ANNUAL REPORT 2008

AIG
PRIVATE EQUITY

FACTS AND FIGURES

Company profile

AIG Private Equity Ltd. is a Swiss investment company with an objective to achieve long-term capital growth for shareholders by investing in a diversified portfolio of private equity funds and privately held operating companies. The same team that manages private equity investments for American International Group, Inc. acts as investment advisor for AIG Private Equity Ltd. With nine years of operating history in a variety of market conditions, AIG Private Equity Ltd. has a solid track record and a mature portfolio of funds and direct investments. AIG Private Equity Ltd. is listed on the SIX Swiss Exchange under the ticker symbol "APEN".

Valuation as of December 31, 2008

Closing price per share	CHF	37.95
Net asset value per share (applying fair values)	CHF	91.86
Exchange rate	USD/CHF	1.0673
Exchange rate	EUR/CHF	1.4856
Number of shares outstanding		3 929 185
Market capitalization	CHF	149 112 571

Swiss Security Number

915.331
ISIN: CH0009153310
Ticker: APEN

Trading Information

Reuters: APEZn.S
Bloomberg: APEN
Telekurs: APEN

www.aigprivateequity.com

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EDUARDO LEEMANN, *Chairman of the Board*

Dear Shareholders

2008 was a disappointing year. The global financial crisis that began in 2007 intensified sharply following the bankruptcy of Lehman Brothers in September 2008, and credit markets came to a near standstill, with lenders unwilling to assume counterparty risk. Uncertainty and lack of credit had a significant impact on an already weak real economy, with most developed economies contracting sharply in the fourth quarter. Public equity markets turned in their worst performance in decades, with many major indices down 30–40% or more for the year. Private equity valuations and activity have been particularly impacted due to the lack of credit for new transactions or exits and the leveraged nature of buyout investments, which tends to amplify equity losses in periods of declining asset valuations. The effect of this can be seen in the Company's NAV, which declined substantially in the fourth quarter. The Company also experienced liquidity constraints in the fourth quarter as distributions from existing investments dropped dramatically and the Company's lenders requested early repayment of the Company's USD 100 million credit line. Finally, AIG, the Company's founder, sponsor and investment advisor was forced to accept a substantial investment by the US federal government and plans to sell many of its operating businesses (including the Company's investment advisor, AIG Investments and AIG Private Bank).

Investment income was down sharply as exits were scarce with buyers struggling to secure debt financing for new deals. At the same time the Company recorded substantial write-downs from long term assets. The Company is required to perform an impairment analysis on a quarterly basis. At year-end fund managers marked down the value of portfolio companies mainly due to multiples of public comparables coming down – especially in the fourth quarter. This led to significantly lower valuations across the portfolio even for companies that were tracking budget.

With fewer distributions but capital draw downs from funds remaining at high levels in the first three quarters of 2008, the Company drew down its credit line and issued preference shares from its subsidiary in Bermuda. As per the end of the third quarter the Company breached covenants under the credit agreement with the banking consortium and a supplementary agreement to the loan agreement was signed. In return for the Company maintaining an early prepayment schedule, the banking syndicate agreed to waive certain financial covenants. In April 2009 the Company proposed to the banking syndicate a standstill agreement until July 2009 as it

DR. CHRISTIAN WENGER, *Vice Chairman*

DR. ERNST MÄDER, *Member*

DR. ROGER SCHMID, *Member*

ROBERT THOMPSON, *Member*

became evident that the prepayment schedule could not be maintained. During that period the Company is exploring various refinancing options. The ability of the Company to secure stable financing to fund existing investment commitments will clearly have a material impact on the outlook for returns to our equity holders.

The global economy has continued to deteriorate in 2009, with large contractions expected for major economies in the first quarter and a substantial slowing of growth in larger emerging economies such as China and India. While there are some signs of stabilization in credit and equity markets, it seems likely that any recovery will be a long, slow process. Valuations will stay under pressure until economic confidence is restored and credit markets begin to function more normally.

Despite the difficulties faced by the Company, we believe there are many successful investments in the portfolio that will begin to demonstrate their value when markets and the global economy stabilize.

Eduardo Leemann
Chairman of the Board

AIG Private Equity Ltd. (the "Company") recorded a disappointing result in a very challenging market environment in 2008. The turmoil in the financial markets has had a material negative impact on the Company. The frozen debt markets, weak equity markets and weak global economy impacted valuations and led to a substantial decrease in distributions from existing investments. The Company's net asset value ("NAV") per share decreased 49.6% from CHF 182.13 to CHF 91.86. The Company's share price decreased 77.7% and ended the year at CHF 37.95.

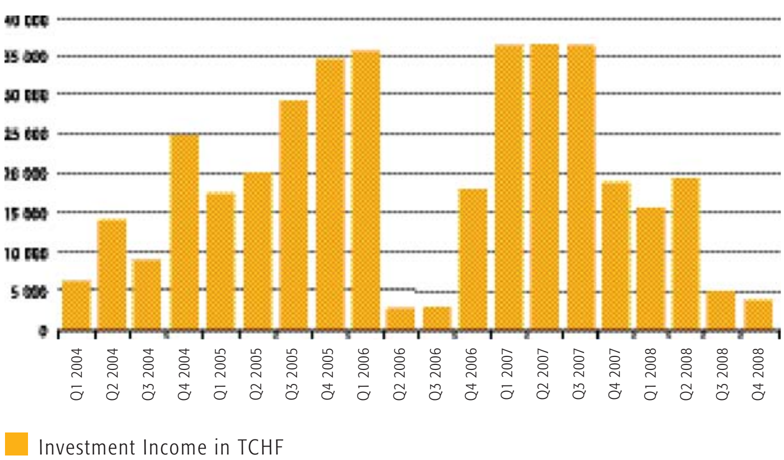
Review 2008 and Outlook

The first three quarters reflected results from a normal weak period with NAV decreasing 9.7% and the share price 40.3%. The fourth quarter was characterized by the significant turmoil on the financial markets. Financial institutions came under significant stress and in some cases were in need of government support. Credit markets froze and the interbank market came to a standstill. Equity markets lost further terrain in the first part of the fourth quarter, recovering somewhat towards the year-end. All of the above impacted private equity investments and led to a severe contraction in transaction volume in the fourth quarter.

Aside from the significant valuation changes, the weakening of the USD (Q4: –4.6%; 2008: –5.8%) and the Euro (Q4: –5.8%; 2008: –10.2%) had a negative impact on NAV as had the listed portfolio investments.

Exits were difficult to achieve as equity markets were volatile and weak in 2008 resulting in one of the worst IPO environments in many years. Additionally, secondary transactions, the sale of a portfolio company to another private equity sponsor, declined significantly as debt financing was difficult to secure in the first three quarters and virtually impossible to find in the fourth quarter. As a result of the restricted transaction volume, the Company's investment income was substantially lower than in the previous year. The sale of three of the top 20 investments at the beginning of 2008 at good multiples contributed strongly to investment income. Additionally, the Company unwound the contractual agreements in the second quarter. The contractual agreements were entered into in 1999 shortly after inception of the Company. The agreements provided the Company with instant exposure to a mature private equity portfolio of 65 private equity funds with vintages ranging from 1986 to 1999. As that portfolio continued to exit underlying portfolio companies, the remaining fair value of the contractual agreements decreased continuously to CHF 38.8 million at the end of the first quarter 2008. Nearly half of the fair value was concentrated in four funds: Doughty Hanson III, Palamon European Equity, Apollo IV and Blackstone III. As a result of the unwinding of the contractual agreements, the Company received

Quarterly Investment Income from 2004 to 2008



CONRADIN SCHNEIDER **ANDREW FLETCHER**

direct limited partnership interests in these four funds equivalent to its existing indirect interests and received cash proceeds equal to NAV for the remaining funds covered by the agreements. Total cash proceeds from the unwinding of the contractual agreements were USD20.3 million and the fair value of the four funds transferred to the Company's direct ownership totaled USD 15.4 million.

The write-down on non-current assets amounted to CHF 223.0 million (2007 CHF 10.1 million). In accordance with IFRS requirements, the Company considers any investment (whether fund or direct investment) with a fair value below cost for more than twelve months as impaired. In addition, any investment with a fair value more than 30% below cost will be considered impaired regardless of the length the investment was held below cost. In contrast to other tests, the majority of the write-downs were caused by the latter category. Lower valuation multiples and the weak economic environment led to this situation. Additionally, with fewer exits, we recorded more funds that remained below cost for more than twelve months. Since impairments are taken automatically under the policy, an impairment does not necessarily reflect management's opinion that the affected fund or direct investment will ultimately return a loss.

Top 20 investments

The Company's top 20 investments portfolio recorded another year of high turnover, with a total of ten new investments joining the top 20 in the course of the year. Three full sales were achieved at attractive multiples in spite of a very challenging market environment. Overall we are pleased with the performance of the top 20 investments and are aware that at least one is looking to generate liquidity for investors in 2009. See page 8 for detailed information on the portfolio of top 20 investments.

Investment Program

The Company added six funds and no direct investments to its portfolio in 2008. The commitments to the six funds are divided up into five follow-on funds and one new fund.

The Company made commitments to two new funds in 2008 with an investment focus on North America: Blackstone Capital Partners VI (USD 25 million) and Ares Corporate Fund III (USD 20 million). Blackstone Capital Partners VI will pursue large-scale private equity focusing on investments in large cap businesses, both in the U.S. and internationally. Targeted sectors include large industrials, communications and media, and energy among others; with particular focus on out-of-favor sectors and under-appreciated industries. The Company has invested in numerous prior Blackstone funds. Ares III makes majority and shared-control investments in distressed and under-capitalized middle market companies. Ares III continues to pursue a wide variety of transactions including buyouts, recapitalizations, growth equity, distressed for control investments and investments in debt securities with equity-like returns. The Company is already a limited partner in Ares II.

Two European funds were added to the portfolio with commitments totaling EUR 40 million: Advent International VI (EUR 20 million) and CVC European Equity Partners V (EUR 20 million). Advent VI will continue to pursue the strategy Advent has followed in prior funds, focusing on the following sectors: Business/Financial Services, Retail/Consumer, Healthcare, Technology/Media/Telecom and Industrials. Advent's aim with fund VI is to invest in control buyout transactions of companies in Western Europe (majority) and North America. The Company has invested in Advent V in 2005 (and sold the stake in the fourth quarter). CVC V will continue the investment strategy that CVC has adopted for many years for its prior funds; investing primarily in lead, control buyouts on a pan European basis in deals with enterprise values typically in excess of EUR 1billion. The Company has invested in a wide variety of funds managed by CVC.

One new fund, TowerBrook Capital Partners III (USD 20 million), has its investment focus on both Europe and the USA. TowerBrook III pursues control-oriented private equity investments in large and middle market companies, partnering with highly capable management teams and seeking situations characterized by complexity.

One fund was added to the Rest-of-the-World/Asia portion of the portfolio: FountainVest China Growth Capital Fund (USD 7.5 million). FountainVest will target equity investments that have a strong nexus with China. In particular, the Fund will target opportunities to invest in sizable, privately-owned enterprises in China that are entering high growth stages led by local entrepreneurs. The Fund will target equity investments of USD 50 million to USD 200 million in 10-15 companies primarily in the i) consumers & lifestyles, ii) builders/developers and iii) resources & alternative energy sectors.

Unfunded commitments as of year end amounted to approximately CHF 744 million or 117% of total assets. Generally, we expect funds to invest over a period of approximately five years.

Direct Investments

In 2008 the Company made no new direct investments but made three follow-on investments in Advanstar Communications, Thomas Nelson Publishing and Falcon Farms for a total of CHF 1.35 million. The Company's portfolio of direct investments has declined further in 2008. The main reason were lower valuations recorded for a number of direct investments. Especially impacted were CapMark and MVLF. CapMark, active in the commercial real estate sector, and MVLF, a leverage finance fund holding a portfolio of mezzanine and second lien loans, were particularly hit.

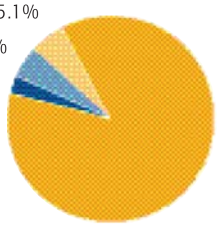
At year end, direct investments accounted for 7.1% of invested assets (including the investments in loans). This represents a decrease of nearly five percentage points over the prior year.

Liquidity

Capital calls remained at high levels in the first three quarters. The still fairly high volume of calls goes back to specialized fund managers investing in debt securities at discounts or fund managers buying debt of portfolio companies at a discount, and also reflects a large number of transactions that were agreed in the second half of 2007 and the first half of 2008, but that eventually closed in 2008.

In order to fund capital calls the Company increased in January 2008 the credit line with the banking consortium to USD 100 million. Due to distributions slowing down and capital calls remaining at high levels for the first three quarters, the bank facility was fully utilized and the Company's subsidiary in Bermuda issued USD 150 million in preferred shares to an AIG group company.

1. Diversification by Investment Focus as of December 31, 2008
Expressed as % of invested assets applying fair values



2. Investment Framework as of December 31, 2008
Expressed as % of total assets applying fair values

	AIG Funds Portfolio	3rd-Party Funds Portfolio	Direct Investments Portfolio	Total
Developed Markets				
Europe	2.1%	38.0%	2.6%	42.7%
North America	5.8%	35.2%	6.4%	47.4%
Other Markets	3.3%	4.1%	0.1%	7.5%
Total	**11.2%**	**77.3%**	**9.1%**	**97.6%**

At the end of third quarter the Company breached covenants on its USD 100 million credit facility. Towards year-end the Company and the lenders signed a supplementary agreement to the loan agreement. In return for the Company maintaining an early prepayment schedule, the banking syndicate agreed to waive two financial covenants. The prepayment schedule provides for various payments with the final payment due June 30, 2009.

In order to repay debt and increase liquidity the Company sold 7 portfolio funds (CVC III, CVC IV, CVC Tandem, Advent V, Sun Capital V, KRG III and Avista) in the secondary market. In return for the sale of these funds the Company received proceeds of CHF 76.8 million. Unfunded commitments that were released with the sale of the funds amounted to CHF 39 million. The impact on the NAV for the portfolio funds was CHF –6.75 per share.

In the fourth quarter debt was reduced by CHF 37.2 million, reflecting a first repayment under the loan with the banking syndicate and repaying loan balances with AIG Private Bank and HSBC Bank of Bermuda which provided short term facilities to fund capital calls.

Outlook

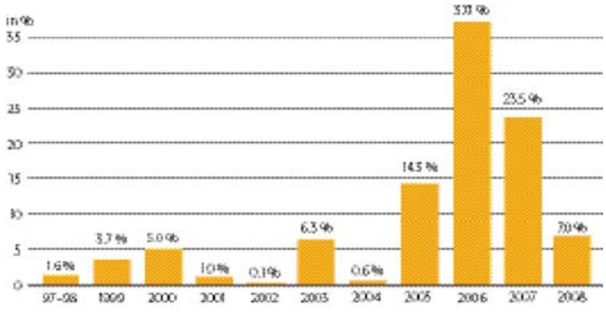
The first quarter 2009 led to a worsening of the overall picture. Equity markets performed poorly before recovering in March. While there have been signs of stabilization in credit markets, they are still not functioning at anywhere near the levels of recent years and certain lenders (such as CDOs) have disappeared from the scene – perhaps permanently. In line with its impairment policy the Company recorded substantial write downs on its investments. It is likely that there will be further pressure on valuations as economic weakness affects operating results and public equity markets reflect reduced valuation multiples. There are, however, many profitable companies in the portfolio. Multiple expansion from the current depressed levels will have a material positive impact on valuations as financial markets and the global economy stabilize.

Liquidity remains the key issue for the board and the management, and we are working to strengthen and solidify the Company's balance sheet and financial situation. Discussions with the banking syndicate are ongoing and a stand still until July 15 was proposed. This time period allows the Company to pursue various options to resolve the liquidity issues.

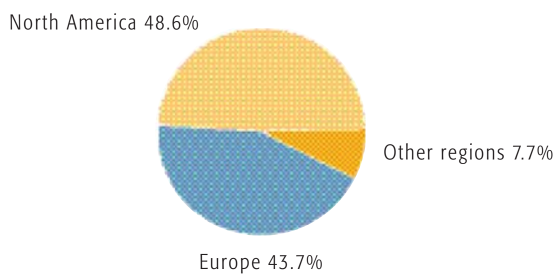
In 2009 the Company sold further funds (EMP II, Cognetas II, Berkshire VII, Doughty Hanson III, EQT III, EQT IV, EQT V (50%), Lion Capital II (50%), Calyle IV, Diamond Castle (40%), KRG IV (20%), Platinum II (50%)). In return for the sale of these funds the Company received proceeds of CHF 37.9 million. Unfunded commitments that were released with the sale of the funds amounted to CHF 78.9 million. The impact on the NAV for the portfolio funds was CHF –11.23 per share.

The Company got off to a challenging start in 2009. Management and the board of directors are undertaking all steps to refinance the Company in a way that provides the best returns for shareholders.

3. Diversification by Vintage Year as of December 31, 2008
Expressed as % of invested assets applying fair values



4. Diversification by Region as of December 31, 2008
Expressed as % of invested assets applying fair values



As of December 31, 2008, the total fair market value of the Group's twenty largest holdings was CHF 131.6 million. While this represents a 23.6% decrease from the value of the top 20 investments portfolio at the end of 2007, it also represents a larger share (36.5%) of the Group's NAV due to the decrease in the overall value of the Group's assets by 25.3% over the course of the year.

Top 20 Investments

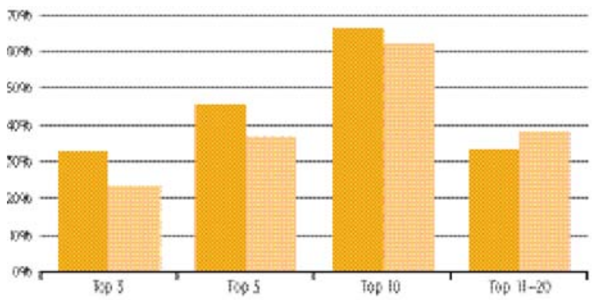
Portfolio turnover was high, with a total of ten new investments joining the top 20. This was due to a mixture of new investments, secondary sales, and valuation changes. Reflecting the portfolio as a whole, the top 20 investments portfolio continues to be well-diversified, with the following industry weightings: 34.1% services, 21.5% energy, 19.2% communications, 9.3% medical & health, 8.5% industrial, and 7.4% consumer. The Financial Services sector (8.4% in 2007) is not represented in the top 20 investments portfolio anymore, due to pressure on valuations of portfolio companies active in the financial industry. The Semiconductor sector (4.4% in 2007) is also not represented due to the valuation adjustment of Freescale at year end. The maturity of the top 20 investments is getting a little older with the average holding period increasing to 22.2 months (30.12.2007: 19.2 months). The minimum fair value for inclusion in the top 20 investment portfolio was around CHF 3.8 million (2007: 5.1 million) with the average amounting to about CHF 6.6 million (2007: CHF 8.6 million).

Top 20 Portfolio Performance

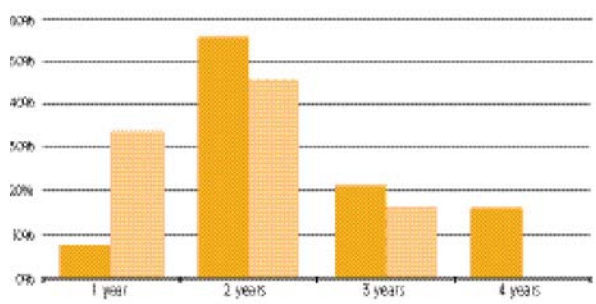
At year end **Geoservices**, an upstream oil field services company with headquarters located in the Paris suburbs, was the largest investment for the Group. Nearly 100% of its business activity takes place outside France on a worldwide basis in at least 50 different locations spread over all continents. Its main business lines are Mud Logging, Well Intervention and Field Surveillance. It took the top spot from Capmark, which dropped from the Top 20 altogether. In the second position is **Kinder Morgan**, which is up from the seventh spot in 2007 after solid performance and a substantial add-on investment in Q3 2008. Kinder Morgan is one of the largest pipeline transporters and terminal operators in North America. Third is **Thomas Nelson Publishing**, which maintains its hold on the number three spot. Thomas Nelson/Faith Media, is the leading publisher of Christian-oriented books, Bible reference books, and translations of the Christian Bible, and also sells secular titles to mainstream commercial markets. The fastest-growing segment of the business is the Gospel Music Channel, with a good subscription base. Thomas Nelson Publishing is one of three direct investments the Group has in the Top 20, with the other two being **Knowledge Universe Education** at number four and **Acosta** at number seventeen. Knowledge Universe Education is a leading global education company serving a wide range of students, from infants and toddlers to primary and secondary students. At number five, up from position seventeen in 2007, rounding out the top five is **Numéricâble**, the number one cable operator in France, serving more than 99% of French cable subscribers.

There are ten new entrants into the Top 20 this year with two being new investments for the Group. The new investments in 2008 were **Ersol Thin Film** (Ventizz IV) and **Rhythm** (Ares II). Ersol Thin Film GmbH is partially owned by Ersol Solar Energy AG, a German listed company that produces and markets high-quality silicon-based photovoltaic products. In June 2008, it was announced that Ersol Energy AG will be sold to Robert Bosch AG. In connection with this transaction, Ventizz's position in Ersol Thin Film will be purchased in 2011 at a fixed price. (The Company will value its position in Ersol at the discounted present value of the expected proceeds from the forward sale). Rhythm, aka Guitar Center, is the leading musical instrument retailer that is approximately 4 times the size of its largest competitor. The Company operates through three business units: Guitar Center Retail Stores (214 retail stores), Direct Response (online and catalog businesses), and Music & Arts (97 stores providing rental band and orchestra equipment). The other new entrants into the Top 20 are **HD Supply, Ports America, Ziggo (Dutch Cable Conglomerate), OGF, Spie, Mater Private Care, Applus,** and **Hygenic**. HD Supply is one of the largest and most diversified wholesale distributors in the U.S. and Canada, providing top quality products and value-added services to professional customers in the Infrastructure and Energy, Maintenance, Repair and Improvement and Specialty Construction markets. Ports America provides independent marine terminal operations to container shipping companies, roll-on/roll-off shippers, cruise lines and general cargo and stevedoring services at 24 locations along the Atlantic as well as the Gulf and West Coasts including New York, New Jersey, Philadelphia, Baltimore, Miami, New Orleans, Tampa and Houston. Ziggo (Dutch Cable) was formed by the combination of three of the four largest cable operators in the Netherlands. The group is the incumbent analogue television provider to some 3.3 million homes, approximately 55% of all Dutch households, and also provides broadband, telephony and digital TV services. OGF is the leader in the French funeral services market. Its position is particularly strong in the high-end segment of the market. The company provides a full scope of services, from organization of burials and cremations, to the manufacturing of coffins (French leadership) and the selling of pre-need funeral contracts through its large network, or partnerships with banks or insurance companies. Spie is the second largest provider of multi-technical contracting services in France (12% market share behind Vinci). Its main activity

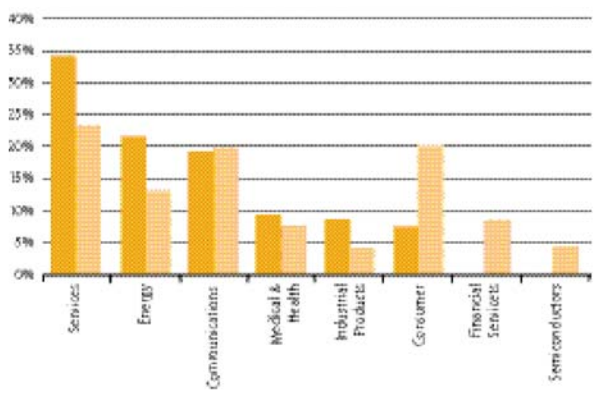
Distribution of value in Top 20 2008 vs. 2007



Comparison Top 20 by Maturity 2008 vs. 2007



Comparison Top 20 2008 vs. 2007 by Industry



2008 2007 adjusted for currency differences is the provision of electrical, heating ventilation and air conditioning ("HVAC") and mechanical engineering to a wide range of industrial, commercial and public sector customers. Mater Private Healthcare is Ireland's leading specialist private hospital, located in Dublin. It was established by the Sisters of Mercy in 1986 on a site adjacent to the Mater Misericordiae University Hospital, one of Ireland's leading academic teaching hospitals, providing Mater with access to high-quality consultants and medical staff. Mater provides a range of medical specialty services and is considered a centre of excellence for cardiac and cancer related procedures. Applus is Spain's leading inspection, certification, and technological services company, operating globally through four divisions; Auto Vehicle Inspection, Inspection and Technical Assistance, Engineering, Testing and Certification, and Non-Destructive Tests and Inspections. Lastly, Hygenic, based in Akron, Ohio, is a leading designer, manufacturer, and marketer of well know branded, consumable products to therapy, rehabilitation, and wellness markets.

There are ten companies dropping out of the Top 20 this year with two due to full exits, one from a return of capital, and the rest related to performance and the overall weak economic environment. The two exits were **Suomen Asiakastieto** and **Universal Studios Escape**. Suomen Asiakastieto is the leading business and credit information company in Finland. GMT Communications Partners III announced the sale of Suomen Asiakastieto in April 2008 and returned more than EUR 6 million to the Group in May. Universal Studio Escape, consists of the two theme parks, Universal Studios Florida and Islands of Adventure, CityWalk, a dining, retail and entertainment complex, and Universal Studios Florida, a movie- based theme park. In February 2008, the Group sold its holding – a long standing top 20 company with initial investment taking place in 2000. **I-Med Holdings** (formally known as DCA Group) has dropped out of the Group's top 20 as a result of the sale of their "Aged Care" business and thus a return of capital. I-Med Holdings is Australia's largest private diagnostic imaging network and was held trough CVC European Equity Partners IV, CVC European Equity Partners Tandem Fund and CVC Capital Partners Asia Pacific II. **Capmark**, a globally diversified company that provides a broad range of financial services to investors in commercial real estate-related assets, was the Group's largest single investment at the end of 2007. Due to the decline in the financial markets it had a challenging year in 2008 and dropped from the Top 20 altogether. **EMI**, a portfolio company of Terra Firma Investments III, is one of the world's largest music companies. 2008 was a tough market that was not favorable to the recorded music industry and after a valuation adjustment, in spite of satisfactory operational performance, EMI dropped out of the Top 20. **Hertz**, the world's largest general use car rental company, which is publically listed, experienced a significant drop in share price (–68%) due to weak global equity markets in the fourth quarter. **Primesight** is a leading outdoor media owner of various sheets, backlight billboards and exclusive advertising contracts. In October there was a return of capital from bridge financing. This, coupled with the valuation adjustment resulted in Primesight falling out of the Top 20. **Freescale Semiconductor**, a global designer, manufacturer, and marketer of broad line semiconductors, was reduced in value due to general weakness in the semiconductor business during 2007 and a reduction in orders from its primary customer, Motorola. **PBL Media**, Australia's largest diversified media company, also dropped from the Top 20 due to valuation adjustments following weak operating performance. **Hema** dropped off the list after a secondary sale of 50% of the Group's holding in Lion Capital II brought the value of the investment down.

Outlook

The majority of the company's top 20 investments performed according to their business plan, while some suffered set-backs as they are active in industries that feel the impact of a recession early in the cycle. Three of the top twenty investments at the end of 2007 were exited during 2008, providing the Company with substantial distributions and capital gains. While we do not anticipate significant exit activity through at least the first half of 2009 (if not considerably longer), a number of top 20 investments are well positioned for exits when markets stabilize.

TOP 20 INVESTMENTS *

	Investment Date	Portfolio Company	Fair Value (CHF million)	Percentage of NAV	Type	Sector [1]	Geography
1	July 2005	Geoservices	14.1	3.9%	Buyout	Energy	Global
2	May 2007	Kinder Morgan	14.1	3.9%	Buyout	Energy	North America
3	June 2006	Thomas Nelson Publishing	13.2	3.6%	Buyout	Communications	North America
4	Jan. 2007	Knowledge Universe Education	10.3	2.9%	Buyout	Services	Global
5	May 2005	Numéricâble	7.0	2.0%	Buyout	Communications	Europe
6	Sept. 2007	HD Supply	6.5	1.8%	Buyout	Services	North America
7	Jan. 2007	Maxam	6.2	1.7%	Buyout	Industrial Products	Europe
8	June 2006	The Nielsen Company (VNU)	6.0	1.7%	Buyout	Services	Global
9	March 2007	Foodvest	5.1	1.4%	Buyout	Consumer	Europe
10	Feb. 2008	Ersol Thin Film	5.1	1.4%	Buyout	Industrial	Europe
11	Nov. 2007	Ports America	5.0	1.4%	Buyout	Services	North America
12	April 2007	Ziggo (f.k.a. Dutch Cable Conglomerate)	5.0	1.4%	Buyout	Communications	Europe
13	July 2008	Rhythm	4.7	1.3%	Buyout	Consumer	North America
14	Oct. 2007	OGF	4.6	1.3%	Buyout	Services	Europe
15	July 2006	Spie	4.5	1.2%	Buyout	Services	Europe
16	Dec. 2007	Mater Private Healthcare	4.5	1.2%	Buyout	Medical/Health	Europe
17	July 2006	Acosta	4.1	1.1%	Buyout	Services	North America
18	Oct. 2007	Ethypharm	4.0	1.1%	Buyout	Medical/Health	Global
19	Nov. 2007	Applus	3.8	1.1%	Buyout	Services	Europe
20	April 2007	Hygenic	3.8	1.1%	Buyout	Medical/Health	North America
Total Fair Value Top 20 Holdings			**131.6**	**36.5%**			

[1] EVCA Definition

* Taking secondary transactions into account that were concluded in 2009

1

www.geoservices.com

Geoservices is an upstream oil field services company, world leader on the Mud Logging market with a clear focus on complex and offshore projects and the second largest player on the Well Intervention (Slickline) market. Geoservices also operates on the Field surveillance market. Company headquarters are located near Paris, France. Almost 100% of its business activity takes place outside France on a worldwide basis in at least 50 different locations spread over all continents. Geoservices employs over 4 000 people of some 60 different nationalities.

2

www.kne.com

Kinder Morgan is a leading pipeline transportation and energy storage company in North America. Kinder Morgan owns an interest in or operates more than 26 000 miles of pipelines and 170 terminals. Its pipelines transport natural gas, gasoline, crude oil, CO_2 and other products, and its terminals store petroleum products and chemicals and handle bulk materials like coal and petroleum coke.

3

www.thomasnelson.com

Faith Media Holdings, LLC, is a company formed by Inter-Media Advisors to acquire the controlling interests in Thomas Nelson Media, Inc. (“TNM”) and The Gospel Music Channel (“GMC”). TNM is the leading publisher of Christian-oriented fiction and non-fiction books, Bible reference books, and translations of the Christian Bible. TNM also sells secular titles to mainstream commercial markets. GMC is the first advertiser supported cable network dedicated to gospel music.

4

www.knowledgeu.com

Knowledge Universe Education (KUE) is a leading global education company serving a wide range of students, from infants and toddlers to primary and secondary students. The Company operates approximately 1 900 centers in the U.S., roughly double the nearest competitor. KUE also offers before and after-school tutoring services at approximately 700 school sites and an on-line education business through its Knowledge Learning Corporation subsidiary. KUE also owns a minority stake in k12, a leading operator of web-delivered curriculum for “virtual charter schools.”

5

www.numericable.fr

Numéricâble is the result of a consolidation of several cable operators. The new entity covers 9 million households and all of the largest French urban areas. It offers a full range of analogue and digital pay TV, internet broadband (up to 100 Mega) and telephony services. Completel which was acquired in September 2007, is the third largest business to business infrastructure-based telecommunications operator in France. It has both a national backbone and a DSL network with 600 exchanges covering 110 cities in France.

6

www.hdsupply.com

HD Supply is one of the largest and most diversified wholesale distributors in the U.S. and Canada, providing top quality products and value-added services to professional customers in the Infrastructure and Energy, Maintenance, Repair and Improvement and Specialty Construction markets. The company's portfolio of industry-leading businesses specializes in delivering supplies and services to a wide range of customers, with a focus on contractors, builders, maintenance professionals, government and municipal entities and industrial businesses. Half of the company's businesses have earned leading positions in the markets they serve.

7

www.maxam-corp.com

Founded in 1872 by Alfred Nobel, Maxam is a Spanish industrial group with production centers in over 20 countries and commercial presence in more than 90 countries. Maxam is the leader in the development, manufacture and sale of civil explosives and initiation systems for the mining, quarry and infrastructure industries in addition to a leading producer of hunting cartridges and powders for sporting use, and demilitarization services. Furthermore, Maxam is a key supplier of raw materials to the Nitrochemical sector, both for Maxam's internal needs and for sale to third parties.

8

www.nielsen.com

The Nielsen Company is a global information and media company with leading market positions in marketing and consumer information, television and other media measurement, online intelligence, mobile measurement, trade shows and business publications (Billboard, The Hollywood Reporter, and Adweek). The company is active in approximately 100 countries, with headquarters in New York.

9

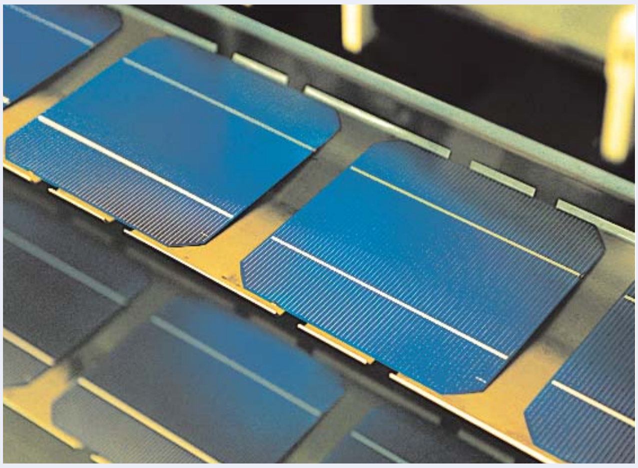
www.foodvest.co.uk

Foodvest is one of the largest food groups in Europe. Foodvest is a UK registered business and was created in 2006 with the merger of Young's Seafood in the UK and Findus in Sweden. Today the business is run by a single management team. Young's Seafood is based in Grimsby, England. Young's is the UK's leading seafood producer, with a 40% share of both the frozen and chilled seafood market. Findus is based in Malmo, Sweden. Findus is the leading frozen food brand in Sweden, Norway, Finland and France. Findus produces a wide range of products including seafood, vegetables, ready meals and frozen bakery products.

10

www.ersol.de

Ersol Thin Film GmbH, a subsidiary of ersol Solar Energy AG, is a thin film producer of solar modules based on amorphous and microcrystalline silicon. The Thin Film technology is anticipated to win significant market shares within the photovoltaic market by both allowing for market expansion on the one hand and by partially substituting the existing crystalline PV products. One major reason for this market development is the reduced requirement for rare silicon supply in the thin film technology with perspectives of increasing its efficiency.



11

www.portsamerica.com

Ports America provides independent marine terminal operations to container shipping companies, roll-on/ roll-off shippers, cruise lines and general cargo and stevedoring services at 23 locations along the Atlantic and Gulf Coasts including New York, New Jersey, Philadelphia, Baltimore, Miami, New Orleans, Tampa and Houston.

12

www.ziggo.nl

Dutch Cable (since rebranded as Ziggo), is the market leading cable TV operator in the Netherlands, and was created in 2006 through the acquisition of three existing cable operators with a combined value of EUR 5.45 billion.

Ziggo was created from the combination of Kabelcom, Casema and Multikabel, which were respectively the second, third and fourth largest cable operators in the Netherlands. Together, the businesses provide cable to over half of all Dutch households. In 2006, they generated revenues of EUR 989 million from 3.3 million subscribers.

13

RHYTHM

www.guitarcenter.com

Guitar Center is the leading musical instrument retailer and is approximately four times the size of its largest competitor. The Company operates through three business units: Guitar Center Retail Stores (214 retail stores), Direct Response (online and catalog businesses), and Music & Arts (97 stores providing rental band and orchestra equipment).

14

OGF

www.pfg.fr

OGF is the leader of the French funeral services market, with an approximate 2006 market share of 25% in value, and 23% in volumes. Its position is particularly strong in the high end segment of the market. The company provides a full scope of services, from organization of burials and cremations, to the manufacturing of coffins (French leadership) and the selling of pre-need funeral contracts through its large network, or partnerships with banks or insurance companies.

15

www.spie.eu

Spie is the second largest provider of multi-technical contracting services in France. Its main activity is the provision of electrical, heating ventilation and air conditioning and mechanical engineering to a wide range of industrial, commercial and public sector customers. In addition, Spie has developed specialised business units covering Oil and Gas services, Communications and Nuclear activities. It is also active outside France through subsidiaries in Benelux, Morocco, Germany, Spain and Portugal. Spie has revenues of around EUR 3.6 billion and over 29 000 employees.

16

www.materprivate.ie

Mater Private Healthcare ("Mater") is Ireland's leading specialist private hospital, located in Dublin. It has 202 beds, 5 operating theatres (increasing to 7 this year), 178 specialist consultants and over 700 staff. It was established by the Sisters of Mercy in 1986 on a site adjacent to the Mater Misericordiae University Hospital, one of Ireland's leading academic teaching hospitals, providing Mater with access to high-quality consultants and medical staff. Mater provides a range of medical specialty services and is considered a centre of excellence for cardiac and cancer related procedures.

17 ACOSTA

www.acosta.com

Acosta, Inc. is the leading sales and marketing agency ("SMA") servicing consumer packaged goods ("CPG") companies in the U.S. and Canada. Its customer base comprises over 1 300 clients and includes top tier global food and beverage manufacturers. Acosta has roughly 11 000 non-unionized sales associates deployed at 120 000+ retail locations to serve the Grocery Channel and Strategic Channels, which include mass/club, natural/specialty, convenience stores and drug stores. Acosta generates revenues through sales commission fees paid by CPGs for in-store merchandising and retail execution services as well as category management and headquarter selling services.

18 Ethypharm

www.ethypharm.com

Ethypharm is one of the world's leading drug delivery systems (DDS) companies that provide a range of effective solutions to optimize the delivery of pharmaceutical products. The use of Ethypharm's DDS technologies delivers important benefits including improving the drug's efficacy, enhancing patient compliance and comfort, extending the life cycles of existing pharmaceutical products, and reducing the total cost of treatment. Ethypharm has launched 50 products in over 70 countries.

19 Applus

www.applus.com

Headquartered in Barcelona, Applus is Spain's leading testing, inspection and certification company and no. 10 in the world, employing over 8 500 people and operating in over 25 market subsegments in 32 countries across 5 continents. Applus operates globally through four divisions; Auto Vehicle Inspection, Inspection and Technical Assistance, Engineering, Testing and Certification, and Non-Destructive Tests and Inspections.

20 HYGENIC

www.hygenic.com

The Hygenic Corporation is a leading designer, manufacturer, and marketer of branded, consumable products sold to therapy, rehabilitation, and wellness professionals under the well known Thera-Band® and Bio-Freeze® brand names. The Company's core products include resistance bands and tubing, topical analgesics, and a broad range of therapy and exercise products used by physical therapists, chiropractors, podiatrists, physical trainers and massage therapists to promote strength, flexibility, and provide pain relief for their patients.

FINANCIAL REPORT 2008

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2008 AND DECEMBER 31, 2007

in TCHF

	Note	2008	2007
Assets			
Current assets			
– Cash and cash equivalents	2	14 930	26
– Derivative instruments	4	–	1 645
– Receivables and prepayments	5	345	1 826
Total current assets		**15 275**	**3 497**
Non-current assets			
– Loans	1	14 049	18 655
– Investments held as available-for-sale			
Direct Investments	1	43 864	101 788
Funds	1, 17	562 891	685 997
Contractual agreements	1, 16	–	41 425
Total non-current assets		**620 804**	**847 865**
Total Assets	20	**636 079**	**851 362**
Liabilities and Shareholders' Equity			
Current Liabilities			
– Payables and accrued charges	6	9 479	24 008
– Loans	7	101 947	107 954
– Deferred tax liability	13	–	145
Total current liabilities		**111 426**	**132 107**
Preferred shares	7	163 714	–
Total liabilities		**275 140**	**132 107**
Shareholders' Equity			
– Share capital		412 500	412 500
– Share capital premium		149 090	149 116
– Treasury stock (at cost)		(30 691)	(27 847)
– Reserve for stock option plan	18	–	182
– Total Revaluation reserve	10	(56 574)	26 772
– Accumulated surplus		158 532	77 948
– Net profit for the period		(271 918)	80 584
Total Shareholders' Equity		**360 939**	**719 255**
Total Liabilities and Shareholders' Equity		**636 079**	**851 362**
Net asset value per share			
Number of shares outstanding at year-end	8	3 929 185	3 949 027
Net asset value per share (in CHF)		91.86	182.13

The accompanying notes on pages 24 to 52 form an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD JANUARY 1 TO DECEMBER 31, 2008 AND JANUARY 1 TO DECEMBER 31, 2007

in TCHF

	Note	2008	2007
Income			
Interest income from non-current assets	12	3 268	11 130
Dividend income from non-current assets	12	352	3 165
Net realized gains on investments	12	16 124	112 053
Interest income from current assets		80	671
Net gain on derivative instruments		–	2 642
Total Income	20	**19 824**	**129 661**
Expenses			
Management fees	14	(11 595)	(14 205)
Performance fees	14	–	(13 049)
Service fees	14	(404)	(409)
Write-down of non-current assets	11	(223 015)	(10 144)
Other operating expenses		(4 534)	(2 764)
Interest expense from loans		(7 963)	(1 898)
Dividend expense on preferred shares		(3 811)	–
Net loss on foreign currency exchange		(39 616)	(5 718)
Net loss on derivative instruments		(266)	–
Total Expenses		**(291 204)**	**(48 187)**
Income before tax expense		**(271 380)**	**81 474**
Tax expenses	13	(538)	(890)
Net profit for the period		**(271 918)**	**80 584**
Earnings per share			
Weighted average number of shares outstanding during the period	9	3 945 028	3 927 921
Net profit/(loss) per share (in CHF) – basic	9	(68.93)	20.52
Net profit/(loss) per share (in CHF) – diluted	9	(68.93)	20.49

The accompanying notes on pages 24 to 52 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD JANUARY 1 TO DECEMBER 31, 2008 AND JANUARY 1 TO DECEMBER 31, 2007

in TCHF

	Note	2008	2007
Cash Flows from Operating Activities			
Purchase of non-current assets *	1	(281 658)	(413 270)
Proceeds from return of invested capital in non-current assets *	1	166 125	146 121
Interest income received from current assets		80	673
Net interest income from non-current assets	12	3 432	13 193
Dividends received from non-current assets	12	352	3 165
Net realized gains on investments	12	9 390	110 863
Proceeds from derivative instruments		1 378	1 942
Operating costs		(4 910)	(3 892)
Management & Performance fees	14	(24 261)	(14 662)
Total Cash Flows from Operating Activities		**(130 073)**	**(155 867)**
Cash Flows from Financing Activities			
Proceeds from loans		67 177	107 954
Repayment of loans		(68 641)	–
Interest paid on line of credit		(8 057)	(1 586)
Proceeds from issuance of preferred shares		157 618	–
Treasury share purchase		(5 350)	–
Treasury share sale		2 104	8 454
Total Cash Flows generated by/(used in) Financing Activities		**144 851**	**114 822**
Foreign Exchange Effect		**126**	**3 892**
Increase (decrease) in Cash and Cash Equivalents		**14 904**	**(37 153)**
Cash and Cash Equivalents as of January 1	2	**26**	**37 179**
Cash and Cash Equivalents as of December 31	2	**14 930**	**26**

* The differences to the totals shown in note 1 are explained by currency effects and distribution in kind in respect to the unwinding of the contractual agreements

The accompanying notes on pages 24 to 52 form an integral part of these consolidated financial statements.

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY AS OF DECEMBER 31, 2008 AND DECEMBER 31, 2007

in TCHF

	Share Capital	Share Capital Premium	Less treasury stock (at cost)	Reserve for stock option plan	Revaluation Reserve	Accumulated Surplus (Deficit)	Total Equity
Shareholders' Equity							
Balance January 1, 2007	**412 500**	**148 770**	**(36 207)**	**156**	**22 679**	**77 948**	**625 846**
Transaction in reserve for stock option plan				26			26
Value increase on investments					20 078		20 078
Value decrease on investments due to currency differences					(15 985)		(15 985)
Transaction in treasury shares		346	8 360				8 706
Total of results included in shareholders' equity		**346**	**8 360**		**4 093**		**12 825**
Net profit for the period						80 584	80 584
Total Result		**346**	**8 360**	**26**	**4 093**	**80 584**	**93 409**
Total Shareholders' Equity as of December 31, 2007	**412 500**	**149 116**	**(27 847)**	**182**	**26 772**	**158 532**	**719 255**
Balance January 1, 2008	**412 500**	**149 116**	**(27 847)**	**182**	**26 772**	**158 532**	**719 255**
Transaction in reserve for stock option plan				(182)			(182)
Value decrease on investments		–	–		(96 254)		(96 254)
Value increase on investments due to currency differences		–	–		12 908		12 908
Transaction in treasury shares		(26)	(2 844)		–		(2 870)
Total of results included in shareholders' equity		**(26)**	**(2 844)**		**(83 346)**		**(86 216)**
Net profit for the period		–	–			(271 918)	(271 918)
Total Result		**(26)**	**(2 844)**		**(83 346)**	**(271 918)**	**(358 134)**
Total Shareholders' Equity as of December 31, 2008	**412 500**	**149 090**	**(30 691)**	**–**	**(56 574)**	**(113 386)**	**360 939**

The accompanying notes on pages 24 to 52 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CORPORATE INFORMATION

AIG Private Equity Ltd., Zug ("the Company") is a Swiss stock corporation established under the relevant provisions of the Swiss Code of Obligations and domiciled in Zug. The Company, together with AIG Private Equity (Bermuda) Ltd. and APEN Faith Media Holdings LLC ("the Subsidiaries"), comprises the AIG PE Group ("the Group"). The Company's shares are listed on the SIX Swiss Exchange.

The Company's investment objective is to achieve long term capital growth for shareholders by investing in private equity funds. The Company may also make direct investments in operating companies. Although the Company may invest directly in fund investments or companies, it is anticipated that investments will generally be made through the Subsidiaries.

The Company's Board of Directors is responsible for the policies and management of the Company as well as valuations and the appointment of the investment committee. The subsidiary's investment committee is responsible for assessing the investment opportunities presented by the manager and the investment advisor and subsequently making investment recommendations to the Bermuda Board of Directors for approval. As of December 31, 2008 the Company partially employed one employee (2007: one). For information on the Group's management please refer to Note 14, Management and Advisory Agreement.

The consolidated financial statements are authorized for issue on April 29, 2009 by the Board of Directors. The annual general meeting called for June 2, 2009 will vote on the final acceptance of the consolidated financial statements.

ACCOUNTING POLICIES

Basis of preparation

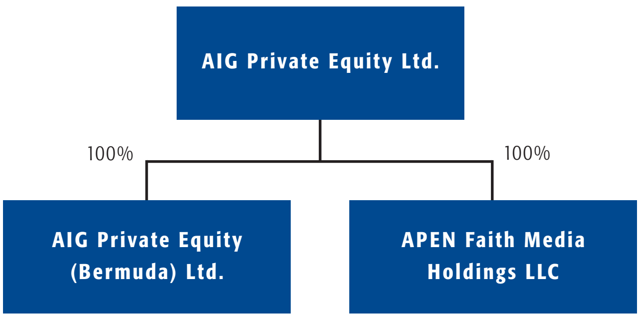
The accompanying consolidated financial statements of the Group for the year ended December 31, 2008 have been prepared in accordance with International Financial Reporting Standards (IFRS) formulated by the International Accounting Standards Board (IASB), and comply with Swiss Law and the accounting provisions of the additional rules for the listing of investment companies of the SIX Swiss Exchange.

In preparing these financial statements management assumed the use of the going concern assumption to be appropriate. The appropriateness of that assumption is disclosed in note 15 (liquidity risk).

The consolidated financial statements are prepared under the historical cost convention, except that investments available-for-sale and derivative financial instruments are stated at their fair value as disclosed in the accounting policies hereafter.

Basis of consolidation

The consolidated financial statements of the Group include AIG Private Equity Ltd. and the companies that it controls. This control is normally evidenced when the Group owns, either directly or indirectly, more than 50% of the voting rights of a company's share capital or it is able to govern the financial and operating policies of an enterprise so as to benefit from its activities. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date that control ceases. The consolidation is performed using the purchase method. All intercompany transactions and balances are eliminated. All Group companies have a December 31 year end. The scope of consolidation currently includes AIG Private Equity (Bermuda) Ltd. and APEN Faith Media Holdings LLC, which both are owned 100% by the Company.



- The investments of the Group are held as part of the Group's portfolio solely for the purpose of capital gains upon sale in the near future.
- As of December 31, 2008 the Group holds ownership interests of 20% or more in AIG Horizon Partners Fund (36.57%; 20.50% including side-by-side vehicle; 2007: 36.57%; 20.50% including side-by-side vehicle). According to the limited partnership agreement of this fund, the Group does not have the power to participate in the financial and operating policy of the fund. Therefore, this investment is excluded from equity accounting.

Significant accounting judgments and estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are the following:

- Fair value of financial instruments
  The fair value of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are not always supported by observable market prices or rates. The use of valuation techniques requires management to make estimates. Changes in assumptions could affect the reported fair value of these investments. The carrying amounts of investments for which fair values were determined using valuation techniques amounted to CHF 539.0 million (2007: CHF 691.6 million).

- Share-based payments
  The Group measures the cost of equity-settled transactions with management by reference to fair value of the equity at the date at which they are granted. Estimating fair value for share-based payments requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them. The assumptions and model used for estimating fair value of share-based payments are disclosed under "share-based compensation plans" (page 30). The carrying amounts of share-based payments for which fair values were determined using valuation techniques amounted to TCHF 0 (2007: TCHF 182).

- Impairment
  Management performs an impairment assessment quarterly to assess prolonged or significant declines in fair value on financial assets available for sale. Management uses its judgement to determine which investments are considered to be impaired. Changes in assumptions used could affect the amount of impairments reported.

Change in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The following interpretation to published standards is mandatory for accounting periods beginning on or after 1 January 2008. Adoption of these revised standards and interpretations did not have any effect on the financial performance or position of the Group:

- IFRIC 12, 'Service concession arrangements'; and
- IFRIC 11, 'IFRS 2 – Group and treasury share transactions'
- IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction',
- IAS 39 (amended), 'Financial Instruments: Recogition and Measurement'.

Summary of significant accounting policies

Foreign Currency Transactions

– Functional and presentation currency

The group's investments are mainly held in foreign currencies different from the presentation currency. Therefore, proceeds from these investments are also received in foreign currencies. Investments are generally held in the Subsidiaries which are accounted for in USD. Further, performance management and cash flow projections are based on investment currency (primarily USD and EUR). Accordingly, the Board of Directors considers the USD as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions of the Group, and the USD is considered to be the functional currency of the Company and its subsidiaries. The presentation currency of the financial statements is CHF.

– Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Translation differences on monetary items, such as derivatives held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are recognized in equity (reserve from foreign currency translation).

– Translation to presentation currency

The results and financial positions of Group companies are translated from the functional currency into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at effective exchange rates; and
- all resulting exchange differences are recognized as a separate component of equity.

Cash and Cash Equivalents

Cash includes cash on hand and cash with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less, and that are subject to an insignificant risk of change of value. Cash and cash equivalents are recorded at nominal value.

Financial Instruments – Initial recognition and subsequent measurement

– Financial assets – Initial recognition

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available for sale assets. The Group determines the classification of its financial assets at initial recognition.

Financial assets are recognized initially at fair value plus, in the case of investments not held at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way purchases) are recognized on the settlement date, i.e., the date that the Group commits to purchase or sell the asset. The Group's financial assets include cash and short-term deposits, trade and other receivables, loan and other receivables, quoted and unquoted financial instruments, and derivative financial instruments.

Financial assets – Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows

- Loans and receivables
  All loans and receivables are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the consolidated income statement when the loans and receivables are derecognized or impaired, as well as through the amortization process.

- Available-for-sale financial assets
  Available-for-sale financial assets are subsequently re-measured at fair value with unrealized gains or losses recognized directly in equity until the investment is derecognized or determined to be impaired, at which time the cumulative gain or loss recorded in equity is recognized in the income statement.

  Direct Investments and Fund Investments
  Under IAS 39, the Group has designated all its investments and securities as available-for-sale. This category was chosen as the most appropriate for an investment company as the Group manages net asset value. An investment, including contractual agreements, is recognized where the Group deems it probable that future economic benefits associated with an investment will flow to the entity, and it has a cost or value that can be measured reliably. The future economic benefit of an investment is its potential to contribute, directly or indirectly, to the flow of cash and cash equivalents to the entity. All purchases and sales of investments are recognized when the capital is called or a distribution is received. Cost of purchase includes transaction costs. Interest income and dividend income is recognized in the income statement upon the receipt of such dividends.

Contractual Agreements
On December 22, 1999 the Group entered into three contractual agreements with American International Group Inc. that entitle the Group to receive payments equal to a pro rata share of all distributions from a specified list of funds, while obligating the Group to make payments equal to a pro rata share of all draw-downs of committed capital to the same underlying funds. Interest income, dividends and capital gains relating to the contractual agreement are recognized in the income statement on a monthly basis when cash is received from the counterparty. The contractual agreements were wound-up in 2008.

- Financial assets at fair value through profit or loss
  Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group. Financial assets at fair value through profit and loss are carried in the balance sheet at fair value. Changes in the fair value of derivative financial instruments are recorded into the income statement.

- Derivative Financial Instruments
  The Company enters into foreign exchange forwards or option contracts to partially macro-hedge its net exposure in private equity investments denominated in foreign currencies. These derivative financial instruments are held by the Company and its Subsidiaries.

Financial liabilities – Initial recognition
Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognized initially at fair value and in the case of loans and borrowings, directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdraft, loans and borrowings and derivative financial instruments.

Financial liabilities - Subsequent measurement
The measurement of financial liabilities depends on their classification as follows:

- Financial liabilities at fair value through profit or loss
  Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. This category includes derivative financial instruments entered into by the Group. Gains or losses on liabilities held for trading are recognized in the income statement. The Group has not designated any financial liabilities as at fair value through profit or loss.

- Loans and borrowings
  After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the amortization process. Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities.

Financial Instruments – Derecognition
A financial asset is derecognized if, and only if, the Group either transfers the contractual rights to receive the cash flows of the financial asset, or it retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients, and in doing so transfers substantially all of the risks and rewards of the asset.

A financial liability is derecognized when the obligation under the liability is discharged, is cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement.

Financial Instruments – Determination of fair value

The Group's investments are primarily non-current financial assets and market quotations are not readily available, therefore these investments are measured at their fair value using the most appropriate valuation techniques as described in detail below. The responsibility for determining the fair values lies with the Board of Directors. Although general partners of funds in which the Group invests and sponsors of the Group's direct investments provide valuations of these investments, no independent external valuation of these investments was conducted. All fair valuations may differ significantly from values that would have been used had ready markets existed. Such differences could be material.

– Direct Investments

Direct investment valuations are reviewed on a quarterly basis by the investment advisor. The investment advisor uses information provided by the lead sponsor of the direct investment. Financial and market performance is compared with budget information, data obtained from competitors and subsequent rounds of financing. The Company reviews and discusses the valuations with the investment advisor and may independently apply adjustments to determine the valuation. In determining the fair value of an unquoted direct investment, all appropriate and applicable factors relevant to their value, including but not limited to the following are considered:

- Venture capital investments:
  A new financing round that is material in size for the company and having new, sophisticated institutional investors making up a significant piece of the financing round. An inside round of financing does not qualify.

- Buy-out/later stage investments for which subsequent rounds of finance are not anticipated:
  Once an investment has been held for one year, an analysis of the fair market value of the investments will be performed. This analysis will typically be based on one of the following methods (depending on what is appropriate for that particular company/industry):
  - Result of multiple analysis;
  - Result of discounted cash flow analysis;
  - Reference to transaction prices (including subsequent financing rounds);
  - Reference to the valuation of other investors;
  - Reference to comparable companies.

Based on a composite assessment of all appropriate and applicable indicators of fair value, the Group determines the fair values as of the valuation date.

– Fund Investments

In determining the fair value of fund investments, the Group reviews the most recent report provided by the fund manager. The Group reviews the valuations and following year-end discusses portfolio company performance with each individual fund manager. The fund managers determine fair values of the underlying investments by using the same valuation techniques as for direct investments.

Investments in securities and in other financial instruments traded on recognized exchanges (including bonds, equities, futures contracts, options, and funds), are valued at the last reported bid price on the valuation date. Investments in securities and in other financial instruments traded in the over-the-counter market and listed securities for which no trade is reported on the valuation date are valued at the last reported bid and ask price for long and short positions, respectively.

– Contractual Agreements

The contractual agreements are valued using the latest reported net asset value available from the General Partners and adding or subtracting subsequent cash flows.

– Derivative Financial Instruments

Fair values for derivative financial instruments are obtained from quoted market prices, discounted cash flow models, or option pricing models as appropriate.

Financial Instruments – Impairment of financial assets

Financial instruments are reviewed for impairment at each balance sheet date. For available-for-sale investments, the cumulative gain or loss previously recognized in equity is included in net profit or loss for the period when there is objective evidence that the asset is impaired.

An impairment is recorded when there is a significant (> 30%) or prolonged (> 1 year) decrease in fair value below cost. Impairments are reflected in revaluation reserves (equity) and in the write-down of long-term assets (income statement).

The available-for-sale investments are categorized into three distinct categories. The application of the impairment policy to the individual category of investments is applied as follows:

– Direct Investments
Direct investment valuations are reviewed on a quarterly basis by the investment advisor. Financial and market performance is compared with budget information, data obtained from competitors and subsequent rounds of financing. In case of significant deviations, valuations are adjusted to reflect current market values. If a direct investment has had a fair market value below cost for at least a year or in excess of 30%, it will be deemed to be impaired and the cumulative loss previously recognized in equity will be transferred to profit or loss for the period.

– Fund Investments
Funds where the Company is a direct limited partner will be reviewed at each balance sheet date. If a fund investment has had a fair market value below cost for at least a year or in excess of 30%, it will be deemed to be impaired and the cumulative loss previously recognized in equity will be transferred to profit or loss for the period.

– Contractual Agreements
At each balance sheet date the reference funds are reviewed by the Company and investment advisor. If a reference fund has liquidated all of its portfolio companies and is beyond its investment period, the Company will eliminate the reference fund from the contractual agreements and expense any residual value through the profit and loss accounts. Additionally, the Company will include the cumulative loss previously recognized in equity in net profit or loss for the period if it comes to the conclusion that the future cash flows of the contractual agreements will not cover its costs. Refer to Note 16 for further details on the contractual agreements.

Net Asset Value per Share and Earnings per Share

The net asset value per share is calculated by dividing the net assets included in the balance sheet by the number of participating shares outstanding at the reporting date. Basic earnings per share are calculated by dividing the net profit attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all dilutive potential ordinary shares.

Taxes

Tax provisions are based on reported income. Taxes are calculated in accordance with the tax regulations in force in each country where the Group has investments.

– Switzerland
The Company is taxed as a holding company in the Canton of Zug. Income, including dividend income and capital gains from its participations, is exempt from taxation at the cantonal and communal level. For Swiss federal tax purposes, income tax at an effective tax rate of approximately 7.8% is levied. However, dividend income qualifies for the participation exemption if the related investment represents at least 20% of the other company's share capital or has a value of not less than CHF 2 million. The participation exemption is extended to capital gains on the sale of a substantial participation (i.e. at least 20%), which was acquired after January 1, 1997, and was held for a minimum holding period of one year. The result of the participation exemption pursuant to the aforementioned requirements is that dividend income and capital gains are almost fully exempt from taxation. In cases where the participation exemption is not applicable, a deferred tax liability will be calculated for Swiss federal tax purposes.

Provisions for taxes payable on profits earned in the Group companies are calculated and recorded based on the applicable tax rate in Switzerland.

– US
APEN Faith Media Holdings LLC is subject to income and capital gains taxes in the US.

Tax expenses shown in the profit and loss accounts represent withholding taxes paid in various jurisdictions that the Group can not reclaim and may include direct taxes paid in Switzerland or the US. Capital taxes charged to the Company by the Canton of Zug are included in the operating expenses.

Shareholders Equity

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities. The transaction costs of an equity transaction, other than in the context of a business combination, are accounted for as a deduction from equity. Equity transaction costs are comprised of only those incremental external costs directly attributable to the equity transaction, which would otherwise have been avoided. Equity is comprised of the following:

- Share capital and Share capital premium
  Refer to Note 8 for a description and further details on the share capital and share capital premium.

- Treasury stock
  Treasury shares are presented in the balance sheet as a deduction from equity. The acquisition of treasury shares is presented as a change in equity. No gain or loss is recognized in the income statement on the sale, issuance, or cancellation of treasury shares. Consideration received is presented in the financial statements as a change in equity.

- Reserve for stock option plan
  The reserve for stock option plan is used to record the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 18 for further details of these plans.

- Revaluation reserve
  The revaluation reserve includes the cumulative net change in fair value of available-for-sale investments until the investment is disposed of or is determined to be impaired. The translation reserve from currency revaluation includes differences due to foreign currency translation between presentation and functional currencies. Refer to Note 10 for further details to this position.

Capital management

The investment objective of the Group is to achieve long-term capital growth for shareholders by investing in a diversified portfolio of private equity funds and privately held companies. Refer to Note 8 for further details.

Segment reporting

The sole business segment of the Group is investing in private equity, resulting in no primary segment disclosure. Therefore, the results published in this report correspond to the primary segment-reporting format. The geographical analysis of assets and income is disclosed in Note 20.

Contingencies

Contingent liabilities are not recognized in the balance sheet. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the balance sheet but disclosed when an inflow of economic benefits is probable.

Share-based compensation plans

– Stock option plan

The Group operates an equity-settled, share-based compensation plan. Costs for stock options granted to the management are recognized in the income statement in quarterly amounts over the vesting period starting from the grant date and ending at the beginning of the exercise period, so that the personnel expenses show the fair amount of compensation paid by the Company to its management for their services rendered. The amounts recognized as cost in the income statement are credited to “Reserves for stock option plan” in equity.

Cost is defined as the fair market value of the options at grant date. The fair market value is determined by using a recognized option pricing model.

– Share appreciation rights (SARs)

In addition to the stock option plan the Group operates a cash settled, share-based compensation plan. The corresponding liability is re-measured at each balance sheet date to fair value, with changes recognized immediately in profit or loss.

Future changes in accounting policies

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the group’s accounting periods beginning on or after 1 January 2009 or later periods, but the group has not early adopted them:

- IAS 1 amended, ‘Presentation of financial statements’ (1 January 2009)
- IAS 23 amended, ‘Borrowing costs’ (1 January 2009)
- IAS 27 Amendment, ‘Consolidated and separate financial statements’ (1 July 2009)
- IAS 32 and IAS 1 Amendment, ‘Puttable financial instruments and obligations arising on liquidation’ (1 January 2009)
- IAS 39, Financial instruments: ‘Recognition and measurement – Amendments for eligible hedged items’ (1 July 2009)

- IFRS 1 and IAS 27 Amendment, 'Cost of an investment on first-time adoption' (1 January 2009)
- IFRS 2 Amendment, 'Vesting conditions and cancellations' (1 January 2009)
- IFRS 3 Revised, 'Business combinations and consequential amendments' (1 July 2009)
- IFRS 8, 'Operating segments' (1 January 2009)
- IFRIC 13, 'Customer loyalty program' (1 July 2008)
- IFRIC 15, 'Agreements for the construction of real estate' (1 January 2009)
- IFRIC 16, 'Hedges of a net investment in a foreign operation' (1 October 2008)
- IFRIC 17, 'Distributions of non-cash assets to owners' (1 July 2009)
- IFRIC 18, 'Transfers of assets from customers' (1 July 2009)
- Various amendments resulting from the May 2008 Annual Improvements project (1. January 2009 or 1 July 2009):

The Group has not yet evaluated the impact of these changes in detail, however, the Group does not expect that these changes will have a significant impact on the financial position or performance of the Group. The changes will give rise to additional disclosures, including revisions to accounting policies and will affect future transactions.

Note 1. Long-term assets Investment Schedule as of December 31, 2008

	Opening Balance at Cost in TCHF	Opening Balance at Fair Market Value in TCHF	Cumulative Gain/Loss 31.12.07 in TCHF	Paid in Capital in TCHF	Returned Capital in TCHF	Total Write-downs of non-current assets in TCHF
AIG Fund Portfolio						
AIG Altaris Health Partners II, L.P.	–	–	–	2 673	(31)	–
AIG Blue Voyage Fund, L.P.	539	352	(187)	–	–	(539)
AIG Brazil Special Situations Fund, L.P.	2 999	3 140	140	107	(237)	(398)
AIG Brazil Special Situations Fund II, L.P.	2 183	2 585	402	1 618	–	–
AIG Global Emerging Markets Fund II, L.P.	12 475	16 651	4 175	1 270	(31)	–
AIG Global Sports & Entertainment Fund, L.P.	3 740	2 741	(999)	124	(556)	(1 436)
AIG Highstar Capital, L.P.	472	275	(197)	–	–	(42)
AIG Highstar Capital III Prism Fund, L.P.	13 090	14 177	1 086	10 403	(159)	–
AIG Horizon Partners Fund, L.P.	27 855	23 201	(4 654)	938	(7 111)	(9 624)
AIG New Europe Fund II, L.P.	6 215	6 224	9	4 536	–	(5 722)
AIG Orion Fund, L.P.	533	257	(276)	19	(552)	–
CapVest Equity Partners, L.P.	12 768	6 714	(6 054)	–	(3 076)	(6 423)
CapVest Equity Partners II, L.P.	9 567	9 634	66	4 778	(4 074)	–
AIG Private Equity Portfolio L.P. I	37 952	33 777	(4 175)	187	(4 649)	(13 452)
Subtotal AIG Funds	**130 390**	**119 729**	**(10 662)**	**26 652**	**(20 476)**	**(37 636)**
Third Party Fund Portfolio						
International Funds						
Advent International GPE V-C L.P.	13 776	21 061	7 285	4 033	(13 471)	–
Advent International GPE VI-C L.P.	–	–	–	3 970	–	–
Affinity Asia Pacific Fund III, L.P.	5 522	5 337	(184)	1 465	–	(4 515)
Astorg III	11 446	20 942	9 496	–	–	–
Astorg IV	10 890	10 740	(149)	5 098	(2 516)	–
Carlyle Europe Partners II, L.P.	23 422	22 012	(1 410)	3 166	(124)	(9 684)
Carlyle Europe Partners III, L.P.	4 834	4 864	30	12 854	–	(9 567)
Carlyle Japan Partners II, L.P.	1 108	889	(219)	1 045	–	–
CVC Capital Partners Asia Pacific II, L.P.	14 472	15 461	989	1 603	(1 497)	(4 130)
CVC Capital Partners Asia Pacific III, L.P.	–	–	–	3 980	(329)	(1 906)
CVC European Equity Fund III, L.P.	5 021	5 714	694	115	(2 693)	–
CVC European Equity Fund IV, L.P.	21 383	24 181	2 798	1 800	(21 179)	–
CVC European Equity Partners Tandem Fund, L.P.	4 834	4 838	4	3 984	(6 894)	–
CVC European Equity Partners V, L.P.	–	–	–	4 852	(845)	–
Cognetas, L.P.	8 234	7 377	(857)	819	(230)	(4 935)
EQT V, L.P.	6 552	6 143	(409)	3 773	(986)	–
FountainVest China Growth Capital Fund, L.P.	–	–	–	–	539	–
GMT Communications Partners III, L.P.	16 899	20 559	3 659	3 618	(7 635)	(7 730)
Ibersuizas II, L.P.	6 152	12 410	6 258	2 485	(131)	–
Lexington Captial Partners IV, L.P.	–	8 226	8 226	–	–	–
Lexington Captial Partners VI, L.P.	16 268	15 218	(1 050)	7 642	(1 251)	(2 278)
Lion Capital Fund II, L.P.	9 290	9 351	60	12 888	–	–
Mid Europa III, L.P.	1 689	1 708	19	1 723	–	(1 207)
Odewald Private Equity Partners III, L.P.	8 697	8 660	(37)	5 685	(116)	–
PAI Europe IV, L.P.	12 603	16 567	3 964	1 617	–	–
PAI Europe V, L.P.	68	67	(1)	5 515	–	(2 675)
Palamon European Equity Fund, L.P.	–	–	–	6 859	–	–
Sovereign Capital II, L.P.	2 433	2 637	204	825	–	–
Terra Firma Investments III	17 691	17 763	72	2 165	-	(15 396)
The Third Cinven Fund	5 165	11 996	6 830	144	(299)	(1 553)
The Fourth Cinven Fund	17 188	17 431	243	9 441	–	(11 664)
Unison Capital Partners II	1 889	1 957	68	323	–	–
Unison Standby Facility	272	262	(10)	5	–	–
Venitzz VI	–	–	–	7 382	–	–
Subtotal International Funds	**247 797**	**294 370**	**46 573**	**120 874**	**(59 656)**	**(77 240)**

Realized Loss on Sale of Funds 31.12.08 in TCHF	Cost Value 31.12.08 in TCHF	Fair Value 31.12.08 in TCHF	Unrealized Gain 31.12.08 in TCHF	Unrealized Loss 31.12.08 in TCHF	Realized Gain 1.1.08–31.12.08 in TCHF	Realized Loss 1.1.08–31.12.08 in TCHF	Outstanding Commitments in TCHF	Original Currency	Vintage Year
–	2 642	2 694	52	–	–	–	18 652	USD	2007
–	–	420	420	–	–	–	–	USD	2000
–	2 472	1 939	–	(532)	–	(172)	1 175	USD	2000
–	3 801	2 492	–	(1 309)	–	–	8 018	USD	2007
–	13 714	9 971	–	(3 743)	212	–	1 410	USD	2005
–	1 871	1 145	–	(726)	–	(426)	1 247	USD	2000
–	430	471	41	–	–	–	323	USD	2000
–	23 335	23 543	209	–	–	–	4 857	USD	2007
–	12 057	10 234	–	(1 823)	2 724	(2 287)	2 316	USD	1999
–	5 030	4 939	–	(91)	–	–	25 549	EUR	2007
–	–	95	95	–	250	(487)	865	USD	2000
–	3 269	1 634	–	(1 635)	–	–	173	EUR	1999
–	10 271	11 046	775	–	2 785	–	16 669	EUR	2007
–	20 038	21 964	1 926	–	2 706	–	1 512	USD	NA
–	**98 931**	**92 587**	**3 517**	**(9 860)**	**8 678**	**(3 372)**	**82 766**		
(4 338)	–	–	–	–	5 815	–	–	EUR	2005
–	3 970	3 279	–	(691)	–	–	25 998	EUR	2008
–	2 472	2 424	–	(48)	–	–	20 167	USD	2007
–	11 446	23 711	12 265	–	–	–	1 931	EUR	2003
–	13 471	14 004	533	–	–	–	16 936	EUR	2007
–	16 780	15 175	–	(1 605)	3	–	2 690	EUR	2003
–	8 121	9 797	1 676	–	–	–	35 635	EUR	2007
–	2 153	1 800	–	(353)	–	–	6 213	JPY	2006
–	10 448	9 378	–	(1 070)	258	(28)	1 140	USD	2005
-	1 745	1 812	67	–	–	–	12 225	USD	2008
(2 442)	–	–	–	–	216	–	–	EUR	2001
(2 004)	–	–	–	–	38	–	–	EUR	2005
(1 923)	–	–	–	–	–	–	–	EUR	2007
–	4 007	3 705	–	(302)	–	–	–	EUR	2008
–	3 888	2 977	–	(910)	1 598	–	1 320	EUR	2001
–	9 339	6 325	–	(3 015)	–	–	9 443	EUR	2006
–	539	502	–	(37)	–	–	7 506	USD	2008
–	5 152	6 058	906	–	6 098	–	14 655	EUR	2006
–	8 506	10 989	2 483	–	–	–	7 287	EUR	2006
–	–	6 036	6 036	–	891	–	403	USD	2000
–	20 381	19 018	–	(1 363)	783	–	10 613	USD	2006
–	22 178	16 261	–	(5 917)	–	–	9 240	EUR	2007
–	2 205	2 030	–	(175)	–	–	11 654	EUR	2007
–	14 266	9 970	–	(4 296)	–	–	9 076	EUR	2007
–	14 219	13 506	–	(713)	–	–	4 455	EUR	2005
–	2 907	2 768	–	(139)	–	–	25 269	EUR	2007
–	6 859	5 622	–	(1 237)	–	–	22	EUR	1999
–	3 259	2 342	–	(917)	–	–	5 868	GBP	2005
–	4 460	4 295	–	(165)	–	–	19 192	EUR	2007
–	3 458	2 892	–	(566)	631	–	–	EUR	2001
–	14 964	14 370	–	(594)	–	–	20 232	EUR	2007
–	2 213	1 685	–	(528)	–	–	1 363	JPY	2005
–	277	285	8	–	–	–	5 587	JPY	2007
–	7 382	8 201	818	–	–	–	18 393	EUR	2007
(10 707)	**221 068**	**221 217**	**24 791**	**(24 643)**	**16 330**	**(28)**	**304 514**		

Investment Schedule as of December 31, 2008

	Opening Balance at Cost in TCHF	Opening Balance at Fair Market Value in TCHF	Cumulative Gain/Loss 31.12.07 in TCHF	Paid in Capital in TCHF	Returned Capital in TCHF	Total Write-downs of non-current assets in TCHF
Third Party Fund Portfolio						
US Funds						
Apollo IV, L.P.	–	–	–	2 464	(612)	(1 049)
Apollo VI, L.P.	11 338	12 065	728	14 776	(2 811)	(9 679)
Apollo VII, L.P.	–	–	–	6 280	(431)	(2 049)
Ares Corporate Fund II, L.P.	16 700	19 438	2 738	10 798	(3 216)	–
Ares Corporate Fund III, L.P.	–	–	–	5 897	(527)	–
Avista Capital Partners (Offshore), L.P.	15 569	14 586	(983)	10 370	(22 547)	–
Blackstone Capital Partners III, L.P.	–	–	–	1 374	(4)	–
Blackstone Capital Partners V, L.P.	36 012	35 942	(70)	9 058	(397)	–
Blackstone Capital Partners VI, L.P.	–	–	–	–	–	–
Carlyle Partners V, L.P.	7 745	7 669	(76)	2 225	(269)	–
Charlesbank Equity Partners VI, L.P.	2 019	2 618	598	1 245	(644)	–
CHS Private Equity V, L.P.	6 538	5 883	(655)	2 633	(492)	–
Cortec Group Fund IV, L.P.	8 224	6 693	(1 531)	3 142	(564)	(2 456)
Diamond Castle IV, L.P.	14 514	13 566	(947)	5 956	(6 080)	–
HealthCare Ventures VIII, L.P.	1 639	1 776	137	1 286	–	–
J.C. Flowers Fund II, L.P.	9 462	8 466	(995)	17 719	(3)	(17 382)
KRG Capital Fund III, L.P.	9 407	9 559	152	4 218	(10 607)	–
KRG Capital Fund IV, L.P.	191	190	(1)	879	(2)	–
Madison Dearborn V, L.P.	19 378	18 611	(767)	2 363	(2 915)	–
Mill Road Capital Partners, L.P.	1 521	1 328	(193)	3 133	(17)	(1 701)
New Mountain Investments III, L.L.C	1 824	1 768	(56)	3 167	(763)	–
Olympus Growth Fund V, L.P.	–	–	–	3 136	–	–
Platinum Equity Capital Partners II	–	–	–	10 718	(3 325)	(2 332)
Polaris Venture V, LP	2 450	2 062	(388)	2 572	–	(354)
SFW Capital Partners Fund, L.P.	587	575	(12)	435	–	(1 022)
Silver Lake Partners III	3 416	3 326	(90)	3 654	(4)	(3 551)
Sun Capital Advisors V, L.P.	1 203	1 141	(62)	2 978	(3 142)	–
Technology Crossover Ventures IV, L.P.	3 875	2 343	(1 532)	68	(403)	(1 193)
Thompson Street Capital Partners II, L.P.	3 462	2 856	(606)	2 387	–	(489)
TowerBrook Capital Partners II, L.P.	12 096	12 782	686	5 178	(313)	–
TowerBrook Capital Partners III, L.P.	–	–	–	2 816	(637)	–
VSS Communications Partners IV, L.P.	11 753	10 856	(897)	2 933	–	(4 298)
Wellspring Capital Partners IV, L.P.	2 220	1 842	(377)	2 646	–	(532)
WestView Capital Partners, L.P.	2 743	4 691	1 948	1 052	–	–
Subtotal US Funds	**205 887**	**202 634**	**(3 253)**	**149 557**	**(60 725)**	**(48 087)**
Contractual Agreements-SWAP	**67 639**	**41 425**	**(26 214)**	**58**	**(67 697)**	**–**
Direct Investments Portfolio						
Acosta	4 371	5 114	743	–	–	–
Advanstar Communications	4 548	4 203	(345)	473	–	(4 082)
AMF Bowling Worldwide	–	1 699	1 699	–	–	–
Bell-Riddell Holdings	1 621	1 617	(3)	–	–	–
Body Central	1 568	1 421	(147)	–	–	–
CapMark	10 821	14 455	3 634	–	–	(8 256)
Falcon Farms	636	596	(40)	329	–	(545)
Flash Global Logistics	1 160	1 088	(72)	–	–	–
Thomas Nelson Publishing	9 035	13 301	4 266	547	–	–
Hertz	2 170	4 183	2 013	–	–	–
JetDirect Aviation	3 765	3 503	(262)	–	–	(3 765)
Knowledge Universe Education	9 656	9 809	153	–	–	–
Kwik-Fit	131	2 382	2 251	–	–	–

Realized Loss on Sale of Funds 31.12.08 in TCHF	Cost Value 31.12.08 in TCHF	Fair Value 31.12.08 in TCHF	Unrealized Gain 31.12.08 in TCHF	Unrealized Loss 31.12.08 in TCHF	Realized Gain 1.1.08–31.12.08 in TCHF	Realized Loss 1.1.08–31.12.08 in TCHF	Outstanding Commitments in TCHF	Original Currency	Vintage Year
–	803	825	22	–	55	–	15	USD	1998
–	13 624	13 469	–	(155)	–	–	4 135	USD	2006
–	3 800	3 622	–	(179)	–	–	20 917	USD	2007
–	24 282	20 732	–	(3 550)	–	–	1 699	USD	2006
–	5 370	5 229	–	(140)	–	–	21 509	USD	2008
(3 391)	–	–	–	–	–	–	–	USD	2007
–	1 370	1 107	–	(263)	–	–	211	USD	1997
–	44 673	29 432	–	(15 242)	–	–	11 832	USD	2006
–	–	–	–	–	–	–	26 683	USD	2008
–	9 701	7 209	–	(2 492)	–	–	22 774	USD	2007
–	2 620	2 641	21	–	2	–	2 593	USD	2005
–	8 679	6 513	–	(2 166)	–	–	1 663	USD	2005
–	8 346	7 758	–	(588)	–	–	11 484	USD	2006
–	14 390	10 186	–	(4 204)	–	–	6 478	USD	2006
–	2 925	2 470	–	(455)	–	–	5 102	USD	2005
–	9 796	9 880	84	–	–	–	647	USD	2006
(3 019)	–	–	–	–	–	–	–	USD	2005
–	1 068	1 096	–	28	–	–	24 973	USD	2007
–	18 826	12 328	–	(6 498)	39	–	4 206	USD	2006
–	2 937	2 826	–	(111)	171	–	11 684	USD	2007
–	4 228	3 566	–	(662)	–	–	17 359	USD	2007
–	3 136	3 140	4	–	–	–	21 408	USD	2007
–	5 060	5 188	128	–	–	–	13 848	USD	2008
–	4 668	4 432	–	(237)	–	–	5 977	USD	2006
–	–	–	–	–	–	–	20 370	USD	2007
–	3 515	3 402	–	(113)	–	–	25 350	USD	2007
(1 039)	–	–	–	–	–	–	–	USD	2007
–	2 347	1 781	–	(566)	–	–	192	USD	2000
–	5 361	5 051	–	(310)	–	–	8 429	USD	2006
–	16 961	13 010	–	(3 951)	–	–	5 608	USD	2006
–	2 180	2 061	–	(119)	–	–	19 281	USD	2008
–	10 388	9 582	–	(806)	–	–	2 185	USD	2006
–	4 334	4 138	–	(196)	–	–	2 870	USD	2006
–	3 796	6 427	2 631	–	–	–	3 799	USD	2005
(7 449)	**239 183**	**199 102**	**2 891**	**(42 974)**	**267**	**–**	**325 279**		
–	**–**	**–**	**–**	**–**	**6 596**	**(707)**	**–**		
–	4 371	3 736	–	(635)	–	–	–	USD	2006
–	939	827	–	(112)	–	–	–	USD	2007
–	–	1 289	1 289	–	–	–	–	USD	2004
–	1 621	1 349	–	(272)	–	–	–	USD	2006
–	1 568	1 715	147	–	–	–	–	USD	2006
–	2 565	2 107	–	(457)	–	–	–	USD	2006
–	421	411	–	(10)	–	–	–	USD	2007
–	1 160	1 025	–	(135)	–	–	–	USD	2007
–	9 582	12 106	2 524	–	–	–	–	USD	2006
–	2 170	1 242	–	(928)	–	–	–	USD	2005
–	–	–	–	–	–	–	–	USD	2006
–	9 656	9 501	–	(155)	–	–	–	USD	2007
–	131	523	392	–	–	–	–	USD	2005

Investment Schedule as of December 31, 2008

	Opening Balance at Cost in TCHF	Opening Balance at Fair Market Value in TCHF	Cumulative Gain/Loss 31.12.07 in TCHF	Paid in Capital in TCHF	Returned Capital in TCHF	Total Write-downs of non-current assets in TCHF
Direct Investments Portfolio						
MVLF	14 437	16 314	1 878	–	–	(12 478)
National Bedding Company	766	756	(11)	–	–	(292)
NXP Semiconductors	3 743	3 925	182	–	–	(3 557)
SunGard Data Systems	1 236	1 938	701	–	–	–
United Surgical Partners International	1 600	1 547	(52)	–	–	–
Universal Studio Escape	4 640	4 985	345	–	(4 640)	–
Vanguard Health Systems	1 867	850	(1 017)	–	(934)	–
Xanodyne	1 514	1 447	(67)	–	–	(760)
Subtotal Direct Investments	**79 284**	**95 132**	**15 848**	**1 350**	**(5 574)**	**(33 735)**
Loans						
Flint Group (fka. Xsys/Aster)	1 544	1 915	371	–	–	–
MVLF Loan	15 856	16 739	883	–	(2 608)	–
Subtotal Loans	**17 400**	**18 655**	**1 255**	**–**	**(2 608)**	**–**
Funds sold in 2009						
Cognetas II, L.P.	12 320	9 421	(2 899)	6 688	–	(14 761)
Doughty Hanson & Co. III, L.P.	–	–	–	5 954	(16)	–
Emerging Europe Convergence Fund II, L.P.	9 907	11 862	1 956	2 541	–	–
EQT III, L.P.	8 560	7 683	(878)	533	(1 258)	(4 788)
EQT IV, L.P.	12 866	18 555	5 690	733	(106)	(6 768)
Berkshire Fund VII, L.P.	6 143	4 878	(1 266)	2 215	(323)	–
Carlyle Partners IV, L.P.	22 899	23 520	621	160	(487)	–
Subtotal Funds sold in Q1 ‘09	**72 695**	**75 920**	**3 225**	**18 824**	**(2 190)**	**(26 317)**
Total of all Investments	**821 092**	**847 865**	**26 773**	**317 316**	**(218 926)**	**(223 015)**

Realized Loss on Sale of Funds 31.12.08 in TCHF	Cost Value 31.12.08 in TCHF	Fair Value 31.12.08 in TCHF	Unrealized Gain 31.12.08 in TCHF	Unrealized Loss 31.12.08 in TCHF	Realized Gain 1.1.08–31.12.08 in TCHF	Realized Loss 1.1.08–31.12.08 in TCHF	Outstanding Commitments in TCHF	Original Currency	Vintage Year
–	1 959	1 883	–	(75)	–	–	–	EUR	2006
–	474	392	–	(82)	–	–	–	USD	2005
–	186	160	–	(26)	–	–	–	EUR	2006
–	1 236	1 384	148	–	–	–	–	USD	2005
–	1 600	1 502	–	(98)	–	–	–	USD	2007
–	–	–	–	–	1 737	–	–	USD	2000
(933)	–	–	–	–	–	–	–	USD	2007
–	754	626	–	(128)	–	–	–	USD	2005
(933)	**40 392**	**41 779**	**4 501**	**(3 113)**	**1 737**	**–**	**–**		
–	1 544	1 677	133	–	–	–	–	EUR	2004
–	13 248	12 372	–	(876)	–	–	–	EUR	2006
–	**14 792**	**14 049**	**133**	**(876)**	**–**	**–**	**–**		
–	4 247	5 150	903	–	–	–	–	EUR	2005
–	5 938	5 640	–	(298)	–	–	474	USD	1997
–	12 447	8 005	–	(4 442)	–	–	-	EUR	2006
–	3 047	2 483	–	(565)	32	(68)	2 005	EUR	2001
–	6 725	6 002	–	(723)	2 981	–	2 550	EUR	2004
–	8 036	6 503	–	(1 533)	317	–	24 573	USD	2006
–	22 572	18 289	–	(4 283)	726	–	1 912	USD	2005
–	**63 012**	**52 072**	**903**	**(11 844)**	**4 056**	**(68)**	**31 515**		
(19 089)	**677 378**	**620 805**	**36 736**	**(93 310)**	**37 665**	**(4 175)**	**744 074**		

Note 2: Cash and Cash Equivalents

in TCHF

	2008	2007
Cash at banks	14 930	26
Total	**14 930**	**26**

For the purpose of the cash flow statement cash and cash equivalents comprise all cash, short-term deposits and other money market instruments, net of short-term overdrafts, with an original maturity of three months or less. Cash and cash equivalents are at the full disposal of the Company.

The carrying amounts of cash and cash equivalents approximate fair value.

Note 3: Foreign Exchange Rates

The following exchange rates have been applied to translate the foreign currencies of significance for the group:

		2008	2007
Year-end rates:	Unit	**CHF**	**CHF**
US dollar	1 USD	1.0673	1.1329
Euro	1 EUR	1.4856	1.6544
Yen	100 Yen	0.8507	1.0141
Average annual rates:			
US dollar	1 USD	1.0830	1.1943
Euro	1 EUR	1.5850	1.6458
Yen	100 Yen	0.9594	1.0168

Note 4: Derivative Instruments

Foreign Exchange Forward

As of December 31, 2008 the Company had no foreign exchange forward contracts open.

As of December 31, 2007 the Company had an open foreign exchange forward contract with a notional amount of USD 20 million, a positive market value of TCHF 622 and which matured April 23, 2008.

On December 31, 2007 the Company closed a foreign exchange forward contract maturing January 22, 2008, with a notional amount of USD 30 million, resulting in a profit of TCHF 1 023.

Note 5: Receivables and Prepayments

in TCHF

	2008	2007
From third parties	141	326
From related parties:		
AIG, Inc.	–	1 064
AIG Global Investment Group	204	103
MVLF	–	333
Subtotal	**204**	**1 500**
Total	**345**	**1 826**

The carrying amounts of the accounts receivable and prepayments approximate fair value.

Note 6: Payables and Accrued Charges

in TCHF

	2008	2007
Accrued service-, performance and management fees	8 283	20 679
Accrued carried interest contractual agreements and accrual share-based compensation plan payable to related parties	31	2 264
Accounts payable and other accrued expenses	1 165	1 065
Total	**9 479**	**24 008**

The carrying amounts of the accounts payable and accrued charges approximate fair value.

Note 7:

Borrowings

in TCHF

	2008	2007
Bank Consortium	96 057	56 645
AIG Private Bank Ltd.	5 890	25 015
HSBC Bank of Bermuda	–	26 294
Total	**101 947**	**107 954**

On January 25, 2008 the Company entered into a long term committed syndicated USD 100 million back-up credit facility from a bank consortium including Zurcher Kantonalbank (agent), Bank Linth, Schwyzer Kantonalbank, Banque Cantonale Vaudoise, Luzerner Kantonalbank and Migrosbank. On September 30, 2008, the Company breached covenants under the loan agreement (outstanding loan to NAV/market capitalization; outstanding commitments to NAV/market capitalization). On December 23, 2008, the Company signed a supplementary agreement to the loan agreement with the bank consortium. In return for the Company maintaining an early prepayment schedule, the banking syndicate has agreed to waive two financial covenants (outstanding commitments in relation to net asset value or market capitalization and outstanding debt to net asset value or market capitalization). The prepayment schedule provides for four payments of which the first payment in the amount of USD 10 million was made December 24, 2008. On February 18, 2009 the Company repaid USD 3.45 million. On April 1, 2009, the Company met with the bank consortium and proposed a standstill until July 15, 2009 with no repayments allowing the Company to explore and execute one of various refinancing options currently pursued. Currently, the Company is in default on the credit facility and supplementary agreement. Both agreements, however, were not terminated.

Preferred Shares

in TCHF

	2008	2007
AIG Global Asset Management Holdings Corp. (AIGGAMH)	163 714	–

On June 19th, 2008, the Subsidiary entered into an agreement with AIGGAMH. The agreement provides for AIGGAMH to purchase up to USD 150 million in preference shares in the Subsidiary. The initial dividend on the preferred shares is 5.25% per annum. The Subsidiary will repurchase the issued shares by December 31, 2011.

Note 8: Share capital

The same team that manages private equity investments for American International Group, Inc. acts as investment advisor to the Group. Private equity is an asset class consisting of equity investments in companies that are not traded on a public stock exchange. Investments typically involve a transformational, value-added, active management strategy. Private equity investments can be divided into various categories: venture capital, mezzanine finance, buyouts etc. The Group invests in private equity funds and co-invests together with these funds in operating companies. The Group's investment advisor has a long-term track record in private equity investing and has access to premier private equity funds, both of which are critical factors in achieving expected returns.

Currently, the Group does not intend to pay any dividends to shareholders but rather to re-invest the proceeds.

Shareholders' equity/net assets represent (2008: TCHF 360 939; 2007: TCHF 719 255) the capital available to the Group to implement and achieve its investment goals. Shareholders' equity includes revaluation reserves, which represent unreal-ized value increases/decreases on investments held as avail-able-for-sale and value increases/decreases due to currency translation differences.

The share capital of the Company as of December 31, 2008 amounts to CHF 412 500 000 (December 31, 2007: CHF 412 500 000) consisting of 4 125 000 registered shares (December 31, 2007: 4 125 000) with a par value of CHF 100 each. All issued shares are fully paid. Each share entitles the holder to participate in any distribution of income and capital.

As of December 31, 2008 the Company has CHF 206.25 million (2007: CHF 206.25 million) authorized share capital outstanding. This authorized share capital will expire at the end of May 2009. As of December 31, 2008 the Company has CHF 206.25 million (2007: CHF 206.25 million) conditional share capital outstanding. Other than sales of treasury shares, the company did not raise any new capital in 2008.

Share capital is broken down as follows:

	Number of Shares
At 1 January 2007	3 896 194
– Treasury shares sold	52 833
– Treasury shares purchased	–
At 31 December 2007	3 949 027
At 1 January 2008	3 949 027
– Treasury shares sold	15 833
– Treasury shares purchased	(35 675)
At 31 December 2008	3 929 185

The Company can trade in treasury shares in accordance with the relevant guidelines (Company's articles of association, Swiss company law, listing rules of the SIX Swiss Exchange). Treasury shares are treated as a deduction from the consolidated shareholder's equity (2008: TCHF 30 691: 2007: TCHF 27 847). During 2008 the Company sold 15 833 (2007: 52 833) shares and purchased 35 675 (2007: 0) shares.

The following major shareholders held shares and voting rights of 3% and more as of December 31, 2008:

	Number of Shares 2008	Participation in % 2008	Number of Shares 2007	Participation in % 2007
American International Underwriters Overseas Ltd.	413 500	10.02%	413 500	10.02%
AIG Life (Ireland) Ltd.	1 018 881	24.70%	1 083 527	26.27%
Ernst Göhner Stiftung	267 000	6.47%	267 000	6.47%
AIG Private Bank Ltd.	–	–	229 284	5.56%
AIG, Inc.	373 581	9.06%	–	–
AIG Private Equity Ltd.	195 815	4.75%	175 973	4.27%
SUVA, Schweiz. Unfallversicherungsanstalt	127 500	3.09%	127 500	3.09%
Mobiliar	142 500	3.45%	NA	*
AXA Winterthur	167 000	4.05%	167 000	4.05%

* On September 25, 2008, Schweizerische Mobiliar Versicherungsgesellschaft informed the Company that its shareholding has increased above 3%.

Note 9. Earnings per Share

Earnings per Share	2008	2007
Net (loss)/profit per share outstanding (in CHF) – basic	(68.93)	20.52
Net profit per share outstanding (in CHF) – fully diluted	(68.93)	20.49
Net (loss)/profit for the period (in TCHF)	(271 918)	80 584
Weighted average of total number of shares outstanding (in 1 000) – basic	3 945 028	3 927 921
Adjustment for share options	–	3 978
Weighted average of total number of shares outstanding (in 1 000) – diluted	3 945 028	3 931 899

The stock options granted by the Group (note 18) are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. In June 2008, the last stock options matured.

Note 10: Revaluation Reserve

in TCHF

	2008	2007
Reserve from foreign currency translation	(38 994)	(51 902)
Reserve from fair value movements of investments	(17 581)	78 674
Total revaluation reserve at December 31	**(56 574)**	**26 772**
Reserve from foreign currency translation		
– at January 1	(51 902)	(35 917)
– currency translation differences during the year	12 908	(15 985)
– at December 31	**(38 994)**	**(51 902)**
Reserve from fair value movements of investments		
– at January 1	78 674	58 596
– Impairments transferred to income statement	223 015	10 144
– net realized (gains)/losses transferred to income statement	(16 125)	(112 053)
– net realized gains/(losses) from changes in Fair Value	(303 145)	121 987
– at December 31	**(17 581)**	**78 674**

Note 11: Write-downs of Non-Current Assets

For the year ended December 31, 2008 write-downs on non-current assets were recognized as follows:

in TCHF	2008	2007
Direct investments	33 735	1 733
Funds	189 280	6 082
Contractual agreements	–	2 329
Total	**223 015**	**10 144**

For details please see note 1 to the investment table.

Note 12: Interest Income, dividends and net realized gains on investments from non-current assets

Interest income, net interest income and dividends from non-current assets, and net realized gains were generated by the three portfolios as follows:

in TCHF	2008	2007
Interest income from long-term assets:		
AIG Funds	758	1 590
Third Party Funds	1 122	7 255
Direct Investments	1 387	2 285
Total interest income from non-current assets	**3 267**	**11 130**
Dividend income from long-term assets:		
AIG Funds	51	650
Third Party Funds	301	1 108
Direct Investments	0	1 407
Total dividend income from non-current assets	**352**	**3 165**
Net realized gains on investments:		
AIG Funds	3 351	19 631
Third Party Funds	13 040	85 913
Direct Investments	(267)	6 509
Total net realized gains from non-current assets	**16 124**	**112 053**

Note 13: Taxes

in TCHF

	2008	2007
Current income tax	538	890
Reconciliation of income tax calculated with the applicable tax rate:		
Profit/(Loss) before income tax	(271 379)	81 474*
Applicable tax rate	7.8%	7.8%
Income tax	(21 168)	6 355
Effect from:		
– income tax payable from current and prior periods	–	152
– non-taxable profits	4 462	(6 355)
– increase of valuation allowance on net operating loss	16 705	–
– deferred taxes	(145)	145
– non-refundable withholding tax paid	678	593
Total income tax expenses	**538**	**890**

* The 2007 annual report shows the net profit for the period instead of the net profit before taxes. The total income tax expenses do not change as the non-taxable profits change in the same amount.

In 2008, the Group paid TCHF 678 (2007: TCHF 593) non-refundable withholding taxes.

Note 14: Related Party Transactions

Related Parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or to exercise significant influence over the other party in making financial and operating decisions. Related parties are:

- American International Group, Inc., New York
- AIG Private Bank Ltd., Zurich
- AIG Private Equity Management Ltd., Bermuda
- AIG Global Investment Corp., New York
- Board of Directors, AIG Private Equity AG

RELATED PARTY AGREEMENTS

The Group has entered into several agreements with various companies of the American International Group, Inc., New York ("AIG") which have a significant influence on the financial and operating decisions of the Group.

Service Agreement I

American International Company Ltd., Pembroke, Bermuda, an indirect wholly owned subsidiary of AIG, provides several administrative services for the subsidiary in Bermuda for an annual fee of TUSD 95 (TCHF 103; 2007: TCHF 108). This agreement is entered into for an indefinite period of time and may be terminated with advance notice of 30 days.

Service Agreement II

AIG Private Bank Ltd., Zurich, a wholly owned subsidiary of AIG, provides administrative and accounting services for the Group. Compensation for these services in 2008 was TCHF 301 (2007: TCHF 301). This agreement was transferred February 1, 2009 to AIG Investments Switzerland GmbH, a wholly owned subsidiary of AIG, Inc.

Management and Advisory Agreement

The Group has entered into a Management Agreement with AIG Private Equity Management Ltd., Bermuda ("the Manager"), a wholly owned subsidiary of AIG Private Bank Ltd., Zurich. For services rendered, the Manager is entitled to receive a management fee at an annual rate equal to 2% of the consolidated Net Asset Value of the Group on the last business day of each quarter before deductions or accrual of the management fee and/or performance fees. The initial term of the Management Agreement ended December 31, 2005 and was automatically renewed for five years until December 31, 2010.

In addition to the management fee, the Manager will receive quarterly performance fees from the Group. The performance fee with respect to the Third Party Funds Portfolio is fifteen per cent (15%) of the increase in the net asset value of the Third Party Funds Portfolio for each quarter in excess of any baseline return for such quarter of five per cent (5%) (on an annual basis). The performance fee with respect to the Direct Investment Portfolio is twenty per cent (20%) of the increase in the net asset value of the Direct Investment Portfolio for each calendar quarter.

Furthermore both performance fees are subject to a "high water mark", so that no performance fee will be paid with respect to a particular portfolio unless the net asset value for that portfolio is greater than the previous high net asset value for the portfolio (increased, in the case of the Third Party Funds Portfolio at the rate of 5% annually).

The Manager has entered into an advisory agreement with AIG Global Investment Corp., New York, a wholly owned subsidiary of AIG, to act as investment advisor with respect to the Third Party Funds Portfolio and Direct Investments Portfolio.

For its services provided under the management agreement, the advisor is entitled to receive an advisory fee from the Manager. The initial term of the advisory agreement matured December 31, 2005 and was automatically extended until December 31, 2010.

In 2008 the management agreement resulted in AIG receiving management fees amounting to TCHF 11 595 (2007: TCHF 14 205) and performance fees amounting to TCHF 0 (2007: TCHF 13 049) from the Group.

Refer to notes 1, 5, 6, and 11 for more information on related parties.

MATERIAL TRANSACTIONS

Cash and Cash Equivalents

As of December 31, 2008 the Group has cash and cash equivalents totaling TCHF 216 (2007: TCHF 26) on a current account basis with AIG Private Bank Ltd., Zurich.

Capital Calls from AIG Fund Investments

	2008		2007	
Investments (in million)	**CHF**	**USD**	**CHF**	**USD**
AIG Horizon Partners Fund L.P.	0.9	0.9	1.8	1.5
AIG Brazil Special Situations Fund I L.P.	0.1	0.1	0.2	0.2
AIG Brazil Special Situations Fund II L.P.	1.6	1.5	2.2	1.8
AIG Orion Fund L.P.	0.0	0.0	0.0	0.0
AIG Blue Voyage Fund L.P.	0.0	0.0	0.0	0.0
AIG Global Sports & Entertainment L.P.	0.1	0.1	0.2	0.2
AIG Highstar Capital L.P.	0.0	0.0	0.0	0.0
AIG Highstar Capital III Prism L.P.	10.4	9.6	24.6	20.4
AIG Private Equity Portfolio L.P.	0.2	0.2	0.5	0.4
AIG Global Emerging Markets L.P., II	1.3	1.2	5.1	4.1

	2008		2007	
Investments (in million)	**CHF**	**EUR**	**CHF**	**EUR**
AIG New Europe II L.P.	4.5	2.8	6.2	3.8

Personnel

Two members of the Board of Directors of the Company are employees of other companies within the AIG Inc., Group. With the exception of the Chairman of the Board, AIG executives serving on the Board of Directors and the Investment Committee of the Group do not receive remuneration from the Group for their services. Remuneration of directors for the year 2008: TCHF 169 (2007: TCHF 190). Refer to note 18 for share compensation schemes granted to the management board. One of the members of management is employed by the Company. One of the members of management is a member of the board of directors of MV Leveraged Finance Ltd. (see also Note 1 MVLF). The Subsidiary in Bermuda made an equity investment (EUR 10 million) and a loan investment (EUR 20 million) in this entity in the fourth quarter 2006. In the course of 2008, the Subsidiary received dividends of TCHF 0 (2007: TCHF 1 651), principal repayments on the loan of TCHF 2 608 (2007: TCHF: 1 399) and loan interest amounting to TCHF 716 (2007: TCHF 1 845).

2008 All figures in CHF	Base Compensation	Variable Compensation*[1]	Other Compensation**[1]	Total 2008[1]	Share-holdings[2]	SARs[3]
Board of Directors						
Eduardo Leemann	60 000	2 000	8 193	70 193	200	–
Erich Hort (until May 2007)	12 500	500	1 469	14 469	–	–
Dr. Ernst Mäder	30 000	1 500	3 560	35 060	–	–
Dr. Roger Schmid	30 000	2 000	–	32 000	750	–
Robert Thompson	–	–	–	–	–	–
Dr. Christian Wenger	30 000	2 000	–	32 000	–	–
Total Board of Directors	**162 500**	**8 000**	**13 222**	**183 722**	**950**	**–**
Management Board						
Andrew Fletcher	250 120	–	31 898	282 018	6 668	–
Conradin Schneider	–	–	–	–	3 000	–
Total Management Board	**250 120**	**–**	**31 898**	**282 018**	**3 000**	**–**

* Attendance fee
** Social security payments

[1] in CHF
[2] number held at year end
[3] number granted during year

2007 All figures in CHF	Base Compensation[1]	Variable Compensation*[1]	Other Compensation**[1]	Total 2007[1]	Share-holdings[2]	SARs[3]
Board of Directors						
Eduardo Leemann	60 000	2 500	6 967	69 467	200	–
Erich Hort (until May 2007)	30 000	2 000	2 936	34 936	–	–
Dr. Ernst Mäder	30 000	2 500	2 909	35 409	–	–
Win Neuger	–	–	–	–	–	–
Dr. Roger Schmid	30 000	1 500	–	31 500	750	–
Robert Thompson (as from May 2007)	–	–	–	–	–	–
Dr. Christian Wenger	17 500	1 500	–	19 000	–	–
Total Board of Directors	**167 500**	**10 000**	**12 812**	**190 312**	**950**	**–**
Management						
Andrew Fletcher	242 319	–	–	242 319	1 000	15 000
Conradin Schneider	–	–	–	–	3 334	7 500
Total Management	**242 319**	**–**	**–**	**242 319**	**4 334**	**22 500**

* Attendance fee
** Social security payments

[1] in CHF
[2] number held at year end
[3] number granted during year

Note 15: Financial Risk Management

Strategy in using Financial Instruments

The objective of the Group is to achieve long-term capital growth for shareholders by investing in a diversified portfolio of private equity funds and privately held operating companies.

The Group's activities expose it to a variety of financial risks, namely market risk (including interest rate risk, currency risk and other price risks), liquidity risk and credit risk. Management observes and manages these risks. These risks could result in a reduction of the Group's net assets.

The Group seeks to minimize these risks and adverse effects by considering potential impacts from the financial markets. The Group manages these risks, where necessary, via collaboration with service partners that are market leaders in their respective area of expertise. Additionally, the Group has internal guidelines and policies in place to ensure that transactions are effected in a consistent and diligent manner.

Market Risk

- Interest rate risk

  The Group is subject to cash flow interest rate risk due to fluctuations in the prevailing levels of market interest rates. This risk arises primarily from loans (higher/lower LIBOR rate at refinancing date; see schedule below). These loans have a variable interest rate corresponding to the LIBOR rate plus a margin. The majority of the Group's assets are non interest bearing. The Group has not applied an interest rate hedge due to the short term maturity profile of the loans and because the Group has no long term visibility of its cash flows due to its business activity.

  The table below summarizes the Group's exposure to interest rate risks. It includes the Group's assets and liabilities at fair values, categorized by the earlier of contractual re-pricing or maturity dates.

At 31 December 2008, should interest rates change by 0.3% (30 basis points) (2007: 0.3%) with all other variables remaining constant, the increase in equity for the year would be approximately TCHF 261 (2007: TCHF 268).

The Group's management monitors interest rates on a regular basis and informs the Board of Directors accordingly at its quarterly meetings.

At 31.12.08 in TCHF	< 1 month	1–3 months	3 months–1 year	Non-interest bearing	Total
Assets					
Financial assets available for sale	–	–	–	606 755	606 755
Loans	14 049	–	–	–	14 049
Other receivables	345	–	–	–	345
Cash at bank	14 930	–	–	–	14 930
Liabilities					
Borrowings	27 236	–	74 711	–	101 947
Preferred Shares	–	–	163 714	–	163 714
Payables and accrued charges	9 479	–	–	–	9 479

At 31.12.07 in TCHF	< 1 month	1–3 months	3 months–1 year	Non-interest bearing	Total
Assets					
Financial assets available for sale	–	–	–	829 210	829 210
Loans	18 655	–	–	–	18 655
Other receivables	–	–	–	3 471	3 471
Cash at bank	26	–	–	–	26
Liabilities					
Payables and accrued charges	–	–	–	24 008	24 008
Borrowings	107 954	–	–	–	107 954
Preferred Shares	–	–	–	–	–
Other payables	–	–	–	145	145

- Currency risk
  The net asset value per share is calculated in CHF, the presentation currency of the Company. However, as the Group's investments are largely denominated in USD and Euro, the Company will be exposed to a certain degree of currency risk, which can adversely affect performance. Fluctuations in foreign currency exchange rates affect the net asset value of the investments and therefore of the Group. The Group can enter into currency contracts to mitigate these currency risks. Such transactions are based upon decisions made by the FX Committee that meets at least on quarterly basis. Over the past several years, the FX Committee decided to take appropriate measures to mitigate the impact of currency fluctuations on the net asset value (see note 4 for details on current hedge transactions). Additionally, the Group regards loans in the same currencies as its assets as a measure to mitigate the impact of currencies on the net asset value.

If the USD were to change 1%, with all other variables held constant, it would result in a change in shareholders equity of CHF 1.2 million (2007: CHF 3.8 million).

If the EUR were to change 1%, with all other variables held constant, it would result in a change in shareholders equity of CHF 2.4 million (2007: CHF 3.5 million).

At 31.12.08 (in 1 000)	USD	EUR	GBP	JPY	CHF	Total
Assets						
Cash and cash equivalents	5 871	9 050	–	–	9	14 930
Other current assets	204	–	–	–	141	345
Loans receivable	–	14 049	–	–	–	14 049
Investments (available for sale)	383 406	217 238	2 342	3 769	–	606 755
Total Assets	**389 481**	**240 337**	**2 342**	**3 769**	**150**	**636 079**
Payables and accrued charges	8 546	–	–	–	932	9 478
Loans payable	101 947	–	–	–	–	101 947
Preferred Shares	163 714	–	–	–	–	163 714
Deferred tax liability	–	–	–	–	–	–
Total Liabilities	**274 207**	**–**	**–**	**–**	**932**	**275 139**
Total Equity	–		–	–	360 940	360 940
Total Liabilities and Equity	**274 207**	**–**	**–**	**–**	**361 872**	**636 079**

At 31.12.07 (in 1 000)	USD	EUR	GBP	JPY	CHF	Total
Assets						
Cash and cash equivalents	–	–	–	–	26	26
Other current assets	1 387	439	–	–	1 645	3 471
Loans receivable	–	18 655	–	–	–	18 655
Investments (available for sale)	488 748	334 716	2 637	3 109	–	829 210
Total Assets	**490 135**	**353 810**	**2 637**	**3 109**	**1 671**	**851 362**
Payables and accrued charges	2 407	–	–	–	21 601	24 008
Loans payable	107 954	–	–	–	–	107 954
Deferred tax liability	–	–	–	–	145	145
Total Liabilities	**110 361**	**–**	**–**	**–**	**21 601**	**132 107**
Total Equity	–	–	–	–	719 255	719 255
Total Liabilities and Equity	**110 361**	**–**	**–**	**–**	**741 001**	**851 362**

The Group's currency position is monitored on a regular basis. The FX Committee meets at least on a quarterly basis to review its strategy and make appropriate adjustments. The FX exposure is reviewed by the board of directors at the quarterly meetings.

- Other price risks
  Other price risks (i.e. changes in market prices other than from interest rate risks or currency risk) may affect the value of the investments held as available-for-sale by the Group. Other price risks arise mainly from the uncertainty about future valuations of the investments held as available-for-sale by the Group. Investments held available-for-sale amounted to TCHF 606 755 (2007: TCHF 829 210). For these investments the Group calculates the corresponding fair value on a monthly basis. Please see the "Accounting Policies" for more information on the fair value process as well as Note 1.
  The Group's investment advisor performs extensive due diligence prior to recommending any fund or direct investment, including an analysis of the potential risks of the investment. The Group and the investment advisor monitor investments by analyzing regular reports and through direct contact with general partners and company management. Investment recommendations are approved by the Board of Directors prior to commitment. Investment performance is reviewed at every board meeting. Valuations are updated on a monthly basis by taking new currency rates, stock price at the end of the month for listed portfolio companies and new reports from portfolio funds available to the Group into account. Furthermore the Company discusses fund performance with the investment advisor and takes part in portfolio funds annual meetings. Detailed valuations are established at year-end by speaking either in person or via telephone with fund managers and the investment advisor and are ultimately signed off by the Board of Directors.
  If the value of the investments (based on year-end values) had increased or decreased by 35.99% with all other variables held constant, the impact on the shareholders' equity would have been CHF 218.4 million (2007: 1.47%, CHF 12.2 million).
  An increase/decrease of 35.99% would impact the profit and loss statement by CHF 104.5 million/CHF –261.2 million.
  The Company is exposed to a variety of market risk factors which may change significantly over time. As a result, measurement of such exposure at any given point in time may be difficult given the complexity and limited transparency of the underlying investments. Therefore, a sensitivity analysis is deemed of limited explanatory value or may be misleading.

Liquidity risk

Due to the specific nature of private equity funds of the type in which the Company invests, immediate and full investment of assets is not always possible. Commitments made by a private equity investor in a private equity fund typically results in actual investments being made over a period of up to six years. Based on the Group's experience it is expected (on a portfolio basis) that the maximum net amount invested in a fund will be approximately 60% of a commitment. In order to reach full investment, the Group applies an over-commitment strategy. Outstanding commitments amounted to CHF 744 million in 2008 (2007 CHF 966 million). Even though these commitments could be drawn down at any point in time, the Group expects outstanding commitments to be drawn over a six year period (standard investment period of a private equity fund).

It is the aim of the Group to maintain equilibrium between drawdowns and distributions. The Group applies a cash flow model to estimate future cash flows and cash balances. As of 31 December 2008, cash in banks totaled TCHF 14 930 (2007: 26) and loans payable totaled TCHF 101 948 (2007: TCHF 107 954) and preferred shares amounted to TCHF 163 714 (2007: 0).

Management monitors cash flows on a weekly basis by updating its cash flow report and reports at least on a quarterly basis to the board of directors. As agreed in the supplementary agreement with the banking consortium, management provides additionally on a bi-weekly basis an overview comprising all banking relationships. Shortfalls in cash flows have been covered by a credit facility, as well as by the issuance of preferred shares by the Subsidiary. As both of these resources are exhausted, the Company has generated liquidity by selling fund interests in the secondary market. Currently, the Company is exploring the possibility of a substantive refinancing.

In accordance with IAS 1 these consolidated financial statements have been prepared on a going concern basis. Although the Company is in breach of certain covenants on its senior debt financing (USD 86 million outstanding), and the lenders could require accelerated repayment of the entire amount, the Company is in ongoing and active negotiations with the banking consortium and has engaged advisors and been in discussions with a number of investors, with the ultimate goal of securing long-term financing that would allow the Company to meet all of its commitments, including the funding of remaining capital commitments to private equity funds and the servicing or repayment of existing debt. Although there can be no assurance of completing a successful refinancing, the Company is confident that it will conclude a transaction and therefore considers the going concern basis to be appropriate. Should the Company be unsuccessful in completing a refinancing, the Company might face acceleration of its senior debt, which might force the Company to sell a substantial portion of the Company's investment portfolio in the secondary market at a discount to NAV.

In case the Company fails to honor a capital drawdown received from a portfolio fund, the Company exposes itself to the following risks:

- The fund manager retaining the paid in capital to date
- Litigation – fund managers are required to take legal action against limited partners not honoring capital calls.

Currently, the Company is not aware of a precedent case that would provide detailed insight into the consequences of missing capital calls.

At 31.12.08 (in TCHF)	< 1 month	1–3 months	> 3 months/no stated maturity
Payables and accrued charges	1 165	–	8 314
Loans payable	21 346	5 890	74 711
Preferred shares	–	–	163 714
Total Liabilities	**22 511**	**5 890**	**246 739**
Unfunded commitments	–	–	744 074

At 31.12.07 (in TCHF)	< 1 month	1–3 months	> 3 months/no stated maturity
Payables and accrued charges	30 923	–	–
Loans payable	107 954	–	–
Total Liabilities	**138 877**	**–**	**–**
Unfunded commitments	–	–	966 417

Credit risk

The Group has credit exposure only to established, creditworthy third parties, so that no collateralization is required. Receivables are monitored continuously.

Management monitors credit risk on a regular basis.

The Group holds cash with AIG Private Bank, HSBC Bank of Bermuda and Zurcher Kantonalbank. The Group monitors the standing of these institutions on a regular basis.

The Group holds loans in two investments (see Note 1), namely Flint Group and MVLF. Management of the Group monitors these loans on a regular basis by ensuring interest is paid and by reviewing monthly and quarterly reporting. Both loans are current on interest payments.

The Group attempts to minimize investment risk through effective due diligence in advance of investments, conservative underwriting, reviews of investment partners, and contractual provisions that limit the Group's downside risk. (see also other price risk). On a quarterly basis, the Group reviews all investments for potential impairment losses.

At 31.12.08 in TCHF	< 1 month	1–3 months	> 3 months/no stated maturity	2008 Total carrying amount
Cash and cash equivalents	14 930	–	–	14 930
Derivative instruments	–	–	–	–
Other current assets	345	–	–	345
Loans	–	–	–	–
Total financial assets (excl. investments)	**15 275**	**–**	**–**	**15 275**

The Company maintains cash and cash equivalents with prime banks and other reputable financial institutions.

Fair value estimation

The fair value of financial instruments quoted in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not quoted in an active market is determined by using information provided to the Company by the fund managers. These valuations are reviewed by the Company and adjusted wherever necessary (elimination of any discounts applied on listed investments; consistent valuation of a portfolio company within various funds etc.). The fund managers themselves use a variety of methods and make assumptions based on market conditions current at each balance sheet date. Valuation techniques include multiple analysis, discounted cash flow analysis, reference to transaction prices, reference to the valuations of other investors and reference to comparable companies. Due to inherent uncertainty of valuations, however, estimated fair values may differ significantly from the values that would have been used had a readily available market for the securities existed and the differences could be material.

In cases where the carrying amount is a reasonable approximation of fair value (e.g. short-term receivables and payables) no additional fair value is disclosed. All current assets and current liabilities are short-term. The carrying amount of financial liabilities measured at amortized cost approximates fair value as the interest rates are floating on a short term basis and there were no initial costs to amortize.

For 2008 the Company used reports received from the funds to calculate fair value. Expressed in % of total number of investments, 58% represent audited annual reports, 7% unaudited quarterly reports as per December 31, 2008, 34% unaudited valuations as per December 31, 2008 and the balance unaudited quarterly reports per June 30/September 30 2008.

Note 16: Contractual Agreements

On December 22, 1999, the Group entered into three contractual agreements with AIG that entitle the Group to receive distributions equal to pro rata share of all distributions from a specified list of funds, while obligating the Group to make payments equal to pro rata share of all draw-downs of committed capital to the same list of funds.

Distributions from the underlying fund investments, which are over the amount of its initial investment plus subsequent payments are split 90% to the company and 10% to AIG. The profit sharing is intended to compensate AIG for the management fees it paid with respect to the underlying fund investments prior to the contractual agreements, which are not taken into consideration when calculating the fair value of the underlying fund investments.

As at April 30, 2008, the contractual agreements were unwound by the Group. Thereby, the Group rendered its economic interest in specific private equity funds. In agreement with the counterparty, the Group received four funds (Palamon European Equity Partner, Doughty Hanson & Co. III, Apollo Investment Fund IV and Blackstone Capital Partners III) with a fair value of CHF 15.4 million. For the remainder of the funds the Group received CHF 20.3 million from the counterparty, corresponding to the NAV of these funds. The Contractual Agreements were established in 1999 and provided the Group access to a broadly diversified private equity portfolio. Due to the maturity of the underlying funds, the Contractual Agreements have lost weight in the Group's portfolio while requiring substantial administrative resources. As a result, it was decided to unwind the transaction.

Note 17: Details of AIG Private Equity Portfolio L.P. I

Fair Value (in TCHF)	2008	2007
AIG Fund Portfolio		
AIG Highstar Capital, L.P.	146	174
AIG Horizon Partners Fund, L.P.	723	1 216
AIG PEP I Other Assets and Liabilities	213	1 759
Subtotal	**1 082**	**3 149**

Fair Value (in TCHF)	2008	2007
Third Party Fund Portfolio		
International Funds		
Carlyle Europe Venture Partners, L.P.	143	28
GMT Communications Partners II, L.P.	1 955	1 921
TH Lee.Putnam Internet Partners, L.P.	938	1 393
Subtotal	**3 036**	**3 343**

Fair Value (in TCHF)	2008	2007
Third Party Fund Portfolio		
US Funds		
Advanced Technology Ventures VI, L.P.	527	637
Arrow Path Venture Capital, L.P.	323	406
Baker Communications Fund II, L.P.	2 048	2 744
Berkshire Fund V, L.P.	1 469	2 422
Blackstone Mezzanine Partners, L.P.	498	698
Boston Millennia Partners II, L.P.	1 618	1 457

Fair Value (in TCHF)	2008	2007
Third Party Fund Portfolio		
US Funds		
Carlyle Partners III, L.P.	1 042	869
Focus Ventures II, L.P.	300	437
Heartland Industrial Partners LP	711	1 445
JK&B Capital III, L.P.	954	1 257
KRG Capital Fund I, L.P.	2	10
Meritage Private Equity Fund, L.P.	649	445
North Castle Capital Partners II, L.P.	141	624
Questor Partners Fund II, L.P.	2 040	1 379
RCBA Strategic Partners, L.P.	45	824
Silver Lake Partners, L.P.	394	733
Technology Crossover Ventures IV, L.P.	1 388	1 753
Thayer Equity Investors Fund IV, L.P.	910	1 077
Thomas Weisal Capital Partners, L.P.	566	1 189
TWP CEO Founders' Circle (QP), L.P.	14	30
Mesirow Capital Fund	122	193
Subtotal	**15 761**	**20 629**

Fair Value (in TCHF)	2008	2007
Direct Investments Portfolio		
Theravance	302	505
Universal Studio Escape	–	3 019
Avalon Pharmaceuticals, Inc.	6	72
High Response Holdings, Inc.	–	121
AZ Automotive Corp.	620	935
Iomai Corporation	–	16
Springs Industries, Inc.	260	570
Fresh Direct	259	301
Amercian Media	–	253
AMF Bowling	577	760
NovaRay	–	38
Altiris Inc.	62	66
Subtotal	**2 086**	**6 656**
Total	**21 965**	**33 777**

Note 18: Share-Based Compensation Plan

Stock Option Plan

The Company issued the following incentive stock options in May 2005. There were no options outstanding at year-end 2008.

The options were granted free of charge. Each option entitles the holder to buy one share of the Company at the exercise price. A third of the options are each exercisable after a vesting period of one, two and three years. In case of a termination of the working contract during the vesting period, the unvested options are cancelled. In June 2008 the stock option plan expired.

Movements in the number of share options outstanding and their related exercise prices are as follows:

	2008		2007	
	Average exercise price per share	Options	Average exercise price per share	Options
At January 1	125.00	15 833	125.00	18 666
Granted		–		–
Forfeited	125.00	–	125.00	–
Exercised	125.00	15 833	125.00	(2 833)
At December 31	125.00	–	125.00	15 833

All options matured in June 2008, thus no options (2007: 9 000) were exercisable. Options exercised in 2008 were transacted as follows:

- 500 options at a market price of CHF 163.00
- 1 500 options at a market price of CHF 162.50
- 4 000 options at a market price of CHF 160.00
- 4 000 options at a market price of CHF 158.00
- 166 options at a market price of CHF 151.50
- 4 000 options at a market price of CHF 151.40
- 1 667 options at a market price of CHF 151.00.

The related weighted average share price at exercise was CHF 156.62 per share.

In the current year, CHF 113 413 (2007: 26 472) was charged as an expense relating to the options resulting in a corresponding increase to shareholders' equity by the same amount.

Share Appreciation Rights (SARs)

Outstanding SARs as at 31 December 2008 are as follows:

Number of SARs	Year of grant	Vesting date	Expiry	Subscription ratio	Strike price
7 000	2006	15.2.2007	28.2.2009	1:1	CHF 160
7 000	2006	15.2.2008	28.2.2009	1:1	CHF 160
7 000	2006	15.2.2009	28.2.2009	1:1	CHF 160
8 000	2007	1.3.2008	14.3.2010	1:1	CHF 160
8 000	2007	1.3.2009	14.3.2010	1:1	CHF 160
8 000	2007	1.3.2010	14.3.2010	1:1	CHF 160
3 984	2008	1.3.2009	14.3.2011	1:1	CHF 160
3 983	2008	1.3.2010	14.3.2011	1:1	CHF 160
3 983	2008	1.3.2011	14.3.2011	1:1	CHF 160

The SARs were granted free of charge. Each SAR entitles the holder to receive in cash the difference between the strike price and the market price of one share of the Company at the exercise price. A third of the SARs are each exercisable after a vesting period of one, two and three years. In case of a termination of the working contract during the vesting period, the SARs are cancelled.

Movements in the number of stock appreciation rights and their related exercise prices are as follows:

	2008 Average exercise price per share	2008 SARs	2007 Average exercise price per share	2007 SARs
At January 1	160.00	45 000	145.40	27 334
Granted	160.00	11 950	160	24 000
Exercised	–	–	97	(6 334)
At December 31	160.00	56 950	160.00	45 000

Of the 56 950 SARs (2007: 45 000), 45 000 SARs (2007: 7 000) were exercisable. No SARs were exercised in 2008 (2007: 6 833).

In the current year, CHF –529 734 (2007: 433 341) was charged as an expense relating to SARs. The carrying amount at the end of the period amounted to CHF 31 348 (2007: 561 118) and the intrinsic value at the end of the period of liabilities for which the counterpart's right to cash or other assets had vested by the end of the period (for example vested share appreciation rights) equals CHF 0 (2007: CHF 70 000).

The following table lists the inputs in the models used for the plan for the years ended 31 December 2008 and 31 December 2007:

	2008 SARs
Dividend yield (%)	0%
Expected volatility (%) – depending on term	32.47–42.68
Risk-free interest rate (%)	0.7247%
Expected life of option/SARs (years)	3 years
Weighted average share price	–
Model used	Black Sholes (Excel)

	2005 Stock Option Plan	2007 SARs
Dividend yield (%)	0%	0%
Expected volatility (%) – depending on term	11.68	7.38–8.90
Risk-free interest rate (%)	1.51%	0.9116%
Expected life of option/ SARs (years)	3 years	3 years
Weighed average share price	166.95	--
Model used	Black Sholes (Excel)	Black Sholes (Excel)

Note 19: Commitments, Contingencies and Other Off-balance-sheet Transactions

In addition to those commitments disclosed in the Investment Schedule and the Derivative Instruments mentioned in Note 4, the Company has nil off-balance-sheet transactions open as of December 31, 2008 (2007: nil off-balance-sheet transactions). The operations of the Company may be affected by legislative, fiscal and regulatory developments for which provisions are made where deemed necessary. Please refer to Note 15 (liquidity risk) for additional information on commitments.

Note 20: Segment Reporting

The Group operates in the sole business segment of private equity investments. The geographical analysis of total assets is determined by specifying in which region the investment was made:

in TCHF	2008	2007
North America	336 497	373 389
Europe	252 281	404 390
Rest of the World	47 301	73 583
Total	**636 079**	**851 362**

The geographical analysis of total income is determined by specifying from which region the investment profits are generated:

in TCHF	2008	2007
North America	2 830	24 322
Europe	17 001	103 916
Rest of the World	(7)	1 423
Total	**19 824**	**129 661**

*Total Income is determined net of capital losses.

Note 21: Subsequent Events

Between January 1, 2009 and April 11, 2009, the following aggregate investment related cash flows have been recorded (by the partnerships under the commitments existing as of December 31, 2008 and direct investments):

Capital Calls (in 1 000)	Amount
USD	13 832
EUR	11 046
JPY	41 798
DKK	2 488

Distributions (in 1 000)	Amount
USD	2 083
EUR	375

In 2009 the Company entered into definitive agreements to sell a number of portfolio funds in the secondary market. They are as follows:

- Cognetas II: the Company received proceeds of EUR 3.47 million and was released of capital commitments of approximately EUR 8 million. The impact on NAV of this sale was approximately CHF 1.31 per share.
- Emerging European Convergence Fund II: the Company received proceeds of EUR 5.39 million and was released of capital commitments of roughly EUR 10 million. The impact on NAV of this sale was approximately CHF 2.04 per share. As the sales price for above two transactions was negotiated relatively close to year-end 2008 the Company regarded sales proceeds as the best estimate of year-end valuation.
- Berkshire VII: the Company received proceeds of USD 5.40 million and was released of capital commitments of approximately USD 23 million. The impact on NAV of this sale was approximately CHF 1.47 per share.
- Doughty Hanson III: the Company received proceeds of USD 2.3 million and was released of capital commitments of roughly USD 0.5 million. The impact on NAV of this sale was approximately CHF .62 per share.
- The Company sold eight private equity fund limited partnership interests to a single buyer. Three of the fund interests are sold completely (Carlyle IV, EQT III, EQT IV) and five funds were sold partially (sold 50% of Lion II, 50% of EQT V, 50% of Platinum II, 40% of Diamond Castle IV and 20% of KRG IV). Aggregate sales proceeds amounted to USD 17.9 million. As a result of the sale, the Company's outstanding commitments to private equity funds will decrease by approximately USD 33 million. The impact on NAV of this transaction was approximately CHF 7.5 per share.

These funds were valued using year-end 2008 reports as the date of the sale took place significantly after year-end 2008.

Since the balance sheet date of December 31, 2008, there have been no further material events that could impair the integrity of the information presented in the financial statements.

The consolidated financial statements are authorized for issue on April 30, 2009 by the Board of Directors. The annual general meeting called for June 2, 2009 will vote on the final acceptance of the consolidated statements.

REPORT OF THE GROUP AUDITORS

As statutory auditor, we have audited the consolidated financial statements of AIG Private Equity AG, which comprise the consolidated balance sheet, income statement, statement of cash flows, statement of changes in shareholders' equity and notes (pages 20 to 52), for the year ended 31 December 2008.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and the accounting provisions of the Additional Rules for the Listing of Investment Companies of the SIX Swiss Exchange as well as the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2008 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with the accounting provisions of the Additional Rules for the Listing of Investment Companies of the SIX Swiss Exchange as well as with Swiss law.

Without qualifying our opinion, we draw attention to Note 15 of the consolidated financial statements which indicates that the Company has defaulted on the covenants of the syndicated credit facility and that negotiations for refinancing of the Group are in progress. These conditions, along with other matters as set forth in Note 15, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

Without qualifying our opinion, and in accordance with article 20 of the Additional Rules for the Listing of Investment Companies of the SIX Swiss Exchange, we draw attention to Note 1 of the consolidated financial statements. As indicated in Note 1, the consolidated financial statements include unquoted investments stated at their fair value of CHF 620.8 million. Because of the inherent uncertainty associated with the valuation of such investments and the absence of a liquid market, these fair values may differ from their realisable values, and the difference could be material. The fair values of these investments have been determined by the Board of Directors and have been disclosed in Note 1. We have reviewed the procedures applied by the Board of Directors in valuing such investments and have viewed the underlying documentation. While in the circumstances the procedures appear to be reasonable and the documentation appropriate, the determination of fair values involves subjective judgment which cannot be independently verified.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers Ltd

Thomas Romer	Cornelia Herzog
Audit expert	Audit expert
Auditor in charge	

Zürich, April 30, 2009

CORPORATE GOVERNANCE AT AIG PRIVATE EQUITY LTD.

1. GROUP STRUCTURE AND SHAREHOLDERS

AIG Private Equity Ltd. (the Company) is a holding company according to Swiss law and domiciled in Zug. Its 100% subsidiary holds the vast majority of investments on its behalf.

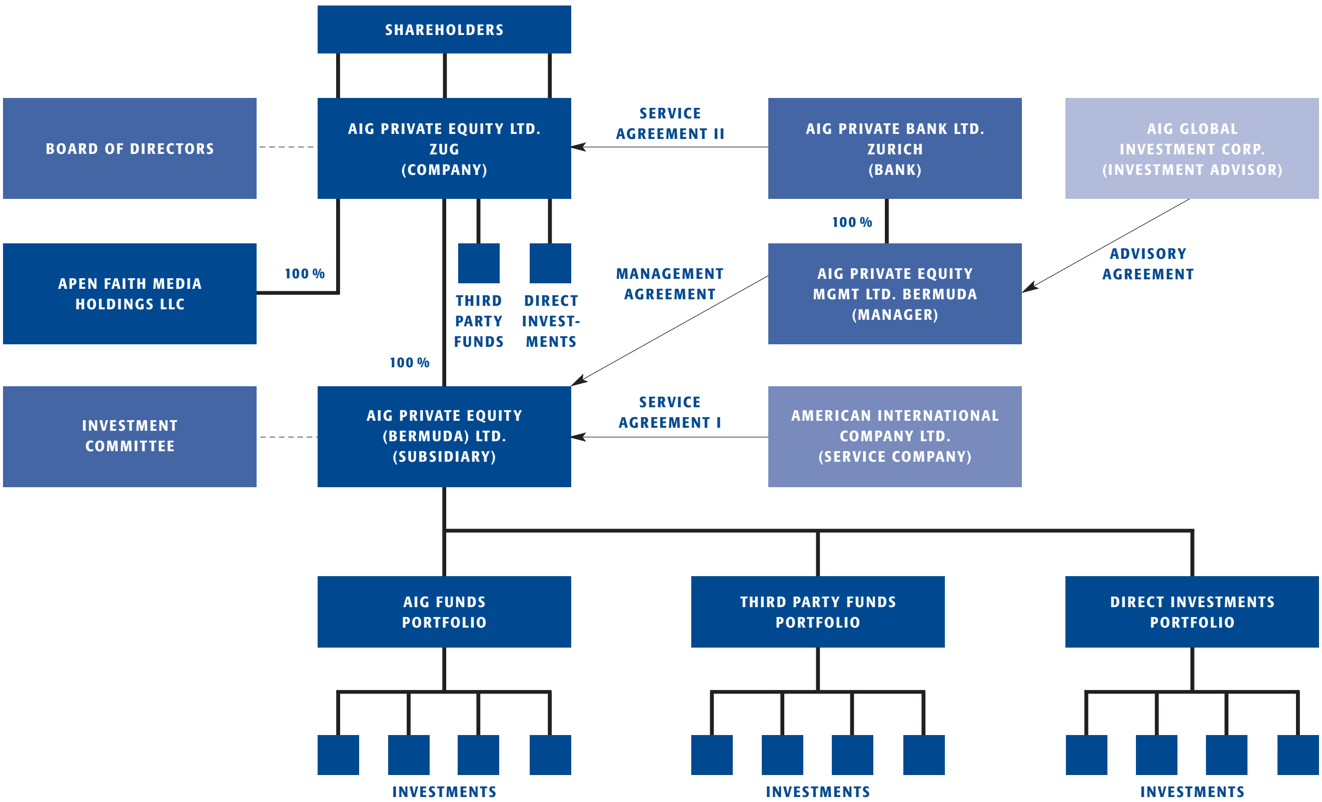
Both Fund Investments and Direct Investments are investments in private equity which forms the only investment category of the Company. For presentation purposes, the investments are divided in the following three portfolios:
- AIG Funds
- Third Party Funds
- Direct Investments

For further information please also refer to the principles of consolidation section within the consolidated financial statements. See also note 1 of statutory accounts (participations).

Significant Shareholders

There are several shareholders with a participation exceeding the 3% threshold of the Company's share capital. The number of shares and voting rights of the major shareholders are disclosed in note 8 of the consolidated financial statements.

Organisational Structure



February 1, 2009. AIG Private Bank Ltd. sold AIG Private Equity Management Ltd. to AIG Investments (Switzerland) Ltd., a subsidiary of AIG, Inc. At the same time the Service Agreement II was transferred from AIG Private Bank Ltd. to AIG Investments (Switzerland) Ltd.

BOARD OF DIRECTORS
Eduardo Leemann, Chairman
Dr. Ernst Mäder
Dr. Roger Schmid
Robert Thompson
Dr. Christian Wenger

INVESTMENT COMMITTEE
Dr. Thomas Lips, Chairman
Steven Costabile (Fund Investments)
FT Chong (Direct Investments)
Win Neuger

MANAGEMENT BOARD
Andrew Fletcher
Conradin Schneider

AUDITORS
PricewaterhouseCoopers Ltd.
Birchstrasse 160
CH-8050 Zürich

2. CAPITAL STRUCTURE

Capital

As of December 31, 2008 the issued share capital of the Company was CHF 412 500 000, divided into 4 125 000 fully paid registered shares with a nominal amount of CHF 100 each. As per the same date 3 929 185 shares were outstanding and the Company held 195 815 shares as treasury shares. The market capitalization of the Company per year-end amounts to CHF 149.1 million.

The shares are listed on the SIX Swiss Exchange.

Changes of capital

On June 13, 2000 the Company increased its share capital from CHF 184 000 000 to CHF 317 500 000 by issuing 1 335 000 fully paid-in shares with a nominal value of CHF 100.00 at a price of CHF 150.00 per share.

On June 28, 2006 the Company increased its share capital from CHF 317 500 000 to CHF 412 500 000 by issuing 950 000 shares of which 736 013 were paid-in shares with a nominal value of CHF 100.00 at a price of CHF 158.50 The balance of 213 987 shares were subscribed by the Company.

Shares and participation certificates

There are no preferential rights or similar rights. Each share is entitled to one vote and has full dividend rights. Voting rights may be exercised only after a shareholder has been registered in the Company's share register. No shares and/or share certificates will be issued to shareholders. Two Global Share Certificates ("Globalurkunde auf Dauer") are deposited with SIX SIS Ltd. under Swiss Security number 915.331, ISIN CHF0009153310. Transfers of shares are effected through a book-entry system maintained by SIX SIS Ltd.

There are neither participation certificates nor profit sharing certificates.

Authorized and conditional capital

The board of directors is entitled to an increase in authorized capital up to a maximum amount of CHF 206 250 000 by issuing no more than 2 062 500 shares with a nominal of CHF 100.–. The duration of the authorization period expires May 30, 2009.

The board of directors is entitled to an increase in conditional capital up to a maximum amount of CHF 206 250 000 by issuing no more than 2 062 500 shares with a nominal of CHF 100.–.

Shares for which subscription rights were granted but not executed are at the board of director's disposal.

The pre-emptive rights of the shareholders can be excluded in case of acquisitions of other companies or additional listings to foreign stock exchanges. If doing so, the board of directors is not allowed to fix the issuing price under the Net Asset Value of the shares of the Company.

See also Article 4 b of the articles of association (available at www.aigprivateequity.com).

Limitations of transferability and nominee registrations

The Company's shares are freely transferable, without any limitations, provided that the buyers declare they are the beneficial owners of the shares and comply with the disclosure requirements of the Federal Act on Stock Exchanges and Securities Trading of March 24, 1995.

Nominees who act as fiduciaries of shareholders are entered without further inquiry in the Company's share register as shareholders with voting rights up to a maximum of 3% of the outstanding capital available at the time.

See also Article 4 of the articles of association.

Convertible Bonds and Warrants

There are no convertible bonds and warrants issued by the Company or by its subsidiaries on shares of the Company outstanding.

3. BOARD OF DIRECTORS

Responsibilities

The board of directors consists of one or more members. The board of directors is ultimately responsible for the policies and management of the corporation. The board establishes the strategic, accounting, organizational and financing policies to be followed by the corporation. The board further appoints the executive officers and the authorized signatories of the corporation, supervises the management of the corporation and monitors the investment decisions. Moreover, the board is entrusted with preparing shareholders' meetings and carrying out shareholders resolutions. The board may, pursuant to its regulations, delegate the conduct of day-to-day business operations to management under its control. The board approves all compensation upon proposal of the chairman.

Meeting schedule

The board usually meets four times per year in person (minimum twice). The regular meetings are typically held in February, May, August and November. Additional meetings are called on short notice if and when required. In the year under review, eight board meetings took place. Each of the board meetings has a special focus which is basically connected to the Company's reporting rhythm. Such focuses are the financial statements, interim results, the medium-term plan, investments, foreign exchange exposure, the annual general meeting and corporate governance. The members of the management committee are invited to attend the board meetings and have attended all eight board meetings. The board resolves by majority vote with the presence of a majority of members. The average duration of a board meeting is ninety minutes.

Principles of the election procedure

The members of the Board will be elected by the annual general meeting according to Article 11 of the articles of association. The term of office for all members is three years with the possibility of repeated re-election.

Members of the board of directors

Eduardo Leemann, born 1956, Swiss citizen, Chairman, non-executive member, term of office expires in 2009.

Mr. Leemann joined AIG Investments in 1997 as Chief Executive Officer of AIG Private Bank in Zurich serving later as Chairman of the Board for AIG Private Bank. He recently returned to the Executive Board of AIG Private Bank and is now appointed Chief Executive Officer of AIG Private Bank Ltd., Senior Managing Director and Head of AIG Global Wealth Management. He previously worked at Goldman, Sachs & Co Bank as Member of the Management Committee and Head of Private Banking. Prior to that, Mr. Leemann was Deputy to the Head of Private Banking worldwide at Bank Julius Baer with direct responsibilities for the Western Hemisphere, Switzerland as well as the overall marketing effort in Private Banking. Previously, he was responsible for building the private banking business of Bank Julius Baer in their New York branch. Eduardo Leemann is a graduate of the Swiss School of Economics and Business Administration (SEBA) and of the Advanced Executive Program of the J.L. Kellogg Graduate School of Management at the Northwestern University in Chicago, USA.

Mr. Leemann became Chairman of the Company's board of directors in September 1999.

Mr. Leemann also serves on the Board of Directors of AIG International Real Estate GmbH & Co. KgaA, a listed real estate company in Frankfurt, Germany. Mr. Leemann also serves as a member of the board of directors of SIX Group.

Dr. Ernst Mäder, born 1954, Swiss citizen, non-executive member, term of office expires in 2009.

Currently CFO and CIO of the Swiss National Accident Insurance Fund, Dr. Mäder has had an extensive career with leading Swiss banks. He served Credit Suisse Private Banking as Head of Investment Research and Credit Suisse First Boston as Head of the Fixed Income & Derivatives Research Department Switzerland/Europe. Earlier in his career, he spent ten years at UBS Zurich working with the Economic Department, Investment Research and the Asset Management. Dr. Mäder holds an Economics degree from the University of Zurich with post-graduate studies in "the use of VAR-models in forecasting interest rates and analysing data."

Mr. Mäder joined the Company's board of directors in December 2000.

Dr. Roger Schmid, born 1959, Swiss citizen, non-executive member, term of office expires in 2009.

Mr. Schmid joined Ernst Goehner Foundation in 1996 as Managing Director and became a member of the board of trustees in 2005. Prior to joining Ernst Goehner Foundation, Mr. Schmid worked for five years with Bank Leu Ltd. as counselor-at-law and became a Member of the Senior Management in 1995. Mr. Schmid received a degree in law from Zurich University. His professional education includes training programs and work in South Africa, England and the United States.

Mr. Schmid joined the Company's board of directors in September 1999.

Mr. Schmid also serves as a non-executive member on the board of directors of Panalpina Welttransport (Holding) Ltd.

Robert Thompson, born 1954, US citizen, non-executive member, term of office expires in 2010.

Mr. Thompson is the Head of AIG Investments worldwide Alternative Investments business, having joined AIG Investments in 2005. Mr. Thompson was a co-founder and managing member of Ferrer Freeman Thompson & Co., LLC, ("FFT"), a private equity firm. Prior to FFT, he was Managing Director and Equity Group Leader at GE Capital. Mr. Thompson founded, organized, and developed GE Capital's Private Equity activities throughout the United States, Europe, Asia and Latin America. Mr. Thompson has over 18 years of experience in all segments of the private equity business including fund investments, mezzanine investments, direct investments, joint ventures and leveraged buyouts. He currently serves on Investment Committees for AIG Investments' alternative investments activities. Mr. Thompson received an AB in Economics from Harvard College and an MBA from Stanford University.

Mr. Thompson joined the Company's board of directors in May 2007.

Dr. Christian C. Wenger, born 1964, Swiss citizen, non-executive member, term of office expires in 2009.

Mr. Wenger is a lawyer and a partner at the well-known law firm of Wenger & Vieli in Zurich. He joined the firm in 1996 and became partner in 1999. Mr. Wenger is specialized in commercial and business law, with a focus on Private Equity, Venture Capital and M&A. Mr. Wenger is member of the management board of SECA (Swiss Association for Private Equity and Corporate Finance) as well as president of CTI Invest, an investors' organization associated with KTI, the Swiss federal government's agency to promote innovation. In the scope of his professional activities, Mr. Wenger is member of the board of several Swiss as well as international companies. He received a degree in law from Zurich University (Dr. iur) and completed his studies with an LL.M at Duke University Law School, North Carolina.

Mr. Wenger joined the Company's board of directors in May 2006.

Mr. Wenger also serves as a non-executive member of the board of directors of Looser Holding Ltd. and AIG Private Bank Ltd.

Internal Organisation and definition of areas of responsibility

The principal responsibilities of the board of directors encompass:

- Establishment of strategic, organizational, reporting and financial policies
- Appointment of executive officers
- Definition of investment policy and supervision of its implementation
- Preparation and execution of annual shareholders meeting

They are summarized in Article 13 of the articles of association (available at www.aigprivateequity.com).

In view of the relatively small board of directors and the complexity of the tasks, the board did not constitute any more committees.

The board of directors has delegated to the Management Committee the coordination of the day-to-day business operations of the company. See also Article 3 of the Internal Regulations of the Board of Directors (available at www.aigprivateequity.com). The board of directors has not concluded any contracts with third parties to manage the business.

For the tasks and responsibilities of the board see internal regulations of the board of directors (available at www.aigprivateequity.com).

Information and control instruments vis-à-vis the management board

In order to allow fulfilment of its supervising duties, the board of directors is provided with the following information:

- Discussions with the management during the board of directors meetings, telephone conferences, etc.
- Quarterly, Semi-annual and Annual reports
- Auditors report on the annual audit of the financial statements

Members of the management committee participate at every meeting of the board if directors. Additionally, the members of the management committee engage on a frequent basis with the chairman of the board and other members of the board of directors.

4. INVESTMENT COMMITTEE

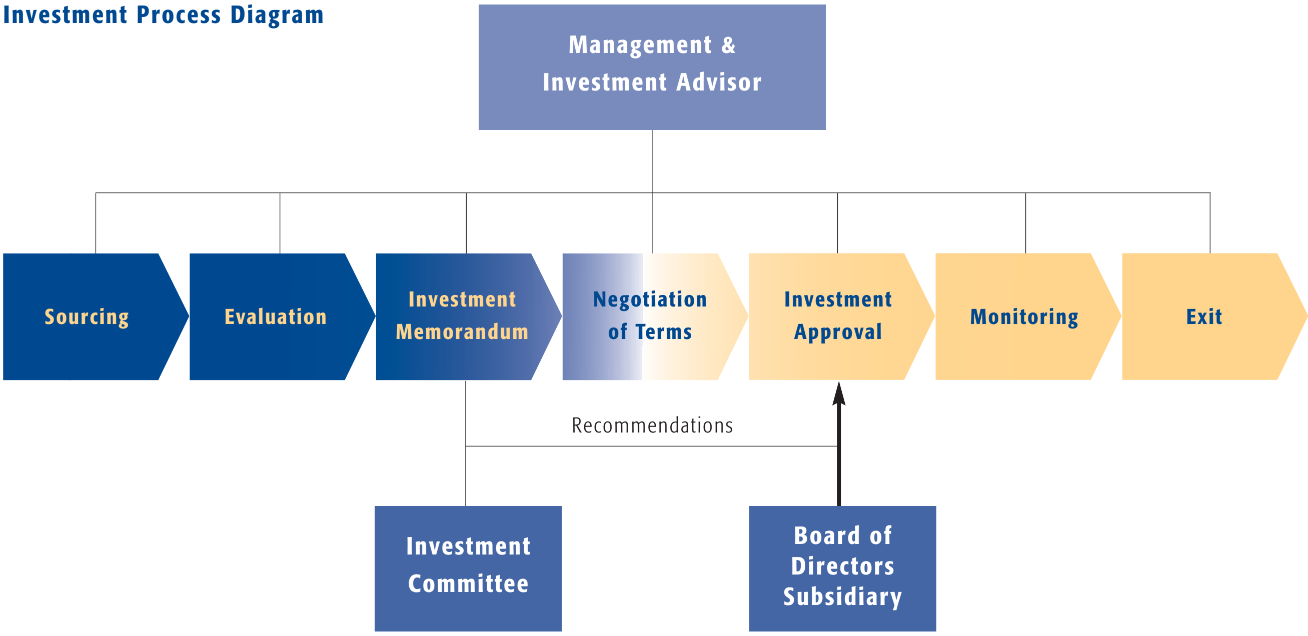
Dr.Thomas Lips, Chairman of the Investment Committee
Dr. Lips is Chief Investment Officer for AIG Global Investment Corp. (Switzerland) Ltd. and is responsible for directing European Equities activities. Prior to joining the AIG Companies in 1998, he was at Goldman, Sachs & Co. Bank as Chief Investment Officer responsible for building the private and institutional asset management business in Switzerland. Prior to Goldman, Sachs & Co., Dr. Lips was head of Investment Counseling and Research for Union Bank of Switzerland. Dr. Lips studied at the Universities of Fribourg, Basel and Zurich, where he received his Doctorate Degree in Economics. He is the founding member of the board of the Swiss Training Center for Investment Managers, and a member of the editing body of the Swiss Association for Investment Research. He is also the Chairman of the Swiss Association of Financial Analysts and Investment Managers. Dr. Lips is a member of the AIG Global Investment Policy Committee.

Steven Costabile (fund investments)
Mr. Costabile joined AIG Global Investment Group in 2000 and is the Managing Director of the Private Equity Funds Group. Mr. Costabile has played a significant role in the successful growth of three product lines, Pinestreet LLC, PineStar (secondaries) and the PEP (primary) program. Mr. Costabile serves on the Developed Markets Fund Investment Committee, APEN Investment Committee and Asian Private Equity Funds Investment Committee. His current responsibilities include overseeing all private equity funds investments in the developed markets, as well as sourcing, due diligence, monitoring product development, and marketing. From 1997 to 2000, Mr. Costabile was a Vice President at Credit Suisse First Boston (CSFB) in the Private Funds Group, with a focus on investments on behalf of CSFB and third party investors. Prior to that, he was the Senior Investment Officer of Alternative Investments for the Commonwealth of Massachusetts and the Assistant Director of Venture Capital for the Commonwealth of Pennsylvania. In both positions, Mr. Costabile focused on private equity fund investments. He received both a BSBA and an MBA from Duquesne University. He is also a CFA charterholder and holds a Series 7 license.

FT Chong (direct investments)
Mr. Chong joined AIG Investments in 1998 and currently leads the Direct Investments Team which focuses on private equity and mezzanine investing in developed markets such as the United States and Europe. Mr. Chong has worked in buyouts and leveraged financing since 1981. Mr. Chong is currently a director of a number of companies including Fresh Direct. Prior to joining AIG Investments, Mr. Chong was Executive Vice President for Business Development for the GT Group, an Asian conglomerate, from 1994 to 1998. In the early 1990's he was a founder and CFO of DynadxTechnologies, Inc., a start-up company that developed and marketed a new out-of-home advertising technology. From 1981 to 1989 he was head of the USD 3 billion US leveraged finance group at Swiss Bank Corp. and participated in or led the financing for more than two dozen high profile leveraged buyouts. He received an MBA from Columbia University and also has a degree in Chemical Engineering from the University of Malaya.

Win J. Neuger
Mr. Neuger is Chairman and CEO of AIG Investments and is responsible for directing strategies on a worldwide basis. He is also an Executive Vice President and until 2009 served as Chief Investment Officer of AIG. He also served as a member of the board of directors of the Company from 2006–2007. Mr. Neuger joined AIG Investments in 1995, with investment management experience since 1973. Before joining AIG Investments, he was with Bankers Trust Company, where he served both as Managing Director, Fixed Income and, subsequently, Managing Director, Global Equities. Prior to joining Bankers Trust, Mr. Neuger served as Chief Investment Officer at Western Asset Management. He was also the Head of Fixed Income at Northwestern National Bank in Minnesota. Mr. Neuger received an AB from Dartmouth College and an MBA from Dartmouth's Amos Tuck Graduate School of Business. He is a CFA charterholder and is a member of the New York Society of Security Analysts (NYSSA), CFA Institute (formerly AIMR), and the Council on Foreign Relations.

Investment Process Diagram



The Investment Committee is appointed by the board of directors of the Subsidiary and is responsible for assessing the investment opportunities presented by the Manager and the Investment Advisor and subsequently making investment recommendations to the board of directors of the Subsidiary for approval by the latter. See also note 14 to the consolidated financial statements.

It also has to be noted that three members of the Investment Committee (W. Neuger, S. Costabile and FT Chong) of the Subsidiary are senior executives and members of the Investment Committee of AIG.

5. MANAGEMENT BOARD

Members of the Management Board

Andrew Fletcher, born 1964, US citizen.
Mr. Fletcher joined the Company in 2001. Mr. Fletcher is also a member of the management board of AIG Global Investment Corp. (Switzerland) Ltd., responsible for alternative investments and structured products, and a managing director of AIG International Real Estate GmbH & Co. KGaA, a listed real estate company in Frankfurt, and its subsidiaries. Prior to 2001, Mr. Fletcher worked for four years as Assistant General Counsel in AIG's corporate law department in New York and for six years in private practice. He is a graduate of Harvard College and Harvard Law School.

Mr. Fletcher is also a member of the management board of AIG International Real Estate GmbH & Co. KGaA, a listed real estate company in Frankfurt, Germany. He is also a member of the management board of AIG Private Bank Ltd., Zurich.

Conradin Schneider, born 1962, Swiss citizen.
Mr. Schneider joined the AIG Companies in 1999. He was involved in establishing and listing the Company, a Swiss listed private equity investment company, on the SIX Swiss Exchange. With the Company Mr. Schneider is responsible for screening private equity funds and direct investment opportunities and for operations. Prior to joining AIG, Mr. Schneider was with Aventic Ltd., the private equity vehicle of UBS for small and medium sized companies in Switzerland. Prior to his assignment with UBS-Aventic, he worked 8 years as a corporate banker with UBS with a focus on Swiss multinationals. Mr. Schneider received his graduate degree from the University of St. Gall, Switzerland, specializing in banking and economics.

Mr. Schneider is also a member of the board of directors of MV Leverage Finance Limited and AIG MezzVest II, and a member of the management board of AIG International Real Estate GmbH & Co. KGaA, a listed real estate company in Frankfurt, Germany. He is also a member of the management board of AIG Private Bank Ltd., Zurich.

6. COMPENSATIONS, SHAREHOLDINGS AND LOANS

Content and method of determining the compensations

The compensation of the Board of Directors lies in the responsibility of the general meeting. The Board of Directors approves compensation (including the share option plan) for the management board upon proposal of the Chairman. The share based compensation plan is designed to ensure that the Company maintains a competitive bonus program in order to recruit, retain and motivate management in the overall interest of shareholders.

All figures in CHF	Base Compensation	Variable Compensation*[1]	Other Compensation**[1]	Total 2008[1]	Share-holdings[2]	SARs[3]
Board of Directors						
Eduardo Leemann	60 000	2 000	8 193	70 193	200	–
Erich Hort (until May 2007)	12 500	500	1 469	14 469	–	–
Dr. Ernst Mäder	30 000	1 500	3 560	35 060	–	–
Dr. Roger Schmid	30 000	2 000	–	32 000	750	–
Robert Thompson	–	–	–	–	–	–
Dr. Christian Wenger	30 000	2 000	-	32 000	–	–
Total Board of Directors	**162 500**	**8 000**	**13 222**	**183 722**	**950**	**–**
Management Board						
Andrew Fletcher	250 120	–	31 898	282 018	6 668	–
Conradin Schneider	–	–	–	–	3 000	–
Total Management Board	**250 120**	**–**	**31 898**	**282 018**	**3 000**	**–**

* Attendance fee
** Social security payments

[1] in CHF
[2] number held at year end
[3] number granted during year

Share-based compensation plans

The members of Management of the Company have the option to exercise an aggregate of 56 950 stock appreciation rights (SARs) of the Company over a period of three years. As of 31 December 2008, they held the following stock appreciation rights:

Number of options	Year of grant	Vesting date	Expiry Date	Subscription ratio	Strike Price
7 000	2006	15.2.2007	28.2.2009	1:1	CHF 160
7 000	2006	15.2.2008	28.2.2009	1:1	CHF 160
7 000	2006	15.2.2009	28.2.2009	1:1	CHF 160
Number of SARs					
8 000	2007	01.3.2008	14.3.2010	1:1	CHF 160
8 000	2007	01.3.2009	14.3.2010	1:1	CHF 160
8 000	2007	01.3.2010	14.3.2010	1:1	CHF 160
3 984	2008	15.3.2009	28.3.2011	1:1	CHF 160
3 983	2008	15.3.2010	28.3.2011	1:1	CHF 160
3 983	2008	15.3.2011	28.3.2011	1:1	CHF 160

As of 31 December 2008, the members of Management of the Company held no stock options.

No stock appreciation rights but 15 833 options were exercised in 2008. No other options to purchase shares of the Company have been issued by the Company.

Highest total compensation of Board of Directors member

See above, total of compensations for both boards.

7. SHAREHOLDER'S PARTICIPATION RIGHTS

Voting-rights restrictions and representations

Each registered share in the Company is entitled to one vote. See also Article 7 section 1 in the articles of association. Voting rights may be exercised only after a shareholder has been registered as shareholder with voting rights in the Company's share register.

Rules on participating the general meeting if different from law

No restrictions. See Article 7 section 2 in the articles of association.

Statutory quora

The statutory quora comply with the applicable legal regulations. See Article 8 in the articles of association.

Convocation of the general meeting of shareholders and proposal for agenda items

The convocation of the Shareholders' Meeting complies with the applicable legal regulations. The convocation may also be requested by one or several shareholders representing together at least ten percent of the share capital. See also Articles 5 and 6 in the articles of association.

Registration in the share register

There is no statutory rule on the deadline for registering shareholders in connection with the attendance of the Annual General Meeting. In 2009, the qualifying date is May 8, while the Annual General Meeting will be held on June 2.

8. CHANGES OF CONTROL AND DEFENCE MEASURES

Duty to make an offer

The Company refrains from the duty to make an offer (opting-out; see also Article 23 in the articles of association) pursuant to Article 32 of the Federal Stock Exchange Act (SESTA).

9. AUDITORS

Date of assumption of the existing auditing mandate

PriceWaterhouseCoopers (PWC) was re-elected for another 3 years at the general meeting on May 28, 2008.

Responsible Partner: Thomas Romer (since 2004)

Responsible Director: Cornelia Herzog (since 2008)

Total of auditing honorariums 2008

CHF 150 640

Additional honorariums

Tax-consulting CHF 114 194

Supervisory and control instruments vis-à-vis the auditors, control instruments

Since there is no Audit Committee, the Auditors' report will be presented to the whole Board of Directors as a part of the annual report.

In addition to that, the responsible Auditor participates in the annual general meeting and is standing by for questions and detailed audit information.

10. INFORMATION POLICY

The Company aims to offer the shareholders a high degree of transparency. In this respect the Company publishes an annual report, a semi-annual report and three quarterly reports. In addition, the Company publishes the net asset value of the Company on a monthly basis.

In between the quarterly report publications relevant information (including information subject to Ad-hoc publicity according to section 72 of the SIX Listing Rules) is published in the form of press releases and available at www.aigprivate-equity.com.

BALANCE SHEET AS OF DECEMBER 31, 2008 AND DECEMBER 31, 2007

in TCHF

	Note	2008	2007
Assets			
Current Assets			
– Cash and cash equivalents		237	26
– Loans to subsidiary		2 185	25 150
– Derivative instruments	5	–	1 645
– Prepayments		141	219
– Own shares	3	7 431	27 847
		9 994	**54 887**
Long-term Assets			
– Participation	1	379 011	546 716
– Direct Investments	8	1 243	2 170
– Funds	8	3 762	3 041
		384 016	**551 927**
Total Assets		**394 010**	**606 814**
Liabilities and Shareholders' Equity			
Current Liabilities			
– Payables		213	265
– Accrued charges		660	1 135
– Bank loan		27 236	25 015
		28 109	**26 416**
Shareholders' Equity			
– Share capital	2, 6	412 500	412 500
– Reserve (non-disposable)		82 500	82 500
– Share capital premium		61 607	61 607
Total Share Capital Premium		**144 107**	**144 107**
– Less: reserve set aside for own shares		–24 573	–21 729
		119 534	**122 378**
– Reserve for own shares		30 691	27 847
– Reserve for stock option plan	4	–	182
– Retained earnings		–196 824	17 491
Total Shareholders' Equity		**365 901**	**580 398**
Total Liabilities and Shareholders' Equity		**394 010**	**606 814**

INCOME STATEMENT FOR THE PERIOD JANUARY 1 TO DECEMBER 31, 2008 AND JANUARY 1 TO DECEMBER 31, 2007

in TCHF

	Note	2008	2007
Income			
Dividend income from non-current assets		2	–
Gain on derivative instruments	5	–	2 642
Net realized gains on investments		–	1 566
Interest income from current assets		1 314	210
Gain on foreign currency exchange		3 009	10
Gain on sale of own shares		–	346
Total Income		**4 325**	**4 774**
Expenses			
Service fees		301	301
Other operating expenses		2 093	1 499
Personnel expenses		99	830
Interest expense		2 292	–
Loss on participation		186 173	–
Loss on foreign currency exchange		2 333	112
Loss on sale of own shares	3	26	–
Value adjustment on own shares		23 260	–
Value adjustment on investments		2 035	–
Tax expense		28	152
Total Expenses		**218 640**	**2 886**
Net profit for the year		**(214 315)**	**1 888**

NOTES TO THE FINANCIAL STATEMENTS

in TCHF

1. Participation

	Location	Capital held in %	Nominal Value in TUSD	Paid in TUSD	Book value in TCHF 31.12.08	Book value in TCHF 31.12.07
AIG Private Equity (Bermuda) Ltd.	Pembroke, Bermuda	100	702 663	495 870	369 428	537 680
APEN Faith Media Holdings LLC.	Delaware, USA	100	–	9 780	9 584	9 036
Total			**702 663**	**505 650**	**379 012**	**546 716**

AIG Private Equity Ltd., Zug ("the Company") is a Swiss stock corporation established under the relevant provisions of the Swiss Code of Obligations and domiciled in Zug. The Company was established by AIG Private Bank Ltd. on September 17, 1999 for an indefinite period of time and was registered in the commercial register of the Canton of Zug on September 20, 1999. The Company, together with AIG Private Equity (Bermuda) Ltd. and APEN Faith Media Holdings LLC ("the Subsidiaries"), comprises the AIG PE Group ("the Group"). The Company's shares are listed on the SIX Swiss Exchange since October 12, 1999.

The Company's investment objective is to achieve long-term capital growth for shareholders by investing in private equity funds. The Company may also make direct investments in operating companies. Although the Company may invest directly in fund investments or companies, it is anticipated that investments will generally be made through the Subsidiaries.

The valuation of AIG Private Equity (Bermuda) Ltd. is based on the going concern assumption of this entity. Although the Company is in breach of certain covenants on its senior debt financing (USD 70 million outstanding), and the lenders could require accelerated repayment of the entire amount, the Company is in ongoing and active negotiations with the banking consortium and has engaged advisors and been in discussions with a number of investors, with the ultimate goal of securing long-term financing that would allow the Company to meet all of its commitments, including the funding of remaining capital commitments to private equity funds and the servicing or repayment of existing debt. Although there can be no assurances of completing a successful refinancing, the Company is confident that it will conclude a transaction and therefore considers the going concern basis to be appropriate. Should the Company be unsuccessful in completing a refinancing, the Company might face acceleration of its senior debt, which might force the Company to sell a substantial portion of the Company's investment portfolio in the secondary market at a discount to NAV.

2. Authorized and Conditional Share Capital

As per December 31, 2008 the Company has CHF 206.25 million (2007: CHF 206.25 million) authorized share capital outstanding. This authorized share capital will expire at end of May 2009.

As per December 31, 2008 the Company has CHF 206.25 million (2007: CHF 206.25 million) conditional share capital outstanding.

3. Balances and transactions with own shares

	Number	Amount CHF
Balance as of January 1, 2008	175 973	
Disposal (sold at CHF 151.00)*	–1 833	–276 783
Disposal (sold at CHF 151.40)*	–4 000	–605 600
Disposal (sold at CHF 158.00)*	–4 000	–632 000
Disposal (sold at CHF 160.00)*	–4 000	–640 000
Disposal (sold at CHF 162.50)*	–1 500	–243 750
Disposal (sold at CHF 163.00)*	–500	–81 500
Purchase (purchased at CHF 150.00)	21 800	3 270 000
Purchase (purchased at CHF 151.00)	9 300	1 404 300
Purchase (purchased at CHF 151.50)	4 100	621 150
Purchase (purchased at CHF 151.90)	125	18 988
Purchase (purchased at CHF 120.00)	250	30 000
Purchase (purchased at CHF 102.00)	50	5 100
Purchase (purchased at CHF 100.00)	50	5 000
Total	**195 815**	**2 874 905**
Realized loss on sale of own shares 2008		**–25 698**
Book Value as of December 31, 2008		**30 691 162**

* This relates to equity settlement of options exercised during the year.

4. Reserve for Own Shares

At the end of 2008 the Reserve for Own Shares amounts to CHF 30 691 162. The increase of CHF 2 849 207 has been posted against Share Capital Premium – see also point 3 of the notes.

5. Derivative Instruments

Forward Exchange Transactions

2008

As of December 31, 2008, the Company had no open foreign exchange contracts.

2007

As of December 31, 2007 the Company had one open foreign exchange forward contract:

Nominal amount	Maturity date	Contractual exchange rate	Exchange rate at year end	Positive replacement value
USD 20 000 000	23.4.2008	1.1640	1.1329	CHF 622 000

6. Shareholders' Equity

The following major shareholders held shares and voting rights of 3% and more as of December 31, 2007:

	Number of Shares 2008	Participation in % 2008	Number of Shares 2007	Participation in % 2007
American International Underwriters Overseas Ltd.	413 500	10.02	413 500	10.02
AIG Life (Ireland) Ltd.	1 018 881	24.70	1 160 127	28.12
AIG Private Equity Ltd.	195 815	4.75	228 806	5.55
AIG, Inc.	373 581	9.06	–	–
Ernst Göhner Stiftung	267 000	6.47	267 000	6.47
SUVA, Schweiz. Unfallversicherungsanstalt	127 500	3.09	127 500	3.09
Axa Winterthur	167 000	4.05	167 000	4.05
Mobiliar	152 500	3.70	–	–

* On September 25, 2008 Schweizerische Mobiliar Versicherungsgesellschaft informed the Company that its shareholding has increased above 3%.

7. Compensation, shareholdings and loans

The compensation of the Board of Directors lies in the responsibility of the general meeting. The Board of Directors approves compensation (including the share option plan) for the management board upon proposal of the Chairman.

2008 All amounts in CHF	Base Compensation	Variable Compensation*[1]	Other Compensation**[1]	Total 2008[1]	Share-holdings[2]	SARs[3]
Board of Directors						
Eduardo Leemann	60 000	2 000	8 193	70 193	200	–
Erich Hort (until May 2007)	12 500	500	1 469	14 469	–	–
Dr. Ernst Mäder	30 000	1 500	3 560	35 060	–	–
Dr. Roger Schmid	30 000	2 000	–	32 000	750	–
Robert Thompson	–	–	–	–	–	–
Dr. Christian Wenger	30 000	2 000	-	32 000	–	–
Total Board of Directors	**162 500**	**8 000**	**13 222**	**183 722**	**950**	**–**
Management						
Andrew Fletcher	250 120	–	31 898	282 018	6 668	–
Conradin Schneider	–	–	–	–	3 000	–
Total Management	**250 120**	**–**	**–**	**282 018**	**3 000**	**–**

* Attendance fee
** Social security payments

[1] in CHF
[2] number held at year end
[3] number granted during year

2007 All figures in CHF	Base Compensation[1]	Variable Compensation*[1]	Other Compensation**[1]	Total 2007[1]	Share-holdings[2]	SARs[3]
Board of Directors						
Eduardo Leemann	60 000	2 500	6 967	69 467	200	–
Erich Hort (until May 2007)	30 000	2 000	2 936	34 936	–	–
Dr. Ernst Mäder	30 000	2 500	2 909	35 409	–	–
Win Neuger	–	–	–	–	–	–
Dr. Roger Schmid	30 000	1 500	–	31 500	750	–
Robert Thompson (as from May 2007)	–	–	–	–	–	–
Dr. Christian Wenger	17 500	1 500	–	19 000	–	–
Total Board of Directors	**167 500**	**10 000**	**12 812**	**190 312**	**950**	**–**
Management						
Andrew Fletcher	242 319	–	–	242 319	1 000	15 000
Conradin Schneider	–	–	–	–	3 334	7 500
Total Management	**242 319**	**–**	**–**	**242 319**	**4 334**	**22 500**

* Attendance fee
** Social security payments

[1] in CHF
[2] number held at year end
[3] number granted during year

Share-based compensation plans

The members of Management of the Company have the option to exercise an aggregate of 56 950 stock appreciation rights of the Company over a period of three years.

As of 31 December 2008, they held the following stock appreciation rights and stock options:

Number of options	Year of grant	Vesting date	Expiry Date	Subscription ratio	Strike Price
7 000	2006	15.2.2007	28.2.2009	1:1	CHF 160
7 000	2006	15.2.2008	28.2.2009	1:1	CHF 160
7 000	2006	15.2.2009	28.2.2009	1:1	CHF 160
Number of SARs					
8 000	2007	01.3.2008	14.3.2010	1:1	CHF 160
8 000	2007	01.3.2009	14.3.2010	1:1	CHF 160
8 000	2007	01.3.2010	14.3.2010	1:1	CHF 160
3 984	2008	15.3.2009	28.3.2011	1:1	CHF 160
3 983	2008	15.3.2010	28.3.2011	1:1	CHF 160
3 983	2008	15.3.2011	28.3.2011	1:1	CHF 160

8. Investments

The Company holds one direct investment (Hertz) and three private equity partnerships (Carlyle Japan Partners II, L.P.; Unison Capital Partners II and Unison Standby Facility). The book values of these investments are as follows (in TCHF):

Hertz	2 170
Carlyle Japan Partners II	2 153
Unison Capital Partners II	2 213
Unison Standby Facility	277

9. Risk Assessment

The risk management system of AIG Private Equity Group comprises financial and operative risks. By definition a risk is a possible impact of a negative event that could harm the company's goals. Basically the risk management system is a part of the internal control system. On different level there are proactive preventative and minimizing procedures in place to treat risks as an integrate part of management's responsibility. Hereby operative risks are handled by defined competencies where they occur.

10. Subsequent Events

Since the balance sheet date of December 31, 2008, there have been no material events that could impair the integrity of the information presented in the financial statements.

REPORT OF THE STATUTORY AUDITORS

As statutory auditor, we have audited the accompanying financial statements of AIG Private Equity AG, which comprise the balance sheet, income statement and notes (pages 66 to 71), for the year ended December 31, 2008.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended December 31, 2008 comply with Swiss law and the company's articles of incorporation.

Without qualifying our opinion, we draw attention to Note 1 of the financial statements which indicates that the valuation of the wholly owned subsidiary AIG Private Equity (Bermuda) Ltd., is reported on the assumption that the entity is able to continue as a going concern.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Thomas Romer	Cornelia Herzog
Audit expert	Audit expert
Auditor in charge	

Zürich, April 30, 2009

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