



**FOR IMMEDIATE RELEASE
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PALAMON CAPITAL PARTNERS ACQUIRES CONTROLLING STAKE IN LOYALTY PARTNER

Palamon Capital Partners (Palamon), one of Europe's leading mid market private equity firms, has agreed to acquire a controlling stake in Loyalty Partner GmbH (Loyalty Partner). Loyalty Partner operates Germany's largest multi-partner loyalty programme through the PAYBACK Card. The price of the transaction has not been disclosed.

Established in 1998, Loyalty Partner has developed the most successful loyalty scheme in Germany. With more than 28 million cards, the PAYBACK Card is the third most used plastic card in German wallets. A top ten consumer brand in Germany, PAYBACK Card has more than a dozen core partners with €20 billion of retail sales. These include blue chip companies such as Real (hypermarket group), Galeria Kaufhof (department stores), OBI (DIY stores) and dm (drugstore group). In 2004 Loyalty Partner's revenues were €125 million. The company has 280 employees and its headquarters are in Munich with additional offices in Oberhausen, London and Paris. Loyalty Partner also owns two additional companies, Billing & Loyalty Systems (Billing) and 5one (Consulting).

With hundreds of millions of direct customer contacts, PAYBACK is Germany's largest marketing platform. In addition to the PAYBACK card business, Loyalty Partner also markets the fastest growing Visa Card programme in Germany, the PAYBACK VISA card, in a joint venture with Landesbank BadenWuerttemberg, motor and other insurance policies in partnership with HDI and the PAYBACK mobile phone subscription in partnership with Vodafone. Loyalty Partner also operates the frequent traveller programme, "bahn comfort", for Deutsche Bahn and is in the process of expanding its loyalty and CRM programme outsourcing business.

Palamon will acquire its controlling interest in Loyalty Partner from Lufthansa Commercial Holdings (Lufthansa), a wholly owned subsidiary of Deutsche Lufthansa AG, and Metro AG, a €56 billion turnover retailing group. Lufthansa is to sell its entire 52.6% share in Loyalty Partner. On completion, Metro will hold approximately 10% of Loyalty Partner. Alexander Rittweger, CEO and founder of Loyalty Partner will increase his shareholding in the company from 14.8% to approximately 20%. Roland Berger, chairman of Roland Berger Strategy Consultants, will keep his 7.5% stake.

Following the transaction Jürgen Weber, chairman of Deutsche Lufthansa AG supervisory board, will remain as chairman of the Loyalty Partner supervisory board. Dr. Hans-Joachim Körber, CEO of Metro AG and Roland Berger will also continue to serve on the company's supervisory board. Further new board members will be nominated by Palamon.

Matthew Turner, a partner at Palamon, said, "We are delighted to be investing in Loyalty Partner, a company with an impressive track record and unique market position. We look forward to supporting Loyalty Partner's management team as they continue to build out their business. As our funds have a 12 year lifespan, we provide an ample timeframe for the company to deliver significant growth."

Alexander Rittweger, CEO of Loyalty Partner said, "In the last seven years we have built up Loyalty Partner from a standing start to a successful company with superb growth prospects. As the build-up period is now nearing completion, our focus is to expand our businesses in Germany and abroad. As such we are very enthusiastic about Palamon as our new partner considering their significant experience in building service-oriented businesses throughout Europe."

Barclays has underwritten a comprehensive debt package consisting of both senior and mezzanine loan tranches.

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Palamon Capital Partners

Palamon Capital Partners, LP is an independent private equity partnership founded in 1999, which is focused on providing equity for European growth services companies. Palamon is one of the few truly pan-European investors originating, executing and managing investments in the UK, Italy, Spain, Denmark, Belgium, Sweden, France, and Germany. The firm targets investments in companies where it can be the lead private equity provider and where the partnership's experienced principals can provide strategic direction and support to help build equity value.

The Firm manages Palamon European Equity, L.P. and its parallel funds, capitalised at approximately €1 billion and making up one of the largest pools of private equity capital dedicated to growth investment opportunities in Europe's mid market arena. Investors in Palamon funds are based in the US, Europe and the Middle East and are among the most significant investment institutions in the world.

Loyalty Partner GmbH

Loyalty Partner GmbH specialises in customer management. It operates PAYBACK, Germany's most successful cross-sectoral bonus scheme. Since its launch in March 2000, the scheme has become market leader in Germany with 28 million cards now in use. In addition to PAYBACK, Loyalty Partner is offering services to other companies on the basis of the expertise it has gathered through PAYBACK. Services focus on the management of large numbers of customers and the efficient handling of large volumes of data, and can be applied to the development of new customer loyalty schemes as well as the management of existing schemes. Today, LP acts as a full-service provider and offers a comprehensive range of services for operational customer management comprising all services from the initial concept to the implementation and operation of complete solutions. The company also offers expert services for the design and implementation of analytical CRM solutions such as database marketing.