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20 MOST INFLUENTIAL 2008

A tumultuous 12 months on from the onset of the credit crunch, we asked 500 of the industry's biggest hitters to name the most powerful people in European private equity.

1: GUY HANDS (8)

The man who holds the future of embattled music business EMI in his hands has shot to the top of the 20 most influential list this year as he attempts to drag the company's creative prima donnas into economic reality in the full glare of the public spotlight.

Guy Hands, chief executive of Terra Firma, is embroiled in the most highly publicised private equity deal of recent times. But while all about him appear to doubt, he has remained committed to bringing uncompromising leveraged buyout efficiency to the extravagant muso world.

Despite frequent spats with pop idols – Robbie Williams' manager accused Hands of running the business like a plantation owner – and a string of celebrity departures, including the Rolling Stones and Radiohead, as well as the painful fall-out of 2,000 job losses and the impact of the credit crunch on the deal itself, this unlikely rock and roll legend has managed to swing a company, hitherto spouting losses, into profit over recent months.

There is still a long way to go before Hands can be declared a hit, of course, but what is clear is that the impact of the £3.2bn (€4bn) deal will spread way beyond EMI's walls.

His brave restructuring of a business resisting change at every turn could provide a survival template for a global music industry in crisis.

If Hands succeeds in defying his detractors by creating a star out of a has-been in the most high-profile deal of the year, it would also provide a huge boon for the buyout industry as it continues its fight to defend its reputation.

A big personality who has never shied away from controversy – hitting the front pages for calling bankers whimpering dogs earlier this year and criticising his peers for drifting off strategic course – Hands has now taken centre stage.

2: JONATHAN RUSSELL (-)

As the new chairman of EVCA, Jonathan Russell, global head of buyouts at 3i, is taking the hot seat at a time when the asset class is coming under unprecedented political and regulatory fire.

Damaging domestic legislation is gathering pace across Europe, while a vociferous anti-private equity campaign in the European Parliament remains an ominous threat.

The industry has – for the most part – rallied in the face of attack, responding positively to the arrival of voluntary disclosure guidelines. Russell's biggest challenge, however, will be galvanising the mega buyout houses into action. Most of the antagonism directed towards the industry has been stirred up by the biggest private equity firms. Russell's job is to get these – usually reticent – firms to step up to the plate.

The private equity industry's success in educating European policymakers about the positive impact that it can have on the continent's economy will be vital to the preservation of the historically benign regulatory framework that has allowed the asset class to flourish. Russell has a key role to play.

3: JON MOULTON (2)

It has been a quiet year for Alchemy Partners on the deal front, but founder Jon Moulton has been as controversial as ever. Following on from his candid reflections in front of the Treasury Select Committee last summer, Moulton launched a scathing attack on industry bodies at Super Return in Munich, as well as predicting widespread private equity failures.

"The industry needs to prepare for bad news," he said. "There will be large-scale failures. That is guaranteed. And unless there is something even worse going on, that means that we will be in the spotlight again. It is vital that the industry and its representative bodies are ready."

Moulton's predictions have already come true at two of his own portfolio companies. Flooring company Floors-2-Go called in the administrators in July, closing nearly one-third of its stores and laying off staff, while leisure operator Buckingham Bingo started talks with Barclays earlier in the year over a covenant breach.

But whatever the troubles at home, there is little doubt Moulton will continue to be as outspoken as ever during the year ahead.

4: SIR DAVID WALKER (14)

Following escalating criticism of private equity in the UK – not least the industry's dismal showing at the first round of Treasury Select Committee hearings and a spate of angry trade union rallies – the BVCA commissioned a working group, led by former Morgan Stanley chairman Sir David Walker to review the prevailing level of disclosure and transparency in the asset class.

The tone of the resulting code of conduct – appeasing political antagonism without hampering competitive advantage – would prove vital to shaping the future direction of private equity, not only in the UK but throughout Europe.

Thirty-two private equity firms have signed up to the Walker guidelines so far, including Middle Eastern giants Arcapita and Dubai International Capital, and banks including Goldman Sachs, Macquarie and Bank of Scotland.

Nearly all of the mega buyout houses, which are responsible for courting much of the controversy shrouding private equity, have also signed up to the code.

The Walker report is providing a template for disclosure agreements elsewhere in Europe, with Sweden and Denmark the first continental markets officially to launch transparency guidelines.

Sir David's report has helped to mould a new and more open mindset for the private equity industry – one that it hopes will assuage public and political hostility.

5: STEPHEN SCHWARZMAN (3)

A year on from the IPO in which Stephen Schwarzman pocketed one of the largest windfalls in business history, the Blackstone Group continues to act as a template, benchmark and cautionary tale for all private equity firms with aspirations to list.

In the wake of the $7.7bn (€5bn) flotation, launched at the peak of the market, Blackstone stock begun a bumpy descent, eventually giving up more than half of its value as the economy turned sour. First-quarter results this year were equally gloomy: the firm made a $170m loss, compared with a $1.18bn profit a year earlier.

The debonair Schwarzman nevertheless remains one of the mega market's most determined optimists, even when a number of his firm's portfolio companies are known to be on the rocks – among them Deutsche Telekom and monoline insurer FGIC.

Blackstone prides itself on its first-mover advantage, and Schwarzman is confident that this ability to innovate will help the firm to weather challenging times ahead.

As well as leading the IPO charge, Blackstone was one of the first to attract foreign investment, selling a ten per cent stake to a Chinese sovereign wealth fund. The firm is also among the most diversified around, with advisory, debt provision, real estate and hedge fund arms, and was quick to identify an opportunity in buying discounted debt.

The market has flipped on its head for the world's biggest private equity firms over the past 12 months. In order to maintain the heady successes of recent years, firms must adapt to a new world order. All eyes will be on Blackstone to see which way Schwarzman jumps.

6: PHILIP YEA (5)

When you are the "acceptable face of private equity", as Philip Yea was dubbed last year by John McFall, chairman of the Treasury Select Committee, the scrutiny from inside and outside the industry can be unrelenting.

As the chief executive of one of the UK's largest – and oldest – private equity firms, the direction in which Yea steers 3i is inevitably seen as a bellwether for the industry, while his experience of meeting stringent disclosure requirements has provided a template for an asset class in transition.

So far in 2008, Yea has already signalled a broad shift in strategy by ending 3i's investment in early stage. He has also placed infrastructure at the top of his priorities. Furthermore, 3i's influence on the global private equity stage has never been greater, as it continues to penetrate both the US and Asia, in addition to boasting one of the most expansive European networks.

As private equity investors continue to tread uncertainly in a post-credit crunch world, 3i's visibility as a FTSE 100 company means Yea will remain one to watch.

7: JEREMY COLLER (16)

Doyen of the secondaries industry, Jeremy Coller has been a fixture in the 20 most influential rankings. As the biggest investor in venture capital in Europe, he is credited with rescuing an ailing asset class, investing billions to keep early-stage companies afloat through direct secondaries transactions. And as a slew of embattled dotcom funds hobble towards the end of their contracted life, the role of firms such as Coller Capital will only increase.

Furthermore, the acquisition of portfolios of investments is gathering force in the buyout industry as well, and will be of particular interest during a period of exit drought.

When combined with the ongoing appetite for liquidity among limited partners, it is clear Coller's record breaking $4.5bn (€2.9bn) fund will continue to be very much in demand over the year ahead.

8: DOMINIQUE SENEQUIER (12)

In just over ten years, this softly spoken and diminutive iron lady of European buyouts has transformed Axa Private Equity from a little-known offshoot of a French insurer into the largest private equity investor in Europe and the tenth largest in the world.

But Senequier's real impact on the industry this year was not as a buyout heavyweight but as a political agitator. Just as private equity was coming to terms with a new level of visibility and accountability, Senequier announced support for a change in France's labour code to ensure that five per cent of all capital gains go to employees. She also advocated a pan-European code of conduct governing the way in which profits from deals are shared among financial sponsors, senior management and staff.

Axa has put its money where its mouth is, distributing some of the proceeds from recent deals including the sale of Photonis to Astorg Partners – and indeed such moves are not unprecedented in France, whose idiosyncratic brand of socialist government calls for a particular style of buyout investment.

But Senequier's comments have nevertheless caused huge consternation in the asset class, and many believe the infinitely well-connected chief executive is positioning herself for a second career in politics.

9: ROBERT EASTON (-)

Robert Easton (pictured above), managing director of Carlyle, became the first European mega buyout professional to voluntarily stick his head above the parapet when he became chairman of the BVCA's new global buyouts committee at the start of this year.

In addition to appearing before the Treasury Select Committee and representing private equity on the Walker review monitoring group alongside Blackstone's David Blitzer, Easton has been a role model for big buyout involvement in the affairs of the industry.

He has also been responsible for some of the stand-out deals of the past 12 months, not least the turnaround of aerospace engine maker Firth Rixon. Easton transformed a loss-making business languishing on the public markets into a global leader in a deal that exemplified the positive impact of private equity.

10: JAVIER ECHARRI (17)

EVCA has been the first line of defence against a ground swell of anti-private equity opinion across Europe, and in particular against a vocal and hostile component of the European Parliament.

The parliament's two most influential committees are both drafting reports on private equity. A more moderate report for the legal affairs committee is being penned by Klaus-Heiner Lehne, a Conservative MEP, while an altogether more officious set of proposals is on its way from Poul Nyrup Rasmussen, anti-private equity campaigner and a former Danish premier, on behalf of the ECON committee.

Echarri has been integrally involved with both processes and is a committed lobbyist on behalf of the industry. He is working to integrate the disparate national industry bodies in support of the asset class and has worked hard to create a unified private equity voice.

With a political change of guard on the horizon in Brussels, Echarri's continued success in educating Europe's policymakers will prove vital in shaping the future of private equity.

11: DAVID BONDERMAN (-)

Even by David Bonderman's standards, the past 12 months have seen their fair share of controversy at TPG Capital. The headline stories include the aviation enthusiast admitting defeat in the long-running takeover battle for Spanish airline Iberia, as well as securing a debut Russian investment and netting a $2.5bn (€1.6bn) commitment from China's State Administration of Foreign Exchange. TPG has also recently made a swoop for battered Australian infrastructure business Asciano.

However, by far the firm's most contentious move was its role in the Bradford & Bingley saga in the UK. TPG initially came in with a £179m (€225.9m) financing package for the troubled lender, in return for a 23 per cent stake. The offer, tabled at a huge discount to the bank's share price, incensed shareholders and caused shares to slump yet further.

A few weeks later, the firm secured two seats on the board as part of the package. But then just days later, Moody's slashed the lender's rating, triggering a get-out clause for TPG. A stunned City watched as the Texan buyout house calmly withdrew from proceedings.

Commentators were quick to voice their disapproval, with many claiming it would be a long time before Bonderman and co returned to

15: LOU JIWEI (-)

A computer programmer turned economist, Lou Jiwei, China's former vice-minister of finance, is now responsible for one of the newest and largest sovereign wealth funds launched last year.

China has amassed more than $1.6trn (€1trn) of foreign exchange reserves over recent years, the largest such reservoir in history. Although much of this war chest is being used to cushion the country from the vicissitudes of volatile financial markets – invested in low-yielding US Treasury securities – the authorities also earmarked $200bn for China Investment Corporation, and placed Jiwei in charge.

Jiwei got off to a shaky start, buying a $3bn stake in Blackstone ahead of its IPO – a decision he may have quickly come to regret when the buyout house's share price slumped. He also invested $5bn to shore up Morgan Stanley, and joined forces with JC Flowers to invest in financial institutions.

CIC's early losses were compounded when it found itself at the centre of a fierce geopolitical debate regarding state investment in foreign markets. But Jiwei is determined to reverse his fortunes, promising that short-term losses will be turned into long-term gains. He has shifted the sovereign wealth fund's focus to the mining and energy industries for the time being. If successful, Jiwei's initial mandate $200bn could be multiplied many times over.

the financial services industry in the UK. But they were sorely mistaken. Less than three weeks later, he entered the race to acquire another stricken mortgage lender, Paragon, pitting his wits against Blackstone's Stephen Schwarzman.

The man with a passion for industries in crisis is unlikely to give up before seizing his prize.

12: BEN BERNANKE (-)

As recession threatens to crash over the world in waves a year on from the onset of the global credit crunch, Ben Bernanke, the 14th chairman of the Board of Governors at the US Federal Bank, is in a precarious position. Like his central banking counterparts Jean-Claude Trichet (at the European Central Bank) and Mervyn King (Bank of England), he must tread a delicate path with interest rate adjustments.

When the US slumped into a housing-induced slowdown two years ago, global growth initially resisted following suit. Now, having slashed rates from 5.25 per cent to two per cent, Bernanke runs the risk of stoking inflation. His fellow central bankers are currently in accord, holding interest rates steady as they decide how to tackle the dual threats of a rapidly slowly economy and rising inflation.

Their actions will determine the economic environment for private equity practitioners the world over for some considerable time to come.

13: SIMON WALKER (-)

The PR guru was parachuted in from Reuters to lead the BVCA following the private equity industry's dismal failure at its debut Treasury Select Committee hearing. Since then, Simon Walker has worked tirelessly to improve the asset class's reputation.

He has lobbied the government, worked to tighten up industry research and has trumpeted the benefits of private equity ownership to all who will listen. He has also overseen a successful recruitment campaign targeting the biggest buyout houses, even persuading Middle Eastern funds Arcapita and Dubai International Capital to get on board.

Walker's challenge will now be to maintain the private equity industry's newfound acceptance of disclosure and communication when the news it has to share becomes increasingly gloomy.

His ability to mastermind and inspire a successful public relations campaign in spite of inevitable private equity-backed failures will prove vital to public and political perception of the asset class for years to come.

14: DANNY RIMER (13)

Danny Rimer's Index Ventures has provided the European venture capital industry with crucial blockbuster home runs at a time when the asset class desperately needed to prove that such successes were possible.

And with exits such as Skype – which has become a poster child for European venture – and Last.fm under its belt, Index is now blazing a fresh trail with the €400m growth capital fund that it raised in January.

In the light of ongoing gloom in the public markets, the new vehicle has found rich pickings in the form of fast-growing, profit-generating companies looking for alternative forms of capital.

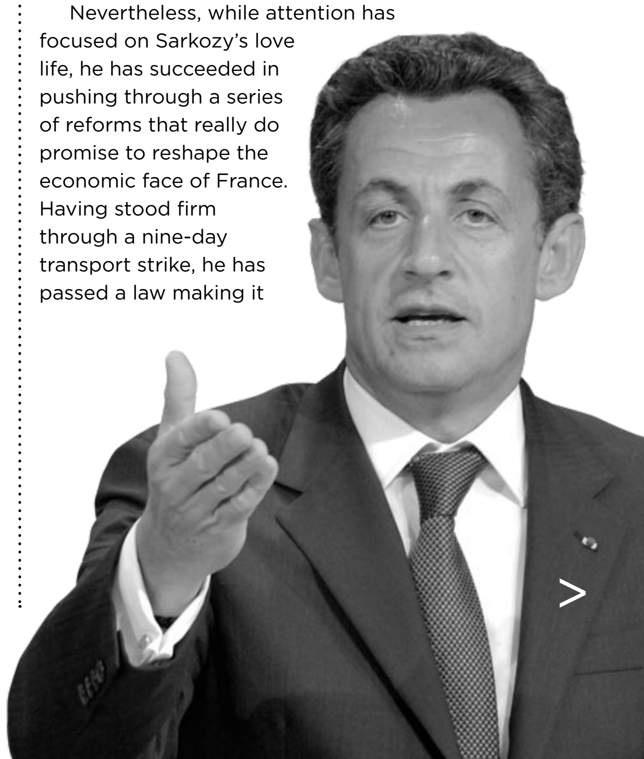
Index has already backed three companies in the sector, with a €54m co-investment in Adconion Media Group with Wellington in March, followed by €17m and €22.5m investments in, respectively, Copenhagen-based Milestone Systems and French online media publisher Bestofmedia Group in July.

Index is one of a handful of European venture firms determined to upturn the European quick-sell mandate and focus on building multi-billiondollar world-beaters.

16: NICOLAS SARKOZY (11)

The only head of state to make the 20 most influential this year, French premier Nicolas Sarkozy was widely viewed as a friend to private equity when he took on the presidency just over a year ago. But the man once known as a liberalist and a reformer quickly became better known for his high-living and high-profile marriage, while his popularity withered away.

Nevertheless, while attention has focused on Sarkozy's love life, he has succeeded in pushing through a series of reforms that really do promise to reshape the economic face of France. Having stood firm through a nine-day transport strike, he has passed a law making it



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easier to set up businesses; he has liberated the commercial sector by allowing retailers to negotiate directly with suppliers; he has created an independent competition authority; and he has paved to way for more flexible job contracts.

In addition, Sarkozy has announced the privatisation of France's ports and begun to tackle the country's vast pensions deficit by raising the retirement age.

Crucially, he has also reformed the 35-hour working week by allowing individual businesses to negotiate their own working-week ceilings, immediately loosening the French unions' vice-like grip.

Sarkozy may be struggling to shake off his playboy image, but his defiant reformation of a country famous for resisting change could prove a huge boon for its domestic private equity industry and for pan-European, cross-border investment.

17: VOLKERT DOEKSEN (-)

Volkert Doeksen is managing partner, chief executive and chairman of the executive committee at AlpInvest, one of the world's largest and most innovative limited partners. With more than €40bn under management, the firm invests more than €4bn in private equity funds a year and is an active co-investor and secondaries player.

AlpInvest has also recently taken on a €2bn mezzanine mandate from Dutch pension fund clients ABP and PFZW, as well as launching a €500m clean tech programme.

At a time when continued institutional investor support is vital to the asset class, AlpInvest is leading the charge.

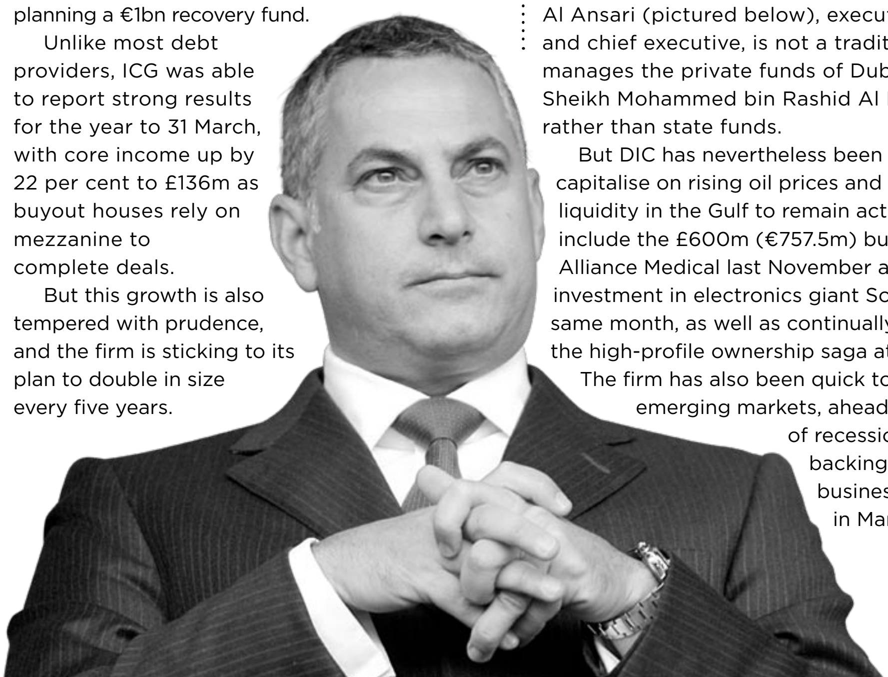
18: TOM ATTWOOD (-)

As traditional lenders quickly withdrew from the market following the onset of the credit crunch just over a year ago, mezzanine financing came into its own. Tom Attwood, chief executive of mezzanine specialist Intermediate Capital Group, has never been so busy.

Attwood and ICG have spent much of the past 12 months bolstering the balance sheet in advance of a huge increase in demand – raising a rights issue, a new £500m (€631m) debt facility, and planning a €1bn recovery fund.

Unlike most debt providers, ICG was able to report strong results for the year to 31 March, with core income up by 22 per cent to £136m as buyout houses rely on mezzanine to complete deals.

But this growth is also tempered with prudence, and the firm is sticking to its plan to double in size every five years.



"The competitive landscape has changed so much in our favour," Attwood said when ICG's annual results were released in May. "Frankly, we could double the size of the loan book in a month. But that's not the right thing to do."

19: DOUG MILLER (-)

A strong believer in the exacting standards that venture philanthropists bring to the charities they back, Doug Miller has worked tirelessly to increase awareness of venture philanthropy as a concept in Europe.

Armed with a little black book full of contacts from his long career as a placement agent, the likeable head of the European Venture Philanthropy Association has taken its membership to around 100 in just over three years.

Although Miller's recruitment campaign indicates a healthy support for hands-on, private equity-style altruism, he has also had to contend with a sometimes cynical reception from those unwilling to believe in the authenticity of private equity's charity.

His answer is always the same: those working in private equity are not ensconced in their ivory towers, they are connected to the rest of society through family and friends, and all want to be able to give something back. This desire to give is represented not only through donations but also in the time that partners will spend advising the charities they support.

With the EVPA chairmanship passing to co-founder Serge Raicher at its annual conference in Frankfurt in September, Miller will move on to oversee the embryonic growth of a sister philanthropic group based in Hong Kong and Singapore.

20: SAMEER AL ANSARI (-)

Middle Eastern money is escalating in importance, not only in the private equity industry but also in the wider financial markets. And in a year that has seen many traditional mega buyout houses grind to a halt as a dearth of debt makes big deals an impossibility, sovereign wealth funds have come to the fore.

With $13bn (€8.4bn) under management, Dubai International Capital, headed by Sameer Al Ansari (pictured below), executive chairman and chief executive, is not a traditional SWF – it manages the private funds of Dubai ruler Sheikh Mohammed bin Rashid Al Maktoum, rather than state funds.

But DIC has nevertheless been able to capitalise on rising oil prices and vast levels of liquidity in the Gulf to remain active. Deals include the £600m (€757.5m) buyout of Alliance Medical last November and a minority investment in electronics giant Sony in the same month, as well as continually featuring in the high-profile ownership saga at Liverpool FC.

The firm has also been quick to look to emerging markets, ahead of predictions of recession in the west, backing Asian fitness business True Group in March this year

THE 20 MOST INFLUENTIAL, 2007

1 **DAMON BUFFINI**
Permira, chief executive

2 **JON MOULTON**
Alchemy Partners, managing partner

3 **STEPHEN SCHWARZMAN**
Blackstone, co-founder

4 **SIR RONALD COHEN**
Apax Partners, founder

5 **PHILIP YEA**
3i, chief executive

6 **GORDON BROWN**
UK chancellor of the exchequer

7 **WOL KOLADE**
BVCA, chairman

8 **GUY HANDS**
Terra Firma, chief executive

9 **JOHANNES HUTH**
KKR, head of London office

10 **MARTIN HALUSA**
Apax Partners, chief executive

11 **NICOLAS SARKOZY**
President of France

12 **DOMINIQUE SENEQUIER**
Axa Private Equity, chief executive

13 **DANNY RIMER**
Index Ventures, partner

14 **SIR DAVID WALKER**
Walker working group

15 **NICHOLAS FERGUSON**
SVG Capital, chief executive

16 **JEREMY COLLER**
Coller Capital, founder

17 **JAVIER ECHARRI**
EVCA, secretary-general

18 **BRENDAN BARBER**
TUC, head

19 **CONNI JONSSON**
EQT, managing partner

20 **BARRY MALONEY**
Balderton, GP

and investing on home soil with UAE-based retailer Rivoli Group last September.

Al Ansari helped to found DIC in 2004, having previously worked as group chief financial officer for the executive office of His Highness Sheikh Mohammed. He began his career at BDO in London and in 1987 moved to Dubai with Ernst & Young. Prior to joining the executive office, he was chief financial officer at Dubai Aluminium Company.

Al Ansari was ranked 11th on the Arabian Business Power 100 list 2008. ●