



NEWS RELEASE

Zug, January 29, 2002

Private Equity Holding AG: 9-month results burdened by ongoing correction in the venture capital market

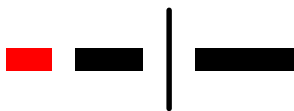
Weak market developments continued throughout the last quarter, mostly influencing commitments to venture capital and the industry sectors telecom, internet and communications. The current high venture capital investment level particularly penalized the performance of Private Equity Holding AG in the current financial year. Although we start to see the first signs of a recovery, it is too early to expect a major positive impact on the industry in the near-term.

The cumulative net loss for the first nine months of the financial year 2001/2002 amounted to CHF 88.9 million (first nine months of 2000/2001: net profit of CHF 59.3 million). A reversal of the downward trend in the capital markets in the reporting quarter allowed for securities gains of CHF 8.7 million. Similarly, capital gains on investments amounting to CHF 5.1 million and foreign exchange gains of CHF 1.8 million were positive contributions to the result. However, additional write-downs in the order of CHF 25.2 million primarily related to the portfolio of direct investments led to a net loss of CHF 18.3 million.

Between April 1, 2001, and December 31, 2001, consolidated shareholders' equity declined from CHF 1.36 billion to CHF 1.13 billion. Under the new accounting standard IAS 39 unrealized appreciation/depreciation of a non-permanent nature is accounted for under equity. Valuation changes of permanent nature are accounted for in the income statement. In accordance with the new accounting standard, net unrealized depreciation of CHF 135.6 million was booked against equity as of December 31, 2001.

Out of the credit facility of CHF 500 million provided by Swiss Life/Rentenanstalt, a portion of CHF 200 million was drawn as of December 31, 2001. The remaining CHF 300 million will be used for ongoing financing needs over the coming quarters and only leave room for selective follow-on investments. The company is fully invested with total commitments amounting to CHF 2.14 billion.

In the reporting quarter (1.10.2001-31.12.2001) the fair value per share showed a contraction of approx. 5% or CHF 13.47 to CHF 259.73 mainly due to additional write-downs and new fund reports. Compared to the evolution in the previous quarters since April 1, 2001, the decline in fair value slowed significantly.



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In the near-term, we expect the fair value to continue to retreat somewhat. Although it seems that the greater part of re-evaluations have already taken place, we believe that some additional adjustments will be necessary before a rebound in the private equity industry can be expected. In addition, the difficult fund raising conditions are likely to hamper the development even of promising companies as it puts pressure on their liquidity status. On the positive side, recent vintage funds were able to conclude promising investments at interesting valuations. In the buyout segment, with valuations holding up well, the effect of the market weakness manifested itself only in a general slowing of activities with extended fund raising schedules. Our outlook with regard to the mid-term development remains cautiously optimistic.

Besides the management of the portfolio, the focus of the reporting quarter was the realization of the new direction of Private Equity Holding. Important steps in its execution were the implementation of the new corporate governance and the fee structure:

Effective December 1, 2001, Marinus W. Keijzer assumed the function of Delegate of the Board of Directors in addition to his responsibilities as Chairman of the Board. This newly appointed role charges him with certain corporate executive responsibilities whilst Swiss Life Private Equity Partners is responsible for the investment advisory and management, finance, reporting and the day to day operations of the Private Equity Holding Group.

As of January 1, 2002, the previous fee structure was replaced by a more performance oriented, flexible and transparent model. Based on fair values, the management fee follows the net asset value of the Private Equity Holding Group. The second part of the remuneration, the performance fee, is in addition by means of share options also coupled to the share price performance. Enhancing the transparency of the cost structure, corporate, transaction and certain administrative costs are budgeted separately and are submitted to the Board of Directors for approval. With this competitive new cost structure, it is expected that the annual management fee will be reduced by about 25%.

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Private Equity Holding AG (SWX: PEHN), managed by Swiss Life Private Equity Partners, offers investors the opportunity to invest, within a simple legal and tax optimized structure, in a broadly diversified and professionally managed private equity portfolio. As of December 31, 2001, the company held fund investments in 84 funds and direct investments in 37 companies. For further information: www.peh.ch or Eva Kalias, Investor Relations and Communications (phone +41-41-726 79 80).

The full quarterly report as of December 31, 2001 is available on our website at www.peh.ch. from January 29, 2002. For this reason we will not provide a separate print copy or mailing at a later stage.



Consolidated Financial Statements for the 9 months ended December 31, 2001 (abbreviated)

Income Statement

CHF 1,000	1.4.01-31.12.01	1.4.00-31.12.00
Income		
Capital gains on investments, net	60,940	137,248
Securities trading gains/(losses), net	(16,351)	(2,425)
Interest income	1,503	2,104
Foreign currency exchange gains/(losses), net	(9,384)	(4,281)
Other income/(expenses), net	50	(11)
	36,758	132,635
Expenses		
Management fees (all-in fee)	22,802	23,012
Performance fees	-	11,716
Interest expense	14,167	-
Write-downs	84,996	38,310
Other expenses, net	3,460	-
Tax and duties	230	304
	125,655	73,342
Net profit/(loss)	(88,897)	59,293

Balance Sheet

CHF 1,000	31.12.01	31.3.01 (audited)
Assets		
Current assets	52,831	115,981
Long-term assets	1,305,966	1,561,302
Total Assets	1,358,797	1,677,283
Liabilities and Shareholders' Equity		
Current liabilities	24,871	169,092
Long-term liabilities	200,000	150,000
Shareholders' equity	1,133,926	1,358,191
Total Liabilities and Shareholders' Equity	1,358,797	1,677,283