

For immediate release

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Palamon sells Loyalty Partner to American Express

Palamon Capital Partners (“Palamon”), one of Europe’s leading mid market private equity firms, has agreed the sale of its 54% stake in Loyalty Partner (“the Company”) to American Express. The sale price of the Palamon shares amounted to €240 million, representing an enterprise value of approximately €500 million for the Company. The transaction is subject to approval by the German Federal Cartel Office.

Loyalty Partner operates Germany’s PAYBACK loyalty card and has a market leading position in Europe with 34 million cards issued and a strong network of retail chains and on-line shops. In Germany, PAYBACK is the consumer's third most carried card.

Since leading the buyout of the Company from Lufthansa in November 2005, Palamon has worked with Loyalty Partner to deliver a growth programme through a number of strategic initiatives that have more than doubled revenue and profitability. Through these initiatives, the Company extended its loyalty card operations into Poland and India, developed a financial services proposition through offering of combined payment and loyalty cards to consumers and launched an on-line and mobile coupon offering in Germany. Furthermore, the Company created a data analytics division which provides retailers across Europe and the United States with greater customer behaviour insight.

Holger Kleingarn, Partner at Palamon, commented, “We are delighted with this sale, which has tripled our invested equity and generated a 25% IRR. This result reflects the strength of the business arising from the successful implementation of growth initiatives identified at the time of our investment. The achievements are a tribute to the capabilities and commitment of Alexander Rittweger and his team.”

Alexander Rittweger, founder and CEO of Loyalty Partner, commented, “We have been able to achieve a step-change in the Loyalty Partner business during our five year partnership with Palamon. We greatly valued Palamon's contributions and their ability to work closely with us to develop our growth strategy and substantially expand our business.”

Louis Elson, Managing Partner at Palamon, said, “We are very pleased with this outstanding result achieved on our investment in Loyalty Partner. It is our sixth realisation over the past year; in total the six realisations have generated almost €500 million proceeds at a strong overall multiple of 2.5 times on our invested equity. These realisations have demonstrated the enormous value inherent in Palamon's growth equity model which has enabled our portfolio of companies across Europe to flourish in spite of the economic storms.”

At the same time as achieving strong exits, Palamon also has maintained its strong pace of investment by recently acquiring a majority stake in Oslo-based energy services group Eneas as well as concluding a transformational acquisition of Mapfre Quavitaie for portfolio company Grupo SAR, now Spain's largest residential and homecare provider.

For further information

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Notes to the editors

Palamon Capital Partners

Palamon Capital Partners is an independent private equity partnership founded in 1999 and focused on providing equity for European growth services companies. Palamon originates, executes and manages investments across Europe. The Firm targets investments in companies where the partnership's experienced investment professionals can provide strategic direction and help build equity value.

The Firm manages Palamon European Equity and Palamon European Equity II, capitalised at €1.1 billion. This makes one of the largest pools of private equity capital dedicated to growth investment opportunities in Europe's mid market arena.

For more information on Palamon refer to www.palamon.com.

About Loyalty Partner

Launched in 1998, Loyalty Partner offers expertise in all aspects of customer management, with 34 million cardholders and hundreds of partner companies across Germany, Poland and India. The company operates three subsidiaries including: PAYBACK, one of the leading multi-partner loyalty programs in Germany, designed to deliver value to consumers and generate additional revenue for partner companies; EMNOS, a specialist in-sight-based marketing consultancy for the retail sector; and Loyalty Partner Solutions, an information technology service provider that develops customised loyalty programmes for companies.

For more information on Loyalty Partner refer to www.loyaltypartner.com

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