

# TETRAGON

## TETRAGON FINANCIAL GROUP LIMITED (TFG) MONTHLY UPDATE FOR MAY 2008

June 17, 2008

Tetragon Financial Group Limited (TFG) is a Guernsey closed-ended investment company traded on Euronext Amsterdam by NYSE Euronext under the ticker symbol “TFG”.

In this monthly update, unless otherwise stated, we report on the consolidated business incorporating TFG, Tetragon Financial Group LP and Tetragon Financial Group Master Fund Limited. <sup>(1)</sup>

### **Net Asset Value Estimates as of May 31, 2008**

*(Amounts provided are unaudited and subject to change)*

		<i>(in millions except per share data)</i>
Estimated Fair Value of Investments:		\$1,400.0
Cash and Cash Equivalents:		\$200.6
Net Other Assets/ (Liabilities):		\$(301.7)
Estimated Net Asset Value:		\$1,298.9
TFG Shares Outstanding:		119.9
TFGLP Conversion Rights:		7.5
Total Shares Outstanding & Conversion Rights:		127.4
Net Asset Value per Share: <sup>(2)(3)</sup>		\$10.27

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<sup>(1)</sup> TFG invests substantially all its capital through a master fund, Tetragon Financial Group Master Fund Limited (“TFGMF”), in which it holds a 94.1% share. Tetragon Financial Group LP (TFGLP), a U.S. “feeder fund”, holds the remaining 5.9% interest in TFGMF. TFG and TFGLP receive a pro-rata allocation of the performance of TFGMF.

<sup>(2)</sup> Excludes 1.0 million shares held in treasury.

<sup>(3)</sup> Net Asset Value per share month-on-month movement reflects an increase of \$0.12 per share earned through TFG operations and a decrease of \$0.03 per share associated with the issuance of shares pursuant to TFG’s Optional Stock Dividend Plan on May 19, 2008.

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## Portfolio Composition

### Portfolio Held by Tetragon Financial Group Master Fund Limited (unless otherwise stated) As of May 31, 2008

Report Date	TFG Share Price (\$)	TFG group Market Cap (\$MM) <sup>(1)</sup>	TFG group Net Assets (\$MM)	No. of Closed CLO Transactions
31 May 2008	\$4.75	\$605.3	\$1,298.9	61 <sup>(2)</sup>

  

Capital Allocation by Asset Class	Risk Capital Allocation	Investment - Amortized Cost (\$MM) <sup>(3)</sup>	Investment - Amortized Cost B/Fwd (\$MM) <sup>(4)</sup>	Overall Leverage <sup>(5)</sup>	Asset Class Allocation
Broadly Syndicated Senior Secured Loans: US	61.2%	\$857.0	\$838.6		
Broadly Syndicated Senior Secured Loans: Europe	23.4%	\$327.0	\$316.7		
Middle Market Senior Secured Loans: US	15.4%	\$216.0	\$210.7		
CDOs Squared: US	0.0%	\$0.0	\$0.0		
ABS and Structured Finance: US	0.0%	\$0.0	\$0.0		
<b>Total</b>	<b>100.0%</b>	<b>\$1,400.0</b>	<b>\$1,366.0</b>	<b>1.05</b>	

  

Geographic Allocation by Asset Class	USA	Europe	Asia Pacific	Total	Geographic Allocation
Broadly Syndicated Senior Secured Loans	72%	28%	0%	100%	
Middle Market Senior Secured Loans	100%	0%	0%	100%	
CDOs Squared	0%	0%	0%	0%	
ABS and Structured Finance	0%	0%	0%	0%	
<b>Total</b>	<b>80%</b>	<b>20%</b>	<b>0%</b>	<b>100%</b>	

  

Top 15 Underlying Bank Loan Credits	Bank Loan Exposure <sup>(6)</sup>	Top 10 Bank Loan Industry Exposures
Georgia Pacific Corp	0.85%	
HCA Inc	0.83%	
Univision Communications	0.78%	
Idearc	0.74%	
Community Health	0.73%	
TXU Corp	0.70%	
Ineos Group Plc	0.62%	
Cablevision Systems Corp	0.55%	
Aramark Corp	0.53%	
Freescale Semiconductor Inc	0.52%	
OshKosh Truck	0.52%	
Nielsen Company	0.48%	
Mylan Laboratories	0.47%	
Metro-Goldwyn-Mayer Inc	0.47%	
United Pan Europe Communications	0.46%	

  

**EUR-USD FX:** 1.56

<sup>(1)</sup> Includes exchange rights held by Tetragon Financial Group LP investors as if they had been converted to TFG shares and valued at the closing share price.  
<sup>(2)</sup> Excludes CDO-squared and ABS CDO transactions which were written off in October 2007. TFG continues to hold the economic rights to these written-off transactions.  
<sup>(3)</sup> Equivalent to Investment in Securities at Fair Value in the US GAAP Financial Statements.  
<sup>(4)</sup> Investments at Amortized Cost less interest accrued since last payment date. Internal Rate of Return (IRR) x Amortized Cost B/Fwd determines CDO income.  
<sup>(5)</sup> Equals CDO Amortized Cost B/Fwd / Book Value.  
<sup>(6)</sup> Calculated as a percentage of total corporate loan assets that TFG has exposure to based on its equity-based pro-rata share of each CLO's total portfolio (net of any single name CDS hedges held against that credit).

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## TETRAGON FINANCIAL GROUP LIMITED (TFG) MONTHLY UPDATE FOR MAY 2008

### Change of Administrator and Registrar

At inception, TFG appointed Kleinwort Benson (Channel Islands) Fund Services (“KB”) as Administrator and Registrar of TFG and the Master Fund, while most key financial, accounting, corporate and other administrative services were provided by Investor Fund Services (Ireland) (“IFS”) through a sub-administration agreement.

The recent acquisition by State Street of Investors Bank and Trust, the parent company of IFS, has created the opportunity for TFG and the Master Fund to obtain full administration and corporate secretarial services from a single provider. As of July 1, 2008, State Street’s Guernsey affiliate, State Street Fund Services (Guernsey) Limited, will replace KB as Administrator and Registrar, while IFS, now a State Street company, will continue to perform the services that they have provided since inception.

The impact of this change should be minimal to the operations of TFG and the Master Fund. Although there will be a transition to the State Street accounting platform, the majority of the valuation and financial reporting work will continue to be provided by the same team that supported TFG as Sub-Administrator, and all significant valuation and accounting policies remain unchanged. We view the ability to have all administration and registrar functions provided by affiliated companies as a positive for TFG and the Master Fund, and we look forward to continuing our strong relationship with State Street and its affiliates.

Expected Upcoming Events	Date
State Street Fund Services (Guernsey) Limited replaces KB as Administrator and Registrar	July 1, 2008
June 2008 Monthly Performance Report	July 18, 2008 (approx)
Q2 Financial Results and Interim Financial Statements	August 1, 2008
Q2 Ex-Dividend Date	August 1, 2008
Quarterly Investor Call	August 2, 2008
Q2 Dividend Record Date	August 5, 2008
July 2008 Monthly Performance Report	August 20, 2008
Q2 Dividend Payment Date	August 26, 2008

This release does not contain or constitute an offer to sell or a solicitation of an offer to purchase securities in the United States or any other jurisdiction. The securities of TFG have not been and will not be registered under the US Securities Act of 1933 (the “Securities Act”), as amended, and may not be offered or sold in the United States or to US persons unless they are registered under applicable law or exempt from registration. TFG does not intend to register any portion of its securities in the United States or to conduct a public offer of securities in the United States. In addition, TFG has not been and will not be registered under the US Investment Company Act of 1940, and investors will not be entitled to the benefits of such Act. TFG is registered in the public register of the Netherlands Authority for the Financial Markets under Section 1:107 of the Financial Markets Supervision Act as a collective investment scheme from a designated country.