Chinese-American philanthropic organization.

Scott A. Dahnke

Mr. Dahnke is a Managing Partner of Catterton Partners. Mr. Dahnke has a broad range of business experience in private equity, consulting, management and finance. Most recently, he was a Managing Director at Deutsche Bank Capital Partners and previously at AEA Investors, where he led AEA's consumer products investing efforts. Prior to joining AEA, Mr. Dahnke was

the Chief Executive Officer of infoUSA, a leading publicly traded provider of business and consumer marketing products and services. Prior to joining infoUSA, Mr. Dahnke worked with clients on a wide array of strategic and operational issues as a partner in McKinsey & Company's Chicago office. His early career also includes experience in the Merger Department of Goldman, Sachs & Co. and with General Motors.

Mr. Dahnke received a Bachelor of Science, magna cum laude, in Mechanical Engineering from the University of Notre Dame. He also earned an MBA from the Harvard Business School. He currently serves on the Board of Directors of several portfolio companies.

Craig H. Sakin

Mr. Sakin is a Managing Partner of Catterton Partners. Prior to joining Catterton, he served as the Chairman and Chief Executive Officer of Gold Coast Beverage Distributors, Inc., the second largest beer and beverage distributor in the United States. In 1990, Mr. Sakin co-founded Nantucket Holding Company ("NHC"), a merchant bank specializing in the acquisition and management of troubled companies and the consolidation of fragmented sectors within the consumer products and services industry. Prior to NHC, Mr. Sakin was Senior Vice President at an affiliate of Bear Stearns & Co., Inc., and from 1986 to 1991, he was a Vice President of Crimson Capital Corporation, a merchant-banking firm.

Mr. Sakin received a B.S. from St. Lawrence University. He currently serves on the Board of Directors of several portfolio companies.

Partners

Michael J. Farello

Mr. Farello is a new Partner at Catterton Partners. Prior to joining Catterton, he served as Vice President, US Consumer Marketing and eBusiness at Dell Computers. Prior to this role, he has held executive positions leading marketing in the corporate business group, managing the company's foray into in-store technology solutions for the retail sector, and serving as Executive Assistant to the Office of the Chairman. Prior to joining Dell in 2002, Mr. Farello was the President at Escalate, a privately held software company developing enterprise-class, order management and supply chain applications for the retail sector. Prior to this role he was a Partner at McKinsey & Company where he focused predominantly on retail, hospitality and media.

Mr. Farello has an M.B.A. with distinction from the Harvard Business School (1992). He also received a B.S. with distinction in industrial engineering from Stanford. He currently serves on the advisory board of two privately held technology companies.

David Heidecorn

Mr. Heidecorn is a Partner of Catterton Partners. Prior to joining Catterton, Mr. Heidecorn was the Chief Financial Officer of Alarmguard Holdings, Inc. (AMEX: AGD). In 1992, Mr. Heidecorn joined Nantucket Holding Company, a merchant bank specializing in the acquisition and management of troubled companies and the consolidation of fragmented sectors within the consumer products and services industry ("NHC"). From 1986 to 1992, Mr. Heidecorn held various senior positions in the Corporate Finance Group of GE Capital, including heading up the Restructuring Group for the Northeast.

Mr. Heidecorn received a B.A. in Economics from Lehigh University, and an M.B.A. in Finance from Columbia Business School. He currently serves on the Board of Directors of several portfolio companies.

Andrew C. Taub

Mr. Taub is a Partner at Catterton Partners. Prior to joining Catterton, he spent three years as Vice President of Nantucket Holding Company, a merchant bank specializing in the acquisition and management of troubled companies, as well as the consolidation of fragmented industries. At Nantucket, Mr. Taub was responsible for evaluating acquisition candidates, performing due diligence, negotiating and structuring acquisitions, raising debt and equity capital, add-on acquisitions and strategic planning. Prior to joining Nantucket Holding Company in 1993, he was a Senior Associate in Cooper & Lybrand's Corporate Finance Group.

Mr. Taub received a B.A. from the University of Michigan and an M.B.A. from Columbia Business School. He currently serves on the Board of Directors of several portfolio companies.

Frank M. Vest, Jr.

Mr. Vest is a Partner and Co-Founder of Catterton Partners. Prior to forming Catterton in 1990, Mr. Vest was the founder of The Catterton Group, Inc. ("TCGI"), where he performed various investment banking, merchant banking, and investment advisory services. Prior to TCGL, he served as: Controller/Treasurer for Mower Lumber Company, Vice President of Finance for Philpott Coal Corporation, Senior Corporate Auditor for Union Carbide Corporation, and Director of Auditing for the West Virginia Department of Highways.

Mr. Vest is an accounting graduate of Marshall University, Huntington, West Virginia, and has completed numerous advanced study courses at West Virginia College of Graduate Studies, Charleston, West Virginia. He currently serves on the Board of Directors of several portfolio companies.

Seniors Advisors**William J. Lynch**

Mr. Lynch was the Founder and Managing Partner of Capstone Partners, a New York based venture firm. Prior to founding Capstone Partners, Mr. Lynch was a Senior Partner of Morgan, Lewis & Bockius, where he headed a nationally prominent corporate transaction practice. Mr. Lynch is Chairman of the Board of Directors of Edgewater Technologies, Inc., a publicly held consulting organization and is a member of the Board of Directors of NYFIX, Inc., a publicly held provider of transaction and technology services to the investment industry. He is also a director of numerous privately owned companies, including Farley's & Sathers Candy Company Inc. and SimStar Internet Solutions, Inc. Mr. Lynch is a graduate of Holy Cross College and the Harvard Law School.

Conclusion/Recommendation

Based upon the successful track record, prior relationship, and experience of the principals and the recommendation of PSERS' consultant, Portfolio Advisors, staff recommends that the Board invest an amount equal to 25 percent of the committed capital, but not to exceed \$100 million plus reasonable normal investment expenses, in Catterton Partners VI, L.P. The final terms and conditions of the investment must be satisfactory to the Investment Office, the Office of Chief Counsel, and the Executive Director.