TETRAGON

TETRAGON FINANCIAL GROUP
(TFG)

As of September 2011

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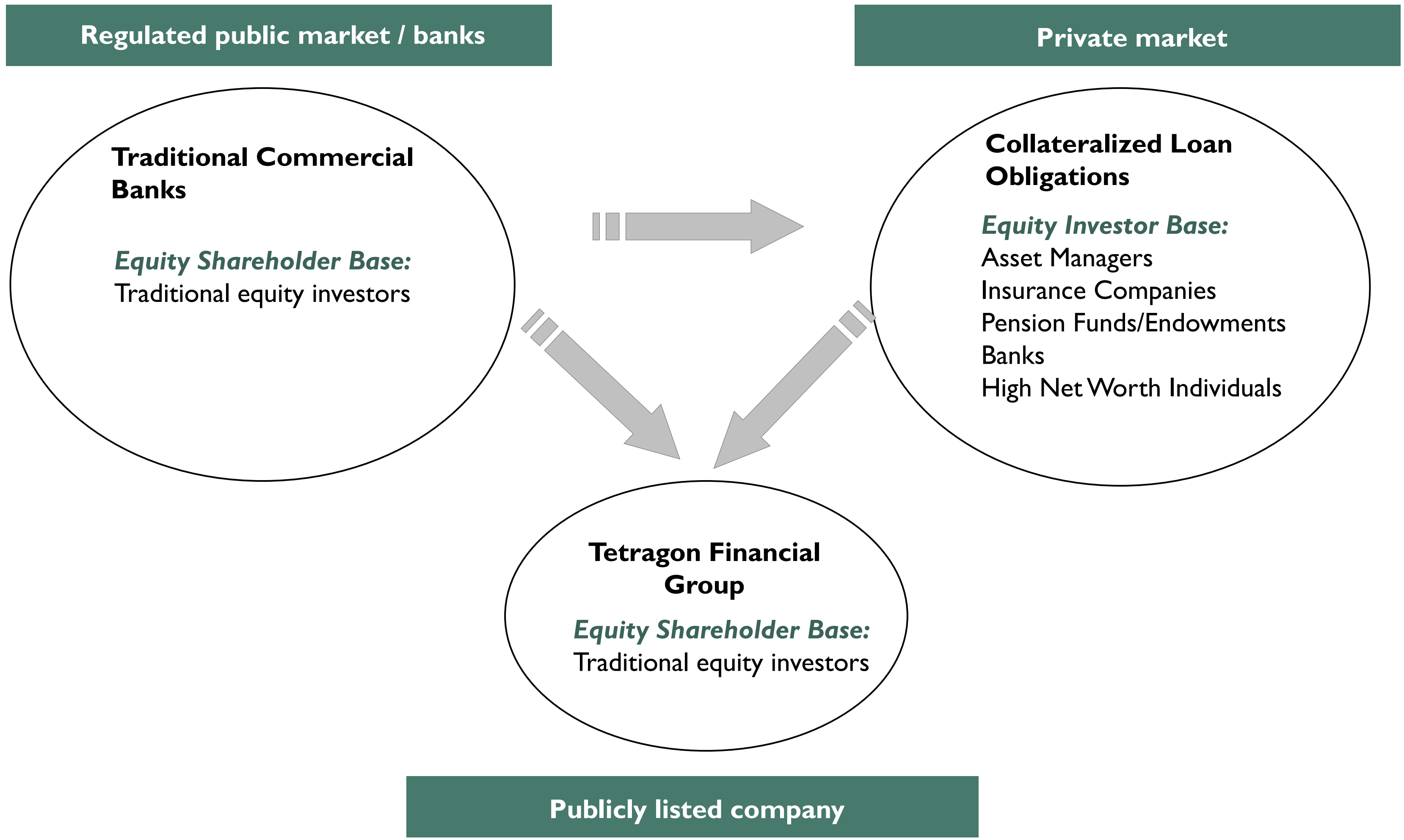
TETRAGON

Re-introducing the Commercial Banking Model into the Equity Markets



Improving the Commercial Banking Model

Commercial Bank

Primary Asset Base	Liabilities
Corporate Loans Real Estate Loans	Wholesale Markets CDs Deposits Pref Shares COCOs
	Equity

Equity ~8% of Assets
Tier I Capital Ratio: ~8%

TFG

Primary Asset Base	Liabilities
Senior Secured Bank Loans	Term Funding Non-recourse
	Equity

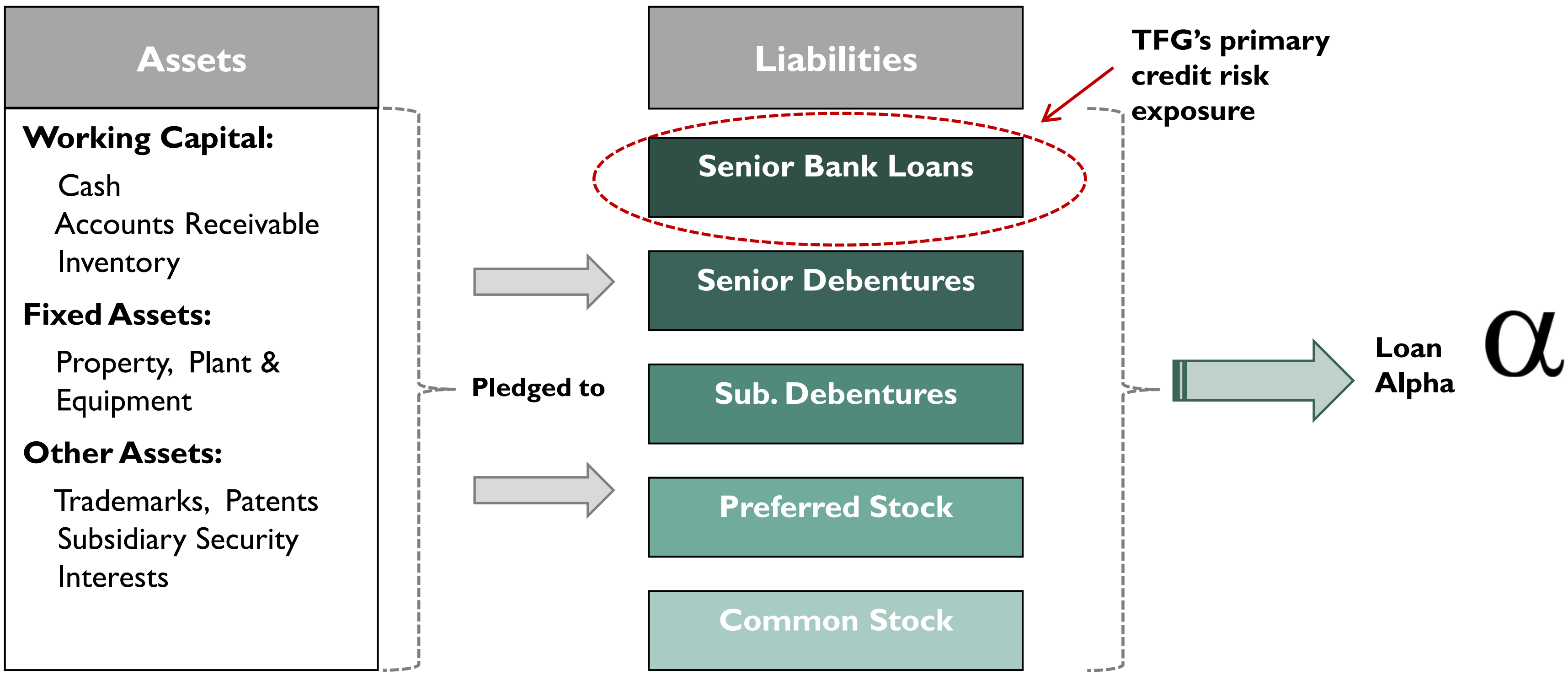
Equity ~ 8% of Assets
Tier I Capital Ratio: ~8%

Target ROE: Low to Mid teens (net)

	Commercial Bank	TFG
Funding	- Short-term, not match-funded - Recourse, fixed and floating rate - Customer deposits	- Long-term, match-funded - Non-recourse, floating rate, non-MTM - Callable by TFG
Portfolio Management	- Limited to bank personnel & undiversified	- Diversified universe of managers
Diversification	- Geographic and market concentrations - Slow strategic adjustments	- Diversified globally and by market - Nimble asset allocation and management
Expenses	- Fixed (staff, branches, etc)	- Variable
Loan Origination	- Relationship driven	- Economically driven

Senior Secured Bank Loans: Attractive Risk-Reward Profile

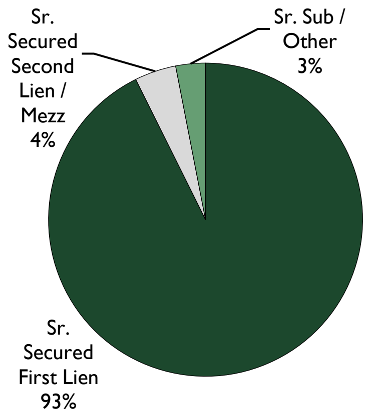
- **Potential for stable returns** vs. comparable asset classes due to senior position in the capital structure and first lien on 100% of the collateral
- **Historically high recovery rates** vs. comparable asset classes (including general resiliency during the recent crisis as compared to other asset classes)
- **Covenants** may allow for risk re-pricing
- **Typical floating rate basis** provides a hedge against rising interest rates



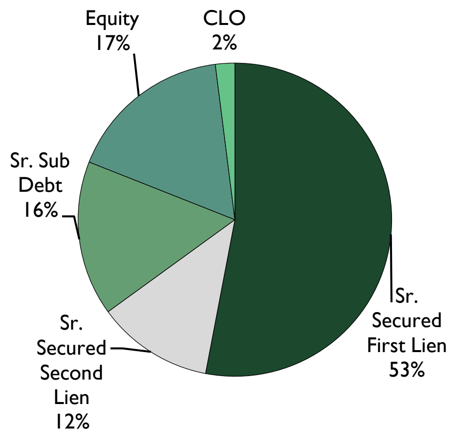
TFG vs. Business Development Companies [(1)]

Portfolio

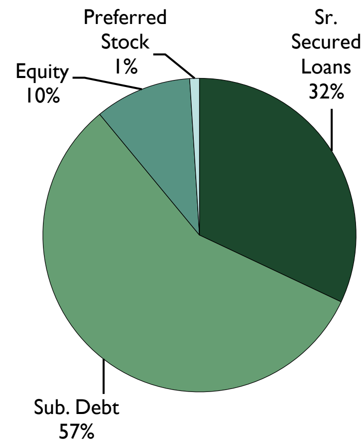
Tetragon [(2)]



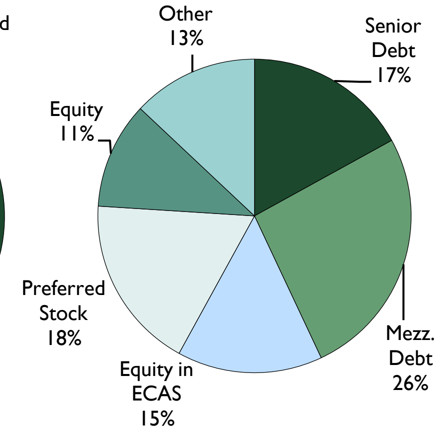
Ares Capital [(3)]



Apollo Investment Corp [(4)]



American Capital Strategies [(5)]



- Assets: ~93% first-lien, senior secured debt vs. subordinated, riskier assets for BDCs
- Liabilities: term, match-funded, non-recourse, cash-flow based funding vs. mismatched funding for BDCs
- Growth Opportunities: potential earnings retention for reinvestment and growth vs. generally ~10% retained for BDCs

(1) Note that because of reporting and investment strategy differences, credit and asset types may not be directly comparable across issuers.
(2) Source: TFG as of June 30, 2011.
(3) Source: Ares Capital Corporation public website – "Portfolio Composition as of June 30, 2011." Corporate ratings were sourced from Bloomberg as of August 25, 2011.
(4) Source: Apollo Investment Corp. public website – "Portfolio Composition at June 30, 2011." Corporate ratings were sourced from Bloomberg as of August 25, 2011.
(5) Source: American Capital Strategies public website – "Q2 2011 Shareholder Presentation." Corporate ratings were sourced from Bloomberg as of August 25, 2011.

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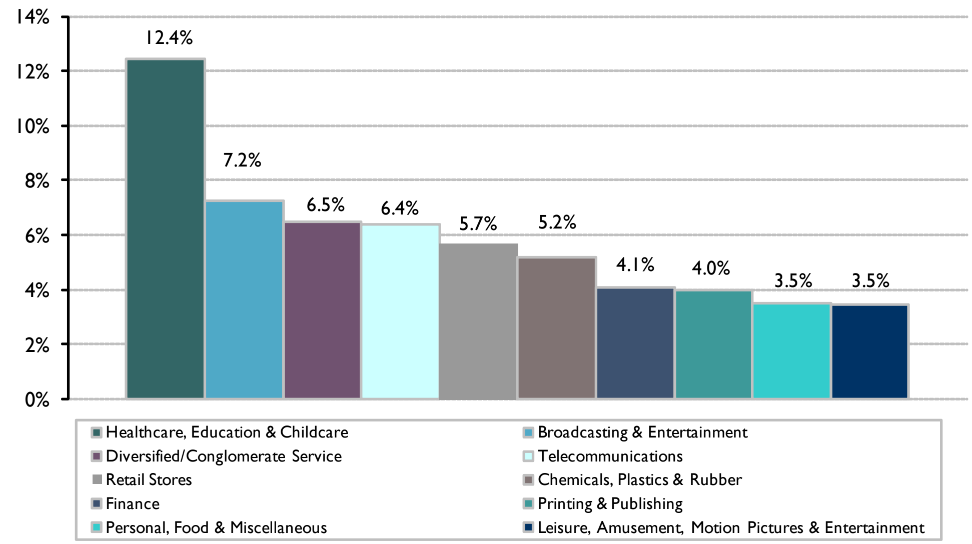
Investment Portfolio Snapshot: Multi-Faceted Diversification [1]

Top 15 Underlying Bank Loan Credits [2]	Bank Loan Exposure
Univision Communications	0.92%
HCA Inc	0.85%
Community Health	0.84%
First Data Corp	0.82%
SunGard Data Systems Inc	0.75%
Aramark Corp	0.71%
Cablevision Systems Corp	0.71%
Federal-Mogul	0.67%
TXU Corp	0.66%
Las Vegas Sands	0.66%
Charter Communications	0.65%
Nielsen Company	0.64%
Sabre Holdings Corp	0.63%
Georgia Pacific Corp	0.59%
Health Management Associates	0.56%

Top 10 Bank Loan Industry Exposures

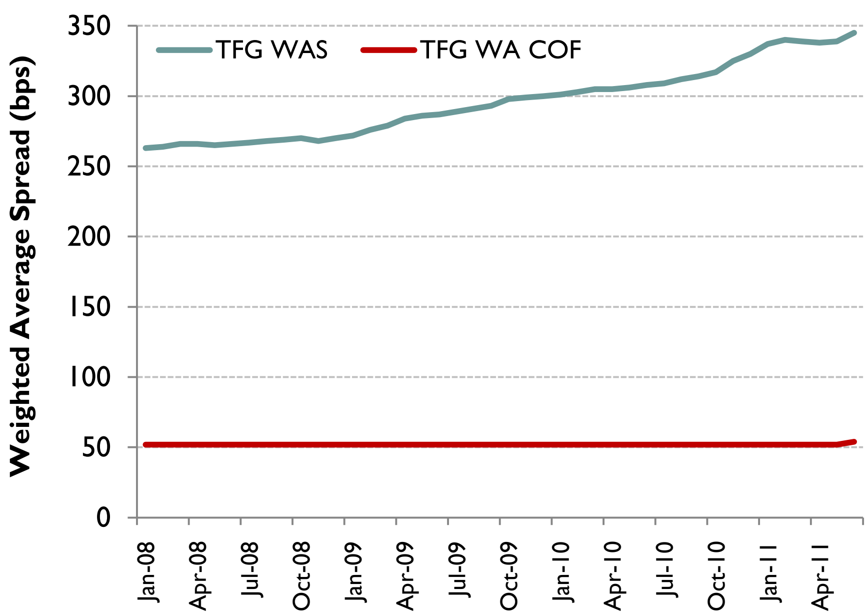


- Over $18.0 billion of look-through bank loan exposure [3]
- Highly diversified: industries, obligors, geographies
- 87.2% U.S. exposure,12.8% European exposure
- 73% U.S. broadly syndicated senior secured loans, 14.2% U.S. middle market, 12.8% broadly syndicated European loans

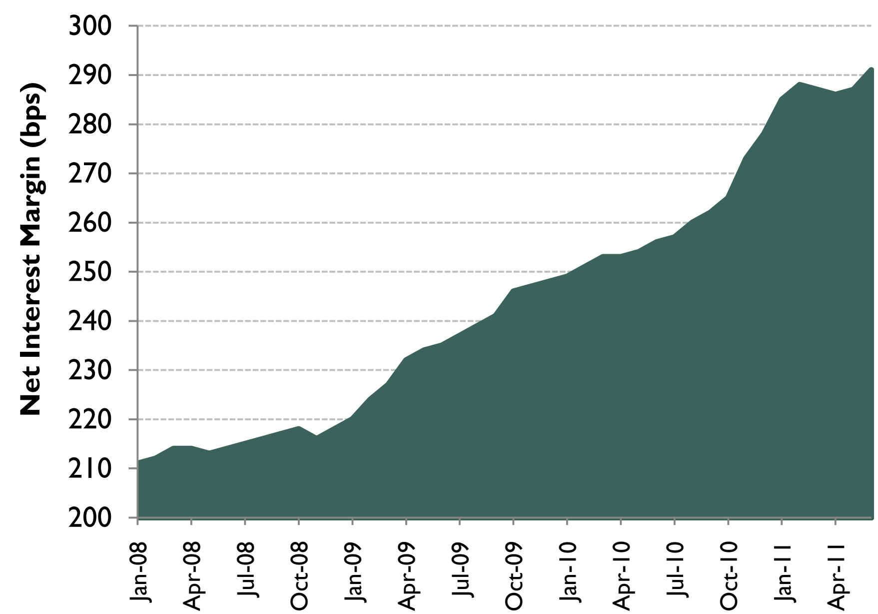
(1) Source: TFG as of July 31, 2011.
(2) Top 15 corporate loan issuers as of July 31, 2011. Total loan exposure represents the par amount of loans held directly by TFG and also loan exposures via TFG's investments in CLOs. With respect to CLO investments, calculated as a percentage of total corporate loan assets that TFG has exposure to based on its equity-based pro-rata share of each CLO's total portfolio. All calculations are net of any single name CDS hedges held against that credit.
(3) Total loan exposure represents the par amount of loans held directly by TFG and loan exposures via TFG's investments in CLOs based on its equity-based pro-rata share of each CLO's total portfolio.

Net Interest Margin Expansion

TFG Asset Spread vs. Cost of Funds (1)



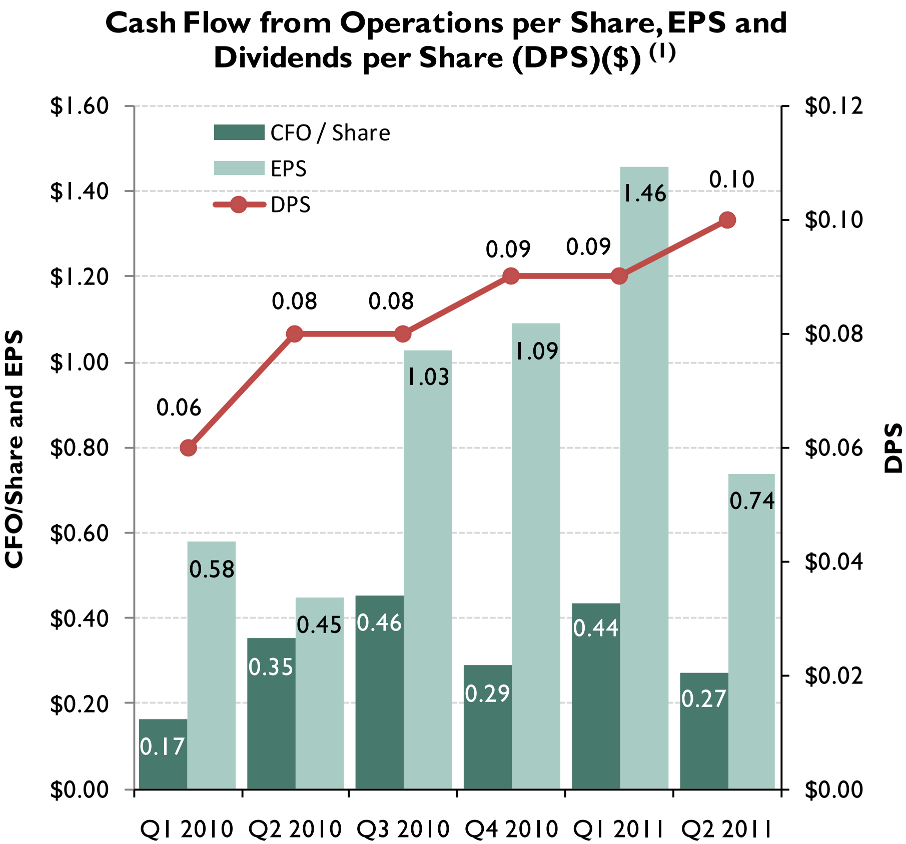
TFG Net Interest Margin (1)

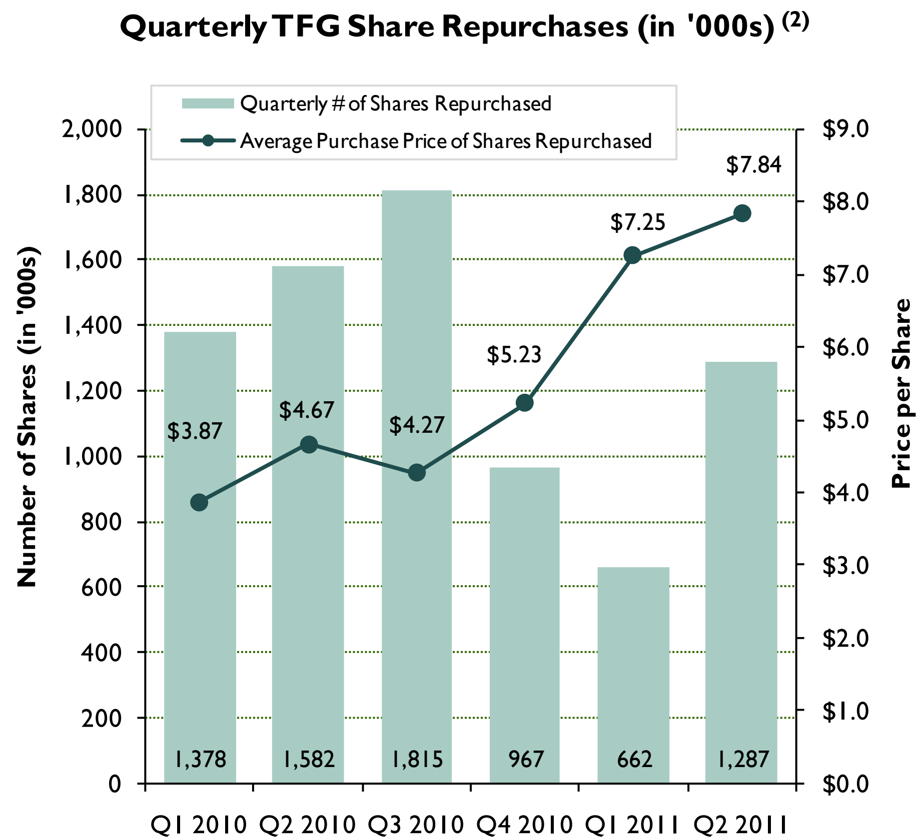


- **Long-term, non-recourse financing**
  - **May allow for Net Interest Margin expansion in a spread widening environment**

(1) Source: TFG as of June 30, 2011; based on the par-weighted average cost of funds of each of TFG's CLOs as of it's closing date and the par-weighted average asset spread of each of TFG's CLOs, weighted by the original USD cost of each transaction.

Capital Distributions





(1) *Source: TFG as per TFG's financial disclosures for each relevant quarter-end date. Dividends per Share ("DPS") reflect dividends announced but not necessarily paid with respect to each relevant quarter. Cash Flow from Operations ("CFO") refers to cash flows from investments less expenses and net cash settlements on FX and credit hedges. CFO / Share was calculated by dividing the CFO for each quarter by the average of beginning and end quarter shares outstanding, excluding shares repurchased and held in treasury or by a subsidiary.*

(2) *The Average Purchase Price of Shares Repurchased is a weighted-average using the number of shares repurchased each quarter and including commissions.*

Business Model Pillars

Efficient Structure

- **Effective structure for holding long-term assets**
- **Long-term, non-recourse, financing**
- **Match funded:** floating assets financed with floating rate liabilities priced on basis of the same index (LIBOR)
- **Permanent capital platform**

Growing Asset Management Business

- **Operating costs may be reduced through internalization**
- **Diversified income stream**
- **Asset Management Platform**
  - **LCM**: top-tier loan manager with $3.5 Bn in AUM via10 deals [1]
  - **GreenOak Real Estate**: principal investing and advisory
- **Portfolio and risk management synergies**

Experience and Innovation

- **Extensive investment experience of Investment Manager [2]**
  - Deal structuring
  - Deep understanding of market dynamics
- **Majority stakes enhance ownership rights**
- **Structural and strategic innovation**
  - New features
  - New strategies
- **In-house credit expertise**

Portfolio Management

- **Continually manage CLO equity investments**
  - Credit quality
  - Structural strength
- **Seek to hedge the micro/macro credit risk of the portfolio**
- **Partnerships with managers**

(1) Source: TFG as of July 31, 2011. The ten CLO deals include LCM I, LCM II, LCM III, LCM IV, LCM V, LCM VI, LCM VIII and LCM IX (hereinafter "LCM Cash Flow CLOs"), ICF VI CLO (former Indosuez deal) as well as Hewett's Island IV CLO of which LCM assumed management on October 10, 2010.
(2) Tetragon Financial Management LP.

Financial Highlights

Book Value (1)	$1,377.4 million	Market Cap (3)	$766.0 million
Book Value per Share (1)(2)	$11.63	Share Price (3)	$6.47

BALANCE SHEET BASIS:

Price / Book (2)	0.56x	Net Cash per Share / Price (1)(2)	18.5%

CASH FLOW BASIS:

Gross Cash Flow / Share (4)	$2.91	Operating Cash Flow Yield (5)	22.8%

EARNINGS BASIS:

Target ROE	Low to mid-teens	P/E (assuming 12% ROE) (6)	4.63x

DIVIDEND BASIS:

Current Dividend Yield (7)	6.2%	1-Yr Dividend Growth (8)	25.0%

(1) As of July 31, 2011.
(2) Assuming 118.4 million shares outstanding (131.7 million shares issued, less 9.4 million shares held in treasury and 3.91 million shares held by a subsidiary). NAV per share was reduced by $0.10 in July 2011 to reflect the approval of the quarterly dividend relating to Q2 2011. Share price for Price / Book calculation as of September 5, 2011. Cash and equivalents of $141.9 million held on balance sheet of July 31, 2011.
(3) Based on TFG's $6.47 closing price as of September 5, 2011 and 118.4 million shares outstanding (131.7 million shares issued, less 9.4 million shares held in treasury and 3.91 million shares held by a subsidiary).
(4) Gross Cash Flow / Share is calculated as the trailing twelve months gross investment cash flows of $344.0 million (for the period ending June 30, 2011) divided by 118.4 million shares outstanding (131.7 million shares issued, less 9.4 million shares held in treasury and 3.91 million shares held by a subsidiary). Cash flows for 2011 are unaudited.
(5) Operating Cash Flow Yield is calculated as the trailing twelve months Cash Flow from Operations ("CFO") of $174.5 million (for the period ending June 30, 2011) per share divided by share price, assuming 118.4 million shares outstanding (131.7 million shares issued, less 9.4 million shares held in treasury and 3.91 million shares held by a subsidiary). CFO refers to cash flows from investments less expenses and net cash settlements on FX and credit hedges. Cash flows for 2011 are unaudited.
(6) Assumes a hypothetical return on equity of 12%. P/E is calculated as the stock price divided by hypothetical earnings per share. Hypothetical earnings per share is calculated as the hypothetical return on equity times book value divided by 118.4 million shares outstanding (131.7 million shares issued, less 9.4 million shares held in treasury and 3.91 million shares held by a subsidiary).
(7) Based on TFG's closing price as of September 5, 2011and assuming an annual dividend of $0.40/share (derived by annualizing the $0.10/share Q2 2011 quarterly dividend).
(8) August 2010 dividend was $0.08 per share, August 2011 dividend was $0.10 per share.