



Acheron Portfolio Corporation

ACHERON PORTFOLIO CORPORATION (Luxembourg) S.A.
Société Anonyme
Registered office: 5 avenue Gaston Diderich L-1420 Luxembourg
R.C.S. Luxembourg B 129880
(the **Company**)

**Report of the board of directors of the Company to the extraordinary meeting of
shareholders of the Company to be held on July 27, 2012 at 11 a.m. CET at the registered
office of the Company (EGM)**

Dear shareholders,

We contemplate to request from you a renewal of the authorization granted to the board of directors to increase the share capital of the company in accordance with article 32-3 (5) of the Law. In this context we contemplate to request from you the right to limit or suppress the preferential subscription in case of share capital increase performed within the limits of the authorized capital in accordance with the first paragraph of article 32-3 (5) of the Law. The rationale for this request is inter alia to (i) issue shares, convertible bonds or subscription rights in situations where there is a need for additional equity financing, whether or not to the benefit of specific persons, (ii) to offer shares or other equity-linked instruments as compensation in acquisition or merger transactions or in other corporate transactions, (iii) to remunerate the shareholders by way of a distribution in kind (iv) or to increase the share capital by incorporation of reserves or issuance premium.

The procedure of the authorized capital, compared with the more burdensome and costlier procedure of increasing the share capital by decision of an extraordinary shareholders' meeting, will allow the Company to react swiftly and effectively in the abovementioned circumstances.

Any capital increase decided by the Board will be subject to applicable legal restrictions as set forth in the Law.



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If the extraordinary shareholders' meeting approves the above proposal, article 5 paragraph 8 of the articles of association of the Company will be amended so as to read as follows:

“The authorized capital, including the issued share capital, is fixed at five hundred million USD (USD 500,000,000.-) consisting of five hundred million (500,000,000) shares with a par value of one USD (USD 1.-) per share. During the period of 5 years, from the date of the issuance of class CD shares, the board of directors is hereby authorized to issue shares and to grant options to subscribe for shares, to such persons and on such terms as it shall see fit and specifically to proceed to such issue without reserving for the existing shareholders a preferential right to subscribe to the shares issued.”

In addition to the first request relating to the renewal of the authorization granted to the board of directors to increase the share capital of the company in accordance with article 32-3 (5) of the Law, we will request a suppression of your preferential subscription right with a view to issuing one thousand (1.000) class CD of shares with a nominal value of one USD (USD 1.-) each for a total subscription price of one thousand USD (USD 1,000.-) consisting in a price per share equal to the nominal value of such shares.

The rationale for this request is the potential creation of a class D share that would track and reflect the performance of investments to be performed by the company with the issue proceeds. In a similar manner as for the existing class A and class B shares, an associated class Cxx share (in the present case class CD) is contemplated for the investment manager of new investments. Therefore, for this new class of CD shares to be entirely subscribed by the investment manager of the investment tracked by a future class D, we propose that the general meeting of shareholders resolves to suppress the preferential subscription right, of the existing shareholders in accordance with the 3rd paragraph of article 32-3 (5) of the law on of 10 August 1915 commercial companies, as amended (the **Law**).

There is currently no particular investment under investigation.

So done in Luxembourg, on June 25, 2012.

For the board of directors of the Company