

BOUSSARD &
GAVAUDAN
HOLDING
LIMITED

31 October 2008

Update on proposed switching mechanism

Since its announcement on 17 September 2008, Boussard & Gavaudan Holding Limited (the "Company") has, together with its legal advisers, been in discussions with the regulatory authorities with regard to its proposal to make available a facility to permit shareholders to switch their ordinary shares in the Company for shares in the Sark Fund, the underlying fund in which the Company's assets are primarily invested.

The Company continues to believe that it would, in principle, be beneficial to shareholders to effect a structure of this nature, since it would mitigate a significant amount of selling pressure to which the Company's shares are currently subject. However, it has become apparent that legal and regulatory requirements are such that it is not practical to proceed with this proposal.

The Company's Directors believe, therefore, that the implementation of a switching mechanism is not viable at this time and that the interests of shareholders will be best served by the continued implementation of the Company's discount management policy. The Company's authority to make market purchases of up to 14.99 per cent. of each class of its shares was renewed at today's extraordinary general meeting. The Board intends to convene a further extraordinary general meeting in November to refresh that authority.

For further information, please contact:

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The Company is established as a closed-ended investment company domiciled in Guernsey. The Company has received the necessary approval of the Guernsey Financial Services Commission and the States of Guernsey Policy Council. The Company is registered with the Dutch Authority for the Financial Markets as a collective investment scheme pursuant to article 2:73 in conjunction with 2:66 of the Dutch Financial Supervision Act (Wet op het financieel toezicht). All investments are subject to risk. Past performance is no guarantee of future returns. Prospective investors are advised to seek expert legal, financial, tax and other professional advice before making any investment decision. The value of investments may fluctuate. Results achieved in the past are no guarantee of future results.