



NEWS RELEASE

Zug, April 25, 2002

Private Equity Holding AG: Annual Results 2001/2002

On March 31, 2002, Private Equity Holding AG closed its fifth financial year. In line with the strong corrections in the markets, especially for venture-backed companies, the fair value per share for Private Equity Holding AG declined 47% from CHF 401.14 to CHF 213.52 in the reporting year. With a share price of CHF 116.00 as of March 31, 2002, the shares of Private Equity Holding AG were traded at a discount of 46% to fair value.

In the reporting period, Private Equity Holding AG posted a consolidated net loss of CHF 264.9 million (2000/2001: net profit of CHF 52.8 million) primarily caused by write-downs on fund investments and direct investments of CHF 258.8 million. Total capital gains from investments declined by 68% to CHF 67.5 million (CHF 210.5 million), mainly due to lower fund distributions and the lack of opportunities for exits from the portfolio of direct investments.

Between April 1, 2001, and March 31, 2002, consolidated shareholders' equity at fair values declined from CHF 1.75 billion to CHF 932.2 million. The difference also includes a net change in unrealized depreciation of CHF 554.1 million, booked against equity in accordance with the new IAS 39 accounting standard.

Over the reporting period, total investments decreased from CHF 1.95 billion (including restatement to fair values of CHF 392.7 million) to CHF 1.15 billion. Likewise, total commitments declined considerably from CHF 2.71 billion to CHF 1.97 billion. The main reason for the reduction was the sale of seven portfolio funds, which improved the ratio of invested capital to total commitments from 0.6 to 0.67.

Fund Investments

During the 2001/2002 financial year no new commitments were made to investment funds. Overall, the funds held in the portfolio made new investments totaling CHF 239.9 million (2000/2001: CHF 691.5 million) and distributed CHF 97.8 million (CHF 167.7 million). Most of the transactions have been executed at attractive valuation levels, taking advantage of the more realistic market environment. Our assessment of the valuations carried by the fund managers resulted in write-downs on fund investments totaling CHF 203.5 million (CHF 31.4 million) including an extraordinary write-down of CHF 118 million on the US Ventures, LP fund participation. Over the reporting period, the fair value of the fund investments decreased from CHF 1.51 billion to CHF 1.05 billion.

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Direct Investments

Commitments to direct investments slowed down significantly over the past financial year with no investments in new companies. Only selective follow-on financings, totaling CHF 8.6 million, were closed for eight companies of the portfolio. During the period under review, additional write-downs in the amount of CHF 55.3 million (CHF 70.5 million) were necessary in order to reflect the poor operating performance, the challenging business environment or the limited access to capital faced by the direct portfolio companies.

Operations Progress Report

In a private equity portfolio, short-term measures need to be appreciated with a long-term perspective, in particular by matching the liquidity requirements with the performance and asset allocation targets. Changes in those areas can only be successfully implemented over time. Within the last nine months important milestones were reached with regard to securing the financing of the company, adopting a sustainable corporate governance, implementing a competitive fee structure, and taking a proactive stance in managing the portfolio.

Outlook

Our major mid-term objective is to progressively shift the portfolio mix to achieve a better balance between the various stages of investments and to enhance the financial flexibility to allow new commitments. Based on the adjustments made we are confident that the values reported for the Private Equity Holding AG portfolio now reflect the current situation adequately. Globally the valuations observed have adjusted to more realistic levels and the market correction is already well advanced. Nevertheless, some specific sectors should be further affected by continuous adverse market conditions over 2002.

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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 March 31, 2002, 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 Annual Results Report as of March 31, 2002, is available on our website at www.peh.ch from April 25, 2002. The Annual Report 2001/2002 will be published in June 2002.

Consolidated Financial Statements for the Year ended March 31, 2002
(abbreviated)

Income Statement

CHF 1,000	1.4.01-31.3.02	1.4.00-31.3.01
Income		
Gains/(losses) on securities available for sale, net	67,530	210,479
Securities trading gains/(losses), net	(16,280)	(2,970)
Other Income	70	-
	51,320	207,509
Expenses		
Write-downs	258,838	106,275
Administration expenses	26,707	42,928
Corporate expenses	3,907	3,606
	289,452	152,809
Total Income/(Loss) from Operations	(238,132)	54,700
Financing Income		
Interest income	1,982	7,207
	1,982	7,207
Financing Expenses		
Interest expenses	18,280	8,744
Financing charges	1,905	-
Foreign exchange losses	8,538	332
	(28,723)	(9,076)
Total Financing Income/(Expenses), Net	(26,741)	(1,869)
Net Profit/(Loss)	(264,873)	52,831

Balance Sheet

CHF 1,000	31.3.02 ¹	31.3.01
Assets		
Current assets	50,790	115,981
Long-term assets	1,146,901	1,561,302
Total Assets	1,197,691	1,677,283
Liabilities and Shareholders' Equity		
Current liabilities	15,510	169,092
Long-term liabilities	250,000	150,000
Shareholders' equity	932,181	1,358,191
Total Liabilities and Shareholders' Equity	1,197,691	1,677,283

¹ Based on fair values and not comparable to the previous years' figures