

May 2, 2005

Chartwell Investments

is pleased to announce the \$132 million acquisition of Idaho Timber Corporation by our investment partnership with Leucadia National Corporation

\$132,000,000



**IDAHO TIMBER
CORPORATION**

Chartwell Investments

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May 6, 2005

Dear Friends,

Today we are pleased to announce the \$132 million acquisition of Idaho Timber Corporation by our investment partnership with Leucadia National Corporation. Idaho Timber provides an extensive range of quality wood products to a variety of customers including home centers and building product suppliers. One of the largest privately held companies in Idaho, Idaho Timber had record sales last year of \$420 million and shipped over 800 million board feet of lumber products from its 10 lumber and building materials operations throughout the country. Idaho Timber products, predominantly dimensional lumber boards, are primarily sold into the general construction and home improvement markets. The senior management team, including Chief Executive Officer Ted Ellis and current operating management, will remain in place post-acquisition and will continue to have a significant economic interest in the company.

This is the first acquisition by the Chartwell/Leucadia partnership, formed in March of this year. The deal demonstrates the partnership's unique attributes, including speed and certainty of closing, the use of moderate leverage, and a long term commitment to own businesses. We closed the transaction with all cash 30 days after executing a letter of intent. We have also committed to Ted Ellis and his team that leverage will not exceed 50% of capitalization. Since we are a corporate partnership and not a fund with pre-defined exit horizons, we can invest for the long term. CEO Ted Ellis relates, "We participated in a broad process. The unique capabilities of Chartwell/Leucadia made them the clear choice for the seller and the management team."

The transaction illustrates the capabilities of the Chartwell/Leucadia partnership. We have targeted acquisitions in the \$100 to \$300+ million range. The partnership is structured to be friendly to management teams and sellers because we have the financial resources to close quickly and finance post-acquisition. With only moderate leverage, we can invest in more cyclical industries and dedicate free cash flow to growth projects. We are seeking to build a diversified portfolio of investments across a wide spectrum of industries including manufacturing, distribution, service, retail and consumer products. The focus will also be on companies with primarily U.S.-based earnings in order to take advantage of significant NOL carryforwards.

If you have any questions or opportunities for us, please don't hesitate to call.



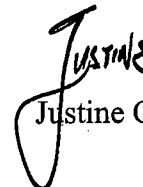
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