

## Press Release

10<sup>th</sup> May, 2011

Acting in concert since March 22, 2011, Mantra Investissement SCA and Guy Wyser-Pratte (the concert group), the largest independent shareholders on record of Private Equity Holding AG (PEH), with a current stake of slightly more than 5%, announce today that they will seek to replace the entire Board of PEH at the company's Annual General Meeting (AGM) on June 14. The current Board's failure over a period of years to reduce the exceptionally wide discount to net asset value (NAV) at which PEH shares trade, led the concert group to take this exceptional step.

"Since filing our concert agreement, hope that we would take shareholder-friendly action has brought the gap between share price and real value to its narrowest level in three years," says Guy Wyser-Pratte, head of Wyser-Pratte & Co. and one of four new Board candidates put forward by the concert group. "But the only way to preserve those gains, and see the still unacceptable gap between share price and real value close enduringly, is to implement drastic change."

For reference purposes, on March 22, 2011 (the date Mantra Investissement and Guy Wyser-Pratte announced their action in concert), PEH shares traded at a 40% discount to NAV. On the same date, PEH's Swiss peers, Shape Capital AG, Absolute Private Equity AG, and Castle Private Equity AG, were trading at discounts of 26%, 32% and 42% respectively, while PEH's U.K. peers were trading at an average discount of 25%. As of Monday, May 9, PEH shares were trading at a 29% discount to NAV, the narrowest gap since March, 2008. PEH's shares have gained 18% since Mantra and Wyser-Pratte announced that they would act in concert.

"Making sure the PEH share price is a full and accurate measure of PEH's real value is the sole goal of the concert group," says David Hersh, a partner at Mantra who is also among the new Board members proposed today. "If you look at the recent rise in the share price, it is clear that we are promoting welcome winds of change at a group where the current Board has lost legitimacy by refusing to pursue real shareholder value."

In addition to Hersh and Wyser-Pratte, the proposed PEH directors are Jean-François Borde and Nicolas Topiol. Their biographies can be found in the appendix of this announcement.

As well as proposing the replacement of the current directors, the concert group also submitted two AGM agenda items today that, if approved, would force PEH to save funds for potential tax free cash distributions to shareholders in 2012. The size of the cash distributions will be determined by net available liquidity, while disbursement will only occur if approved by a shareholder vote in 2012. In order to maximize the potential cash distribution to shareholders, the concert group's agenda items explicitly call on PEH management to:

1. immediately end commitments to new investments
2. impose a cost-cutting plan, including halving of Board compensation, currently 2 to 3 times higher than the compensation of peers

The concert group also expects the Board to carry out a thorough review of PEH's investment strategy, including assessing the advantages of an orderly wind-down, or liquidation, of the investment portfolio.

If PEH management and the current Board (which together control roughly 20% of the company) successfully oppose the election of the concert group's Board candidates, the agenda items are designed to offer investors another means of obliging the Board to take the shareholder-friendly steps outlined above. "Our proposed agenda items insure that measures enhancing shareholder value are carried out, even if recalcitrant directors stay in place," says Hersh.

Also today, the concert group sent a formal inquiry to PEH's Board seeking full disclosure of the various steps and deliberations that led to the renewal of Alpha Associates' contract as PEH's investment adviser (this is backed up by AGM agenda items calling for further information and for an independent audit of the contract renewal process). The renewal was awarded in December 2010, in what appears to be an opaque process not open to competitive bids from other investment advisers. The concert group further believes that it was granted prematurely - sixteen months before Alpha's existing contract was set to expire - well before a final judgment on renewal could have been made.

The circumstances of the renewal are particularly disturbing to the concert group given its conviction that the terms of the Alpha contract destroy shareholder value by awarding Alpha excessive management and performance fees. Since Alpha's performance fees are not based on movements in the share price, the contract also fails to align Alpha's interests with those of PEH investors.

In the opinion of the concert group, listed private equity funds in Switzerland and globally trade at excessive discounts to net asset value, making it incumbent on all of the sector's players to re-examine the appropriateness of listed structures for private equity funds. Members of the concert group already own stakes in four of five listed funds of private equity funds in Switzerland, as well in many non-Swiss listed private equity funds.

**Mantra Investissement SCA** is an independent Paris-based, closed-ended investment company specialized in listed private equity.

**Guy Wyser-Pratte** has been a prominent shareholder activist since 1974 and has focused on shareholder initiatives to restructure European companies since 1995. Mr. Wyser-Pratte has served on the Boards of Vivarte SA, Maurel & Prom, Ingenico SA, and is currently on the Board of KUKA AG.

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## Appendix: Biographies of candidates to the Board of Directors of Private Equity Holding AG

### **1) Mr. Borde**

Jean-François Borde is a shareholder of PEH. He is a Senior Advisor at Mantra, an investment company with a strategic focus on opportunities in alternative private equity. Mr. Borde is currently also a Member of the Supervisory Board and of the Investment Committee of Sigma Gestion, a private equity fund, and Entrepose Echafaudages, a scaffolding company. Mr. Borde was part of the founding Mantra team in 2006. Mr. Borde has been a private equity professional for over 35 years, having held many management positions in three large groups: Institut de Développement Industriel (Director), Axa Private Equity (CEO) and TCR Europe Fund (CEO). More than 70 transactions were successfully realized under his supervision in various private equity segments (growth capital, buyout, turnaround, etc.), in both majority and minority positions, generating an average annual achieved return of 22%. Mr. Borde was also the largest shareholder and manager of Compagnie Privée de Banque, a private bank for more than five years (1989-1994). Mr. Borde was awarded a degree in Business Administration and Finance from Université Dauphine (France). Mr. Borde is a French National.

### **2) Mr. Hersh**

David Hersh is a shareholder of PEH. He is a partner at Mantra, an investment company with a strategic focus on opportunities in alternative private equity. Mr. Hersh was part of the founding team and is a member of Mantra's Investment Committee. Mr. Hersh is actively involved in the deal origination and implementation of value creation strategies for Mantra and has led a number of investment transactions across Europe and North America in both listed and unlisted private equity strategies. Mr. Hersh is also involved in the development and monitoring of Mantra's investment portfolio. Through this role, Mr. Hersh represents Mantra on the Board of some of its investments, notably at Gigaset AG (formerly Arques Industries AG), a listed turnaround fund based in Germany. Mr. Hersh brings strong industry knowledge with expertise in audit, financial controls and corporate governance. Mr. Hersh was awarded a Bachelor of Commerce from McGill University (Canada). Mr. Hersh is a Franco-American national.

### **3) Mr. Topiol**

Nicolas Topiol is a shareholder of PEH. He has worked for the family office of the Falic Brothers since 2002. Mr. Topiol is CEO and a Board member of Christian Lacroix (since 2005), a company he recently successfully led through a Court supervised restructuring process and a Senior Executive at UETA Inc (since 2002), an investment, retail and distribution company. Mr. Topiol was also General Manager and a Board Member of both Hard Candy and Urban Decay Comestics LLC (from 2002 to 2009), two worldwide cosmetics companies. Mr. Topiol started his career at Société Générale and Apax Partners before joining the founders of a commodities, investment and trading holding company in 1994. From 1999 to 2002, he developed watch and jewellery e-commerce businesses (Timezone.com and then Ashford.com, Diamond.com and Worldofwatches.com). Throughout his career, Mr. Topiol has developed international

expertise in acquisitions and direct investments in private companies and has further complemented this expertise both with hands-on operational work in the US and Europe and worldwide business development. Mr. Topiol was awarded a MBA from the Wharton School of the University of Pennsylvania (USA). Mr. Topiol is a French national.

#### **4) Mr. Wyser-Pratte**

Guy Wyser-Pratte is a shareholder of PEH. He is President of Wyser-Pratte & Co., an investment management company based in New York. Mr. Wyser-Pratte is currently a member of the Supervisory Board of KUKA AG as well as a former board member of Ingenico S.A., Prosodie S.A., Maurel & Prom S.A., Comsat Corporation, Prudential Bache Securities, Bache & Co., and Vivarte S.A. Mr. Wyser-Pratte became a driving force in the shareholder activist movement while heading up the risk arbitrage department at Prudential-Bache. He has maintained, throughout his 45 year career as both a risk arbitrageur and shareholder activist, a singular dedication to the basic tenets of shareholder rights and the need for managers to play a more active role in their investments. Over the course of the past 45 years, Mr. Wyser-Pratte has initiated over 80 activist projects in 10 jurisdictions globally. In Germany, recent examples include Vossloh AG, Rheinmetall AG, and KUKA AG. Notable examples in France include Taittinger S.A., Vivarte S.A., Strafor Facom S.A., Valeo S.A. and most recently, Lagardere SCA. Mr. Wyser-Pratte has authored two monographs for the New York University Salomon Brothers Center: Risk Arbitrage and Risk Arbitrage II, which are considered to be the standard textbooks in the industry. Risk Arbitrage was updated and republished by John Wiley & Sons in 2009. Mr. Wyser-Pratte is a former Captain in the United States Marine Corps and the recipient of The Alternative Investment News 2007 Lifetime Achievement Award. Mr. Wyser-Pratte is a Franco-American national.