

Catalyst Fund Limited Partnership IV

Distressed and Undervalued Control and Influence Investing in Canada

The Catalyst
Capital Group Inc.



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AN INVESTMENT IN THE FUND WILL INVOLVE SIGNIFICANT RISKS, INCLUDING LOSS OF THE ENTIRE INVESTMENT. THE INTERESTS IN THE FUND WILL BE ILLIQUID, AS THERE IS NO SECONDARY MARKET FOR INTERESTS IN THE FUND AND NONE IS EXPECTED TO DEVELOP. THERE WILL BE RESTRICTIONS ON TRANSFERRING INTERESTS IN THE FUND, INVESTMENTS MAY BE LEVERAGED AND THE INVESTMENT PERFORMANCE MAY BE VOLATILE. BEFORE DECIDING TO INVEST IN THE FUND, PROSPECTIVE INVESTORS SHOULD READ THE OFFERING MEMORANDUM AND PAY PARTICULAR ATTENTION TO THE RISK FACTORS CONTAINED IN THE OFFERING MEMORANDUM. THE FEES AND EXPENSES CHARGED IN CONNECTION WITH AN INVESTMENT IN THE FUND MAY BE HIGHER THAN THE FEES AND EXPENSES OF OTHER INVESTMENT ALTERNATIVES AND MAY OFFSET PROFITS. INVESTORS SHOULD HAVE THE FINANCIAL ABILITY AND WILLINGNESS TO ACCEPT THE RISK CHARACTERISTICS OF THE FUND'S INVESTMENTS.

IN CONSIDERING ANY PERFORMANCE DATA CONTAINED HEREIN, YOU SHOULD BEAR IN MIND THAT PAST OR TARGETED PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS, AND THERE CAN BE NO ASSURANCE THAT THE FUND WILL ACHIEVE COMPARABLE RESULTS OR THAT TARGET RETURNS WILL BE MET. YOU SHOULD ALSO BEAR IN MIND THAT PAST OR TARGETED PORTFOLIO CHARACTERISTICS ARE NOT INDICATIVE OF FUTURE PORTFOLIO CHARACTERISTICS AND THERE CAN BE NO ASSURANCE THAT THE FUND WILL HAVE COMPARABLE PORTFOLIO CHARACTERISTICS OR THAT TARGET PORTFOLIO CHARACTERISTICS WILL BE ACHIEVED. IN ADDITION, THERE CAN BE NO ASSURANCE THAT UNREALIZED INVESTMENTS WILL BE REALIZED AT THE VALUATIONS SHOWN AS ACTUAL REALIZED RETURNS WILL DEPEND ON, AMONG OTHER FACTORS, FUTURE OPERATING RESULTS, THE VALUE OF THE ASSETS AND MARKET CONDITIONS AT THE TIME OF DISPOSITION, ANY RELATED TRANSACTION COSTS, AND THE TIMING AND MANNER OF SALE, ALL OF WHICH MAY DIFFER FROM THE ASSUMPTIONS ON WHICH THE VALUATIONS CONTAINED HEREIN ARE BASED. THE IRRS PRESENTED ON A "GROSS" BASIS DO NOT REFLECT ANY MANAGEMENT FEES, CARRIED INTEREST, TAXES AND ALLOCABLE EXPENSES BORNE BY INVESTORS, WHICH IN THE AGGREGATE MAY BE SUBSTANTIAL. NET IRRS ARE AFTER MANAGEMENT FEES, CARRIED INTEREST, TAXES AND ALLOCABLE EXPENSES. ALL IRRS PRESENTED ARE ANNUALIZED AND CALCULATED ON THE BASIS OF MONTHLY INVESTMENT INFLOWS AND OUTFLOWS. NOTHING CONTAINED HEREIN SHOULD BE DEEMED TO BE A PREDICTION OR PROJECTION OF FUTURE PERFORMANCE OF THE FUND.

PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INVESTIGATIONS AND EVALUATIONS OF THE INFORMATION CONTAINED HEREIN. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN ATTORNEY, BUSINESS ADVISER AND TAX ADVISER AS TO LEGAL, BUSINESS, TAX AND RELATED MATTERS CONCERNING THE INFORMATION CONTAINED HEREIN AND SUCH OFFERING.

EXCEPT WHERE OTHERWISE INDICATED HEREIN, THE INFORMATION PROVIDED HEREIN IS BASED ON MATTERS AS THEY EXIST AS OF THE DATE OF PREPARATION AND NOT AS OF ANY FUTURE DATE, AND WILL NOT BE UPDATED OR OTHERWISE REVISED TO REFLECT INFORMATION THAT SUBSEQUENTLY BECOMES AVAILABLE, OR CIRCUMSTANCES EXISTING OR CHANGES OCCURRING AFTER THE DATE HEREOF.

CERTAIN INFORMATION CONTAINED IN THIS PRESENTATION CONSTITUTES "FORWARD-LOOKING STATEMENTS," WHICH CAN BE IDENTIFIED BY THE USE OF FORWARD-LOOKING TERMINOLOGY SUCH AS "MAY," "WILL," "SHOULD," "EXPECT," "ANTICIPATE," "TARGET," "PROJECT," "ESTIMATE," "INTEND," "CONTINUE" OR "BELIEVE," OR THE NEGATIVES THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY. DUE TO VARIOUS RISKS AND UNCERTAINTIES, ACTUAL EVENTS OR RESULTS OR THE ACTUAL PERFORMANCE OF THE FUND MAY DIFFER MATERIALLY FROM THOSE REFLECTED OR CONTEMPLATED IN SUCH FORWARD-LOOKING STATEMENTS. PROSPECTIVE INVESTORS IN THE FUND SHOULD NOT RELY ON THESE FORWARD-LOOKING STATEMENTS IN DECIDING WHETHER TO INVEST IN THE FUND.



Introduction to Catalyst

- **Toronto-based Canadian distressed private equity firm founded in 2002 with strong history of capitalizing on the unique and evolving restructuring environment in Canada**
 - Control/influence investing in distressed and undervalued Canadian situations, providing operational, turnaround, financial and strategic expertise in part by creating unique legal/financial solutions
- **Proven track record with superior risk adjusted returns ⁽¹⁾**
 - Fund I - Realized and partially realized investments: 68.9% Gross IRR, 3.0x multiple of cost; Total Investments: 48.6% Gross IRR, 2.4x multiple of cost
 - Fund II - Realized and partially realized investments: 25.4% Gross IRR, 1.8x multiple of cost; Total Investments: 29.3% Gross IRR, 2.2x multiple of cost
 - Fund III - Realized and partially realized investments: 60.5% Gross IRR, 1.9x multiple of cost; Total Investments: 58.8% Gross IRR, 1.8x multiple of cost
 - Since inception, returns generated with 92% of original capital invested in senior secured debt
- **Attractive Canadian market with limited competition**
 - The only significant Canadian based, owned and managed distressed fund
 - Significant barriers to entry – exploits Canadian structural and regulatory regimes to maximize returns
 - Current pipeline of over \$30 billion in distressed opportunities
- **Mandate is to “manufacture the highest possible risk-adjusted returns”**
 - Only pursue investments where Catalyst believes it can add value through operational involvement – Catalyst only “buys what it believes it can build”
 - Proprietary software ensures disciplined focus on both investment process and risk/return analysis
 - Investment approach seeks opportunities with asymmetric risk/return profiles
 - Significant focus on risk management
- **Proper alignment of interests with Limited Partners:**
 - “European-style Carry”
 - 100% of fee income to offset the management fee
 - Large financial commitment by Catalyst team
- **Catalyst Fund Limited Partnership IV (“Fund IV”) is seeking US\$500 - \$750 million in commitments to capitalize on this extraordinary market**

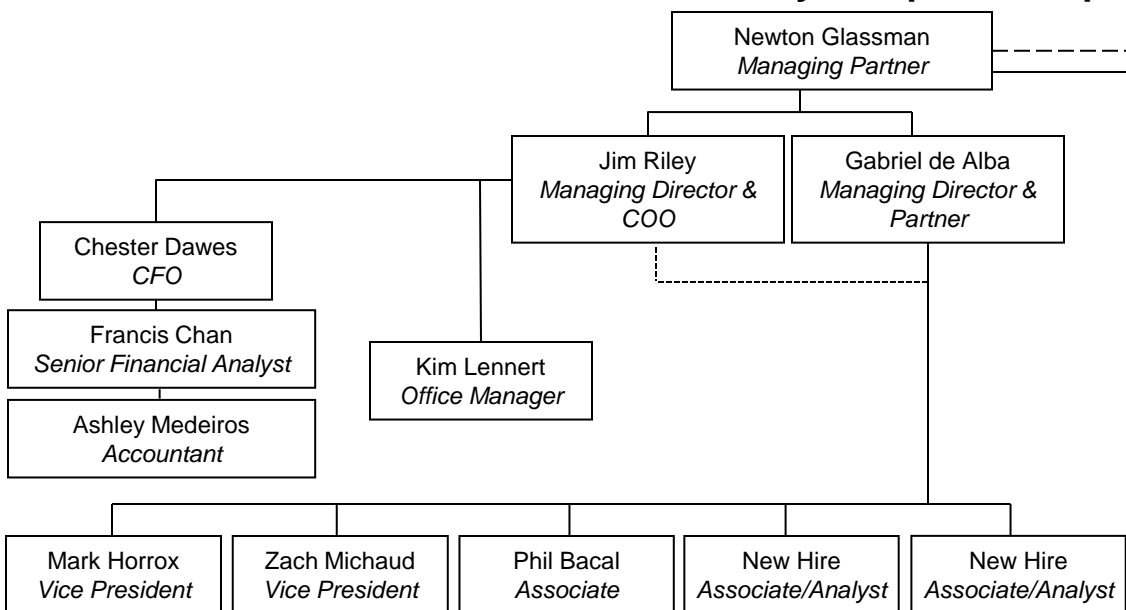
(1) Past performance is not indicative of future results and there can be no assurances that any fund will achieve comparable results in the future. Please refer to the Appendix for details relating to Fund I, Fund II and Fund III performance.



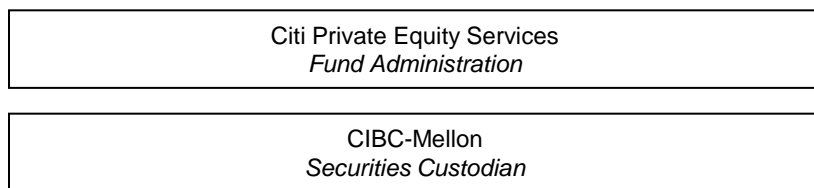
Experienced Team

- Significant expertise in Canadian and multi-jurisdictional bankruptcy, restructuring and legal processes
- Proven experience in managing complex situations and creating value through operating involvement

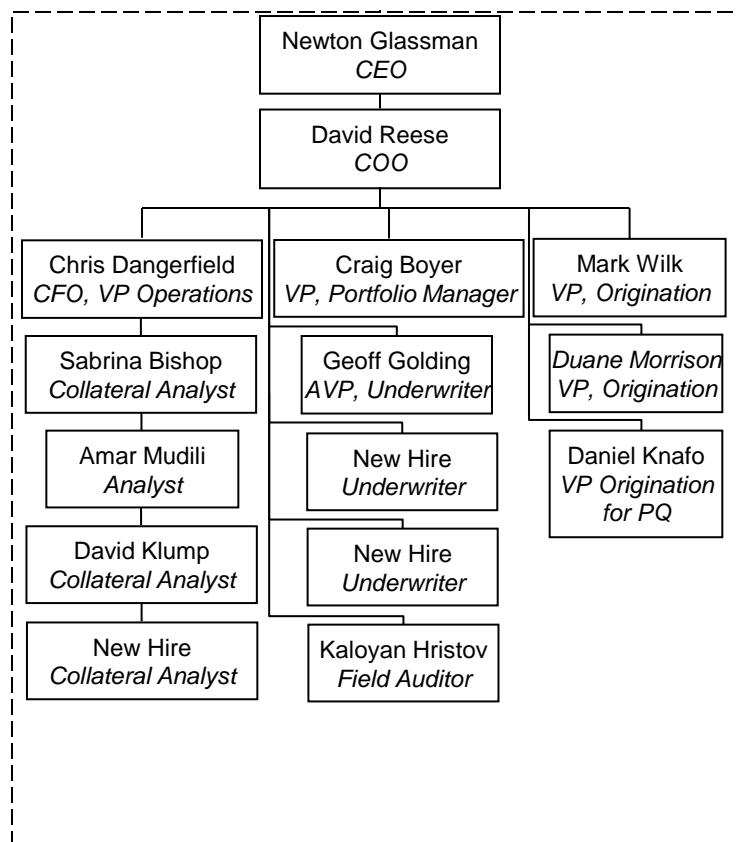
The Catalyst Capital Group Inc.



Operations & Administration – Outsourced Services



Callidus Capital Corporation (1)



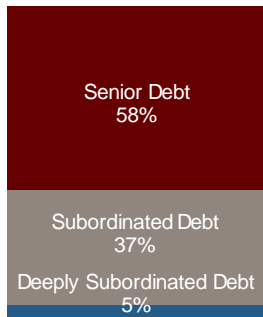
(1) The Callidus team currently manages 10-20% of Fund II and Fund III's current committed capital and is expected to do the same for a portion of Fund IV's capital.



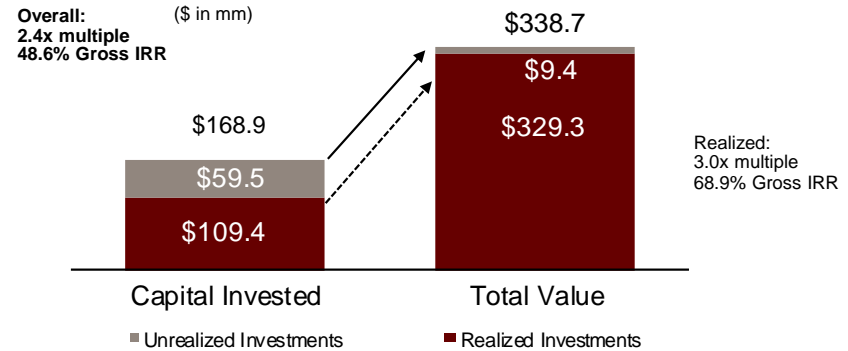
Catalyst Investment Performance – As of December 31, 2011

- Catalyst Fund Limited Partnership I (“Fund I”) – 2002 vintage with \$185.6 million in commitments

Portfolio Composition

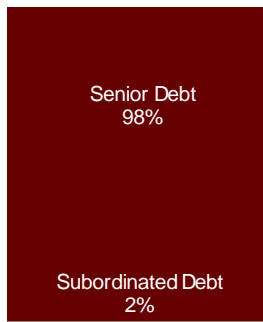


Investment Performance ⁽¹⁾

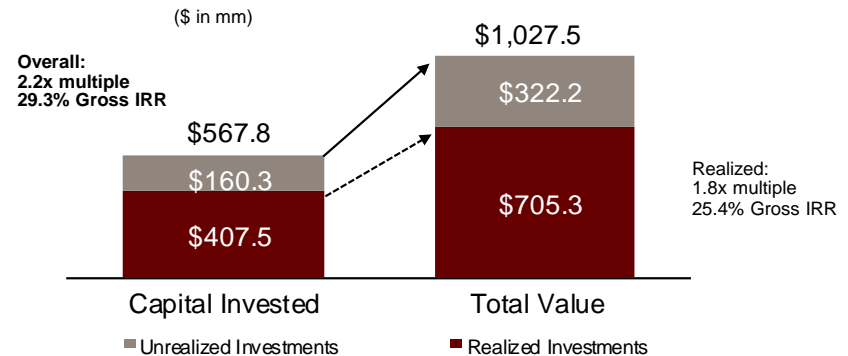


- Catalyst Fund Limited Partnership II (“Fund II”) – 2006 vintage with \$634.9 million in commitments (including overflow fund) (currently >100% invested and committed)

Portfolio Composition



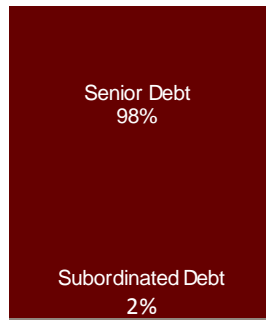
Investment Performance ⁽¹⁾



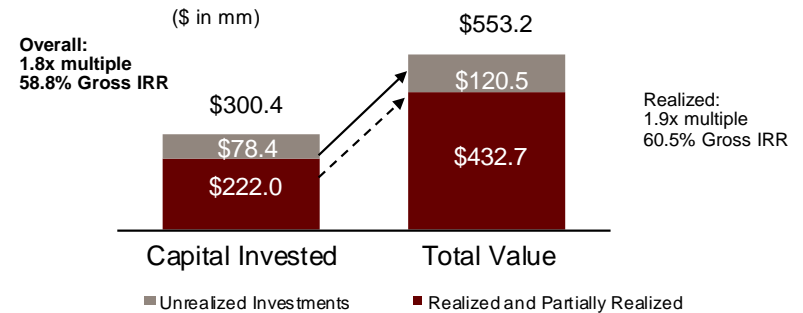
Catalyst Investment Performance – As of December 31, 2011

- Catalyst Fund Limited Partnership III (“Fund III”) – 2009 vintage with \$1 billion in commitments (currently >75% invested and committed)

Portfolio Composition



Investment Performance ⁽¹⁾



- Catalyst believes its flexible and proactive investment approach, combined with portfolio construction targets, has resulted in excellent risk adjusted returns

(1) See pages 21-23 for a complete Fund I, Fund II and Fund III track record. Past performance is not indicative of future results and there can be no assurances that any fund will achieve comparable results in the future.



The Canadian Market Opportunity

- **Structural and regulatory environment provides competitive advantages for Catalyst**
 - Canadian “Companies’ Creditors Arrangement Act” (“CCAA”) fundamentally different from Ch.11
 - Foreign ownership restrictions
 - Need for cultural sensitivity and local presence
 - Need for experience and knowledge to manage complex, multi-jurisdictional bankruptcy, restructuring and legal processes
- **Supply of distressed assets is large and growing**
 - Deterioration in credit standards and quality of assets supporting debt
 - Recent development of domestic Canadian high yield market, but no experience to date through full credit cycle (ie. dealing with defaults)
 - Canadian banks’ transition to loan syndication and “agency” model
 - Demands for improved transparency, liquidity and capital on entire Canadian (and highly concentrated) lending system
- **Lack of dedicated capital and expertise**
 - Only Canadian based distressed focused private equity fund
 - Market concentration and potential conflicts of interest have prevented evolution of Canadian restructuring expertise and skills
 - Financial and regulatory structure inhibits many from proactive participation in restructurings
- **Catalyst has spent the last 24 months building a significant deal pipeline**
 - Current pipeline of over \$30 billion in “Priority One” opportunities alone
 - Numerous, large credits on the verge of breaking, or have already broken, covenants which will require significant leadership and capital and are excellent opportunities to obtain control/influence



Risk Management

Catalyst pro-actively seeks to manage the embedded risks in its funds

- **Targeted portfolio composition**

- At least 35-40% in bank/secured debt
- 35-45% in subordinated debt
- 15-25% in deeply subordinated securities
- Funds I, II and III had 58%, 98% and 98% invested in secured debt, respectively

- **Ringfencing**

- Acquiring additional securities in a different class/type than the fulcrum security

Reduce risk (by increasing collateral) or improve returns (by going deeper on the balance sheet)

Improve the tactical position, ensuring protection of security and/or return from competing interests



- Then using the position in the fulcrum to optimize class allocations and seek to improve overall return

- **Portfolio concentration limits**

- No one position to exceed 20% of total fund capital, without Advisory Panel consent
- Aggregate top 5 fund positions not to exceed 60% of total fund capital, without Advisory Panel consent
- Catalyst funds will maintain a manageable “recapture” rate at all times

- **Third party administration**

- Outsourced fund administration to a leading third party private equity administrator
- Registered or the equivalent with the Ontario Securities Commission and United States Securities and Exchange Commission



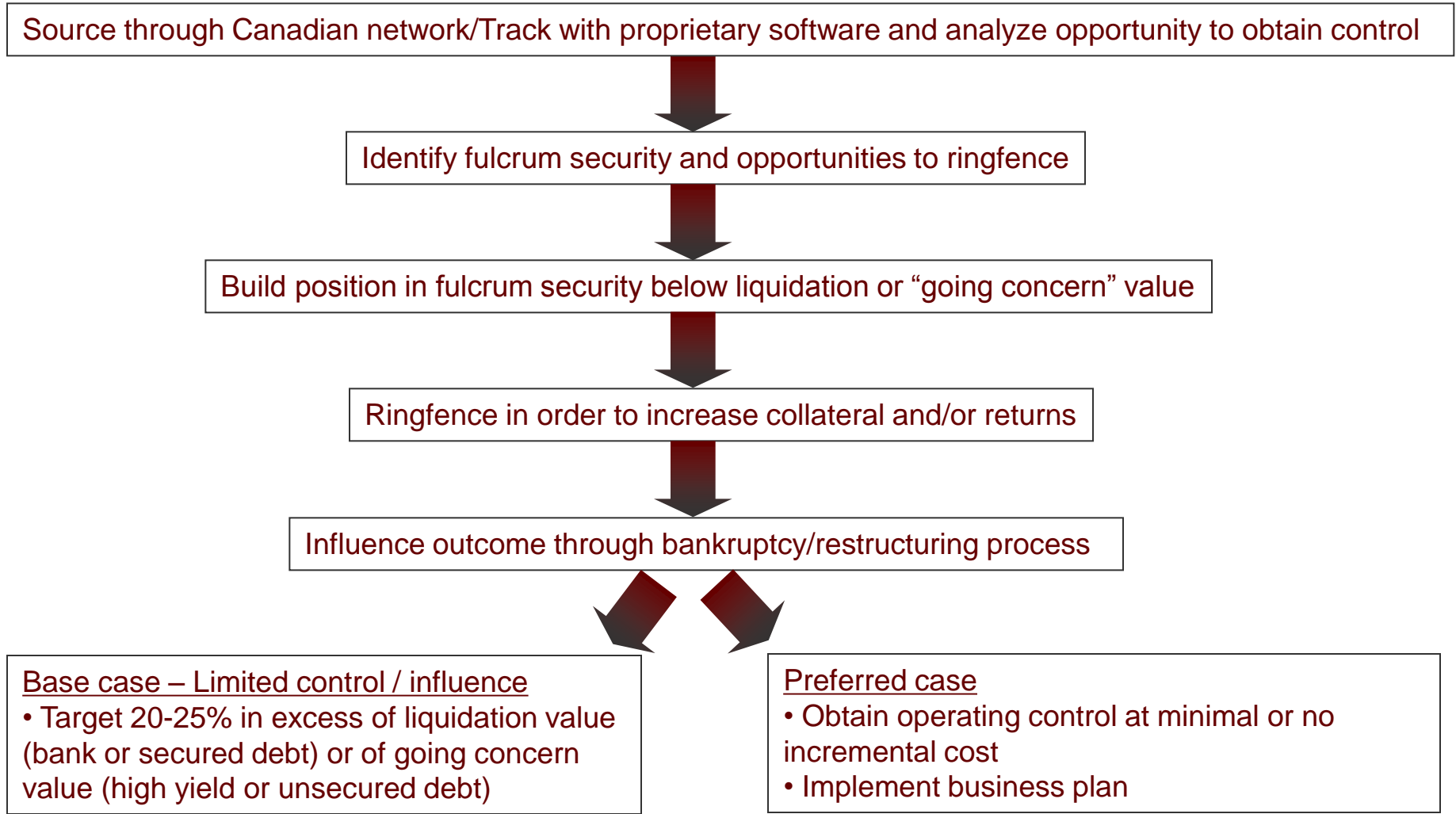
Alignment of Interests

- **Catalyst believes that its business depends on aligning itself with the LPs to the maximum degree possible:**
 - Since inception in 2002 and as a Firm requirement, profit participation in all Catalyst Funds, has been and always will be structured so that it is not earned or distributed until investors receive 100% of their invested capital plus the preferred return – “European Carry”
 - Catalyst’s team will commit at least 2% (up to \$15 million) to Fund IV in cash and all professionals must participate in each Capital Call simultaneous with all other LPs.
 - 100% of ANY income earned by the Firm or on behalf of the Fund, either directly or indirectly, as a result of managing Fund IV goes to Fund IV, not the Firm
 - LPA requires ‘Most Favored Nations’ provision; no LP can be treated differently than any other, and no side letters other than for tax, structural, confidentiality and like issues
 - No Catalyst employee can maintain any personal trading accounts
 - All members of Catalyst are allocated equity, with rigid vesting requirements
 - No Catalyst professional may sit on a non-portfolio “for profit” board of directors



Disciplined Investment Approach

- **Regimented investment approach resulting in asymmetric risk/return profile**
 - Downside protection with significant upside potential



Source through Canadian Network / Track with Proprietary Software

- **Various sourcing channels through deep Canadian network**

- Often the first call from Canadian advisors, banks, lawyers, brokers and institutions
- Access to privately negotiated transactions in bankruptcies/restructurings that are in the public domain
- Only Canadian based distressed fund results in truly unique deal flow

- **Analyze opportunity for Catalyst to have operating control or significant influence in the reconstituted business on a go-forward basis**

- **Opportunities are tracked through proprietary and internally developed software**

- Ensures situations are fully and properly analyzed before investment
- Typically 6-18 months of tracking before initiating the purchase of a position – often even longer and has been up to 48 months
- Objective approach demonstrated by strict discipline during the period 2007 and 2011 (only 7 incremental platform investments)

The Catalyst Capital Group Inc. Corporate Communications Investment Analysis Management Human Resources Project Collaboration Office Services

Companies

1. 1833 The Drabill	72. Garda World Security Corp	143. QMedia
2. ABCP Nearcutting	73. Gateway Clinics	144. QIV Biologics Ltd
3. Abbitt/Bowser Inc. (Resolute Forest Products)	74. General Denix Income Fund	145. Quebecor World Inc (World Color-Press Inc)
4. Asource Corporation	75. Georgia Gulf Corp	(Quest Diagnostics)
5. Advanced Fiber Technologies Income Trust	76. Globalive Wireless Management Corp	146. Rand A Technology
6. Answorth Lumber Co	77. Grandly Industries	147. Raddy Ice
7. Air Canada	78. Grant Forest Products	148. Retirement Residences Real Estate Investment
8. Algoma Steel Inc. (Essar Steel Algoma Inc)	79. H and R Real Estate Investment Trust	Trust
9. Allarco LP	80. Harvest Energy Trust	149. Retrocom Growth Fund
10. Allen Vanguard	81. Healing Oil Partners Income Trust	150. Retrocom Mid-Market S&P
11. Andco Laminia Inc	82. High Andco Energy Services Inc	151. SHI Entertainment LLC
12. Angiotech Pharmaceuticals	83. Hollinger International Inc and Hollinger Inc	152. Richtree Inc
13. Andco Glacier	84. Hot House Growers	153. Stock Energy
14. Associated Brands	85. HMAK Corporation	154. Sunair Corporation
15. AT and T Canada	86. Indale Holdings Inc	155. Royal Group Technologies Limited
16. Atlantic Power Corporation	87. International Utility Structures Inc	156. Sumida Automation
17. Atlas Cold Storage Income Trust	88. Interlan Canada Ltd (Circuit City)	157. SW Packaging
18. Arrium Companies Inc	89. Intraeast	158. Saskatchewan Wheat Pool
19. Avonip	90. Irwin Toy	159. South Process Systems Inc
20. BA Energy and Value Creation Inc	91. Ivaco Inc	160. Stealy Corporation
21. Barrat Industries Inc	92. Inco Rolling Mills LP	161. Secunda International Limited
22. Battle Mountain Gold Exploration Corp	93. JED Oil	162. Seled Inc
23. Baxter Homes USA Inc	94. K2 Developments	163. Sengroup Corporation
24. Bell Canada International Inc	95. KFC Custom Products	164. Sengroup LP
25. Bevo Agro Inc	96. Lear Corp	165. Shermag Inc
26. Blackie Photography Corporation	97. Les Bouteilles San Francisco Incorporées	166. Singapore Aluminum Canada
27. Blackwater Canada	98. Lindear Nurseries	167. Simonsa Company

The Catalyst Capital Group Inc. Home

YBC Worldwide

Investment Stage

Initial Screening Last Updated: 1/30/2012 3:09:06 PM

Full Analysis Updated By: CatCapital

Investment Review

Change Investment Stage

Pricing

Deal Team

Research

YBCW (Newsdays)

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News

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ChemTreat Names Holland 2011 LTL Carrier of the Year
[PR Newswire] - HOLLAND, Mich., March 1, 2012 /PRNewswire/ --
Leading specialty chemical company, ChemTreat, has earned
Holland as 2011 LTL Carrier of the Year. This marks the third time
that ChemTreat has extended the ... Thu, 01 Mar 2012 14:00:00
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Truckers hauled less freight in January
Wed, 29 Feb 2012 17:38:58 GMT

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Wed, 29 Feb 2012 14:32:01 GMT

YBC leaders may need to head back to the negotiating table
Wed, 29 Feb 2012 13:10:58 GMT

YBC Worldwide price target lowered to \$6 from \$15 at Credit
Suisse
Wed, 29 Feb 2012 12:59:50 GMT

Nasdaq stocks posting largest percentage decreases
Tue, 28 Feb 2012 23:04:58 GMT

YBC leaders may need to head back to the negotiating table
Tue, 28 Feb 2012 22:41:58 GMT

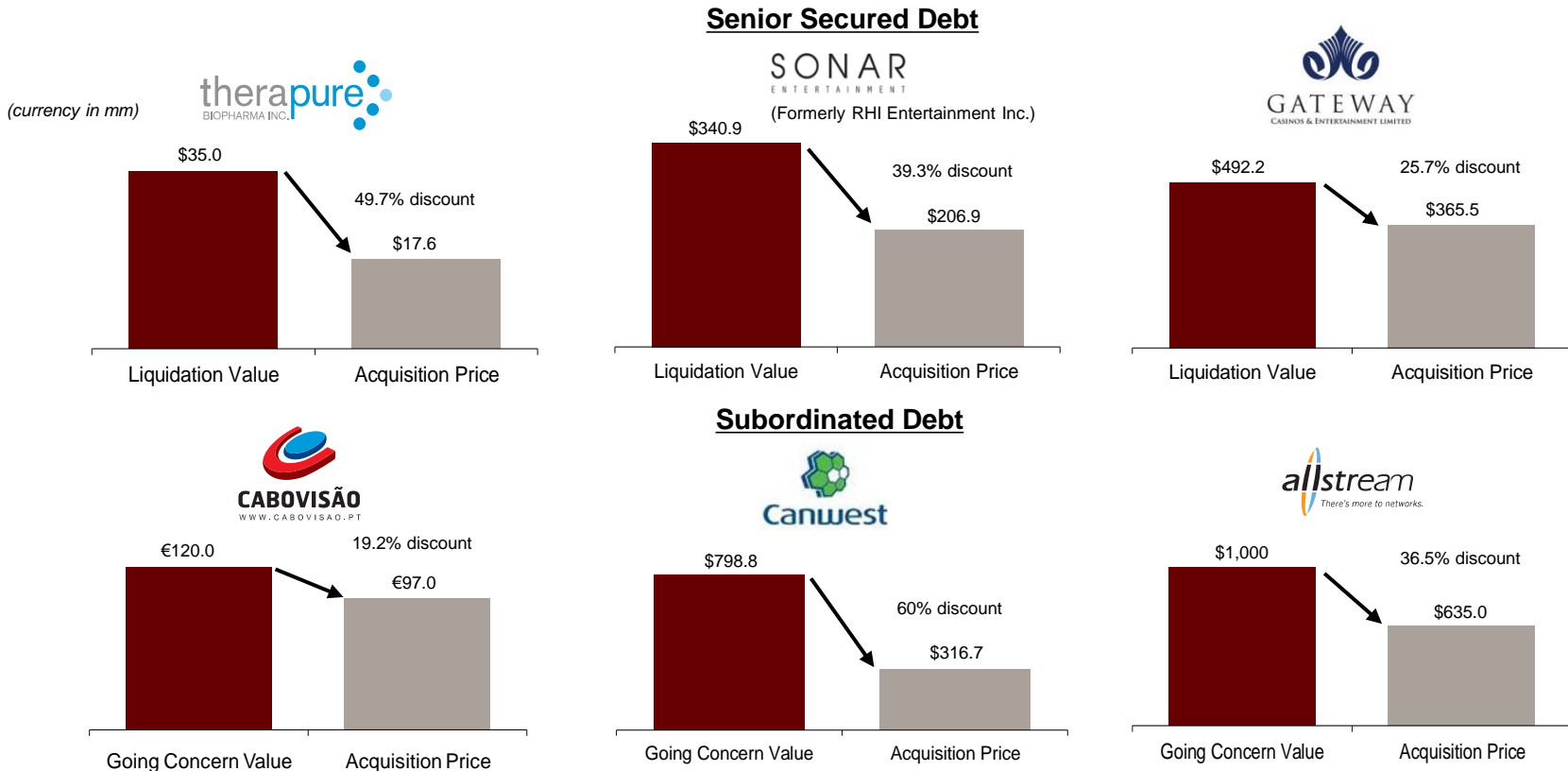
Truckers haul less freight in January but outlook stays rosy
Tue, 28 Feb 2012 20:40:58 GMT

Nasdaq stocks posting largest percentage decreases
Tue, 28 Feb 2012 18:18:58 GMT








Identify Fulcrum Security / Acquire Below Liquidation or Going Concern Value

- **Competitive advantage in identifying the “fulcrum” security**
 - Intense, analytical review of capital structure and legal issues
 - Deep understanding of relevant Canadian laws and processes and interactions with other applicable jurisdiction’s insolvency systems
 - Demonstrated ability to identify and source non-public securities of capital structure through strong Canadian network
- **Seek to acquire assets below orderly liquidation value (senior secured debt) or below going concern value (subordinated debt) – examples below**



Ringfence around Fulcrum Security

- Ringfencing can provide risk mitigation and improved returns
 - Acquiring additional securities with better information and clarity on outcome
 - Allocate value to the securities that will yield the best overall return
 - Result is often a correlation between size of investment and return

Portfolio Company	Ringfencing Strategy
 <p>CABOVISÃO WWW.CABOVISAO.PT</p>	<ol style="list-style-type: none"> 1. Negative control through 34% position in publicly traded Canadian holding company bonds 2. Largest trade claim via direct negotiation to obtain negative control at parent company level 3. Parent company bank debt via the private market <p><u>Multi-level security purchases resulted in Catalyst control over any significant decisions</u></p>
 <p>GATEWAY CASINOS & ENTERTAINMENT LIMITED</p>	<ol style="list-style-type: none"> 1. Acquired \$163.8 million of the First Lien Debt 2. Acquired \$145.4 million of the Second Lien Debt 3. Catalyst participated in the formation of the Ad Hoc Group of First Lien and Second Lien Lenders and participated in the Steering Committee of Creditors <p><u>Catalyst controlled the process to acquire a significant interest in the company's equity post restructure</u></p>
 <p>PLANET ORGANIC MARKET</p>	<ol style="list-style-type: none"> 1. Catalyst negotiated a private purchase of the First and Second Lien debt from the lenders to Planet Organic Markets 2. Used its position as the only secured creditor to credit bid for assets at a 5.0x EBITDA creation multiple 3. Very efficient insolvency process – completed in 4 weeks <p><u>Catalyst subsequently merged Planet Organic with Richtree and realized substantial synergies</u></p>
 <p>SONAR ENTERTAINMENT (Formerly RHI Entertainment Inc.)</p>	<ol style="list-style-type: none"> 1. Acquired \$77.3 of the Senior Secured Revolving Credit Facility 2. Acquired \$42.6 of the Senior Secured First Lien Term Loan and \$6.8 million of First Lien Swaps 3. Member of the Steering Committee 4. Provided \$5 million of the \$15 million DIP Facility <p><u>Catalyst had substantial influence on all decisions</u></p>
 <p>therapure BIOPHARMA INC.</p>	<ol style="list-style-type: none"> 1. Largest piece of senior secured bank debt for approximately 1/3 of liquidation value 2. Extended approximately \$6 million in DIP financing during restructuring process <p><u>Own 100% of the company's assets post-restructuring</u></p>



Influence Outcome through Bankruptcy / Restructuring Process

- Utilize its capital position to influence outcome through bankruptcy/restructuring
- Typically identify two possible strategies to pursue at the completion of the respective process:
 - Base case: Limited operating influence but targeted return of 20-25% in excess of liquidation value (senior secured debt) or of going concern value (subordinated debt)
 - Preferred case: Operating control or significant influence at minimal cost basis
- Investment returns reflect downside protection with upside potential
 - 20 of 24 realized and partially realized investments with a Gross IRR greater than 20%
 - 13 of 24 realized and partially realized investments with a Gross IRR greater than 50%

Base Case
Limited Operating Influence (1)



- \$23.0 million of capital invested
- 35.7% Gross IRR, 1.3x multiple of cash invested

Preferred Case
Operating Control or Significant Influence (2)



- \$983.5 million of capital invested
- 41.0% Gross IRR, 2.1x multiple of cash invested
- Includes certain large, conservatively valued unrealized positions


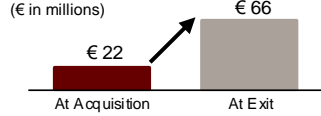
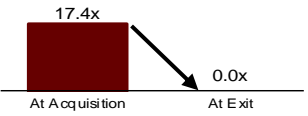

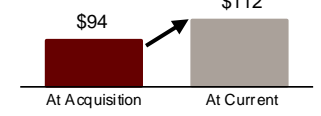
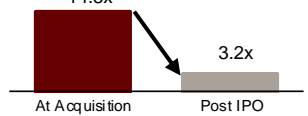

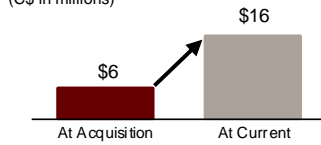
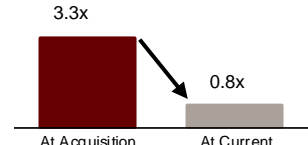
(1) The investment performance above represents the aggregate realized performance of all five investments by Fund I, II and III in which Catalyst had "Limited Operating Influence".

(2) The investment performance above represents the aggregate realized and unrealized performance of all 16 investments by Fund I, II and III in the 16 portfolio companies in which Catalyst obtained "Operating Control or Significant Influence". Past performance is not indicative of future results and there can be no assurances that any fund will achieve comparable results in the future. Please refer to the Appendix for details relating to Fund I, Fund II and Fund III performance.



Add Value through Operating Involvement




- If/when Catalyst obtains operating control, it has implemented strategic, financial, and operating changes that resulted in unlocking substantial value

Portfolio Company	Operating Improvements	EBITDA Results	Net Debt / EBITDA Results
 <p>CABOVISÃO WWW.CABOVISAO.PT</p>	<ul style="list-style-type: none"> Developed and sponsored CSII restructuring plan Directly settled virtually all outstanding Cabo payables Implemented operational and cash management improvements Mr. de Alba served as interim CEO 	<p>(€ in millions)</p>  <p>€ 22 € 66 At Acquisition At Exit</p>	 <p>17.4x 0.0x At Acquisition At Exit</p>
 <p>GATEWAY CASINOS & ENTERTAINMENT LIMITED</p>	<ul style="list-style-type: none"> Mr. de Alba is Chairman of the Board of Directors, Mr. Glassman is a member of the Board of Directors and Catalyst can appoint one other member to the 5 person board Refinanced existing pre and post restructure debt twice resulting in substantial savings Created a targeted marketing plan and improved entertainment experience Implemented substantial cost savings Acquired additional locations, including South Surrey, British Columbia Prepared Gateway for an IPO 	<p>(C\$ in millions)</p>  <p>\$94 \$112 At Acquisition At Current</p>	 <p>14.8x 3.2x At Acquisition Post IPO</p>
 <p>Planet Organic, Mrs. Green's, Richtree, fresh@greens, wilde@greene Natural Market Restaurants Corp.</p>	<ul style="list-style-type: none"> Successfully integrated under one controlling entity 100% of Richtree Markets Inc. ("Richtree") and Planet Organic Markets ("Planet Organic") Substantial synergies and cost reductions were achieved by combining Richtree and Planet Organic NMRC has focused on rolling out a growth strategy centered around great natural food product mix, emphasizing fresh offerings with a competitive advantage in food service and great customer service 	<p>(C\$ in millions)</p>  <p>\$6 \$16 At Acquisition At Current</p>	 <p>3.3x 0.8x At Acquisition At Current</p>



Add Value through Operating Involvement

- If/when Catalyst obtains operating control, it has implemented strategic, financial and operating changes that resulted in unlocking substantial value

Portfolio Company	Operating Improvements	EBITDA Results	Net Debt / EBITDA Results
	<ul style="list-style-type: none"> Closed non-profitable and negative cash flow restaurants Reduced head office costs by approximately 10% Mr. de Alba served as interim CEO and replaced the management team Improved EBITDA margins Brought in lenders to affect a recapitalization of Richtree 	<p>(C\$ in millions)</p> <p>(\$2) → \$6</p> <p>At Acquisition At Current</p>	<p>(3.0x) → 1.3x</p> <p>At Acquisition At Exit</p>
	<ul style="list-style-type: none"> Participated in the Steering Committee of First Lien Lenders Set up new management team and successfully completed Catalyst's initial 100 day strategic plan Increased focus in developing and growing the new product pipeline Rationalized operating costs to improve profitability 	<p>(US\$ in millions)</p> <p>(\$69) → \$47</p> <p>At Acquisition At Current</p>	<p>(8.8x) → 7.4x</p> <p>At Acquisition At Current</p>
	<ul style="list-style-type: none"> Developed and executed a novel business plan which includes contract development and manufacturing for third parties, production of proprietary blood plasma products and the development of patented blood related therapeutics To date, secured a total of 32 contracts with various biotech companies including a long-term take-or-pay contract with a leading European pharmaceutical company Hired a new senior management team (CEO and CFO), Director of Operations and Director of Strategic Planning Improved cost controls Redesigned project quoting to incorporate detailed cost estimates and improve pitch success-rate Established a royalty revenue stream through investments into biotech clients 	<p>(C\$ in millions)</p> <p>(\$5) → \$0</p> <p>At Acquisition At Current</p>	<p>(5.0x) → 0.0x</p> <p>At Acquisition At Current</p>



Conclusion

- **Unique and compelling opportunity for Fund IV**
 - Large and growing deal pipeline
 - Catalyst believes it enjoys an extraordinary and protected position in the Canadian market
 - Excellent risk/return opportunity set
- **Catalyst team has deep experience in Canadian and multi-jurisdictional restructurings**
 - Local team with understanding of the Canadian business culture
 - Proven experience in managing complex situations and creating value through operating involvement
- **Proven track record with superior risk adjusted returns ⁽¹⁾**
 - Fund I - Realized and partially realized investments: 68.9% Gross IRR, 3.0x multiple of cost; Total Investments: 48.6% Gross IRR, 2.4x multiple of cost
 - Fund II - Realized and partially realized investments: 25.4% Gross IRR, 1.8x multiple of cost; Total Investments: 29.3% Gross IRR, 2.2x multiple of cost
 - Fund III - Realized and partially realized investments: 60.5% Gross IRR, 1.9x multiple of cost; Total Investments: 58.8% Gross IRR, 1.8x multiple of cost
 - Since inception, returns generated with 92% of original capital invested in senior secured debt
- **Disciplined investment approach**
 - Clear and repeatable investment process that utilizes proprietary software which has shown to generate opportunities with asymmetric risk/return profiles
 - Unique risk management through portfolio composition, ringfencing and concentration limits
 - Successful history of obtaining control / influence investments where Catalyst can add value through operational involvement
- **Tremendous pipeline of current opportunities for Fund IV**
 - Over \$30 billion in “Priority One” category alone
 - Identified targeted pricing and, in many cases, have fully developed business plans and financial projections for each of these opportunities

(1) Past performance is not indicative of future results and there can be no assurances that any fund will achieve comparable results in the future. Please refer to the Appendix for details relating to Fund I, Fund II and Fund III performance.



Appendix

- **Catalyst Guiding Principles**
- **Investment Performance**
- **Selected Transaction Summaries**
- **Team Biographies**
- **Fund IV Key Terms**



Catalyst Guiding Principles

Excellence

Catalyst is a firm dedicated to the pursuit of excellence, adhering to the very highest standards of integrity. As a result, Catalyst embraces the fact that excellence is an ongoing and evolving process, and defined from our investors' perspective only. We at Catalyst are committed to continually preserving, pursuing and building upon this dedication to excellence, which by our definition includes the pursuit of the highest standards of integrity, in all that we do. On behalf of our investors, Catalyst's culture of excellence is both our mandate and our mission.

- **Principle 1: Superior Analytics.** Our ability to deliver exceptional, insightful and unique analytics is our foremost competitive advantage. It is what unquestionably sets us apart and what will unquestionably be the “catalyst” for our lasting success. We don't pretend to be the smartest; we strive to be the hardest working and most thorough analytical team. We will approach every assignment with vigor and absolute resoluteness. We will mentor and coach each other to ensure we continuously hone, invest in, and master our analytical excellence.
- **Principle 2: The Details.** The crux of our work is in the details. We dig deep into the minutiae to reveal what others have missed. It is this search in the details that allows us to discover true value and find the very best answers. We will never settle for the status quo because of our commitment to excellence and because we know that hidden within the details is, by definition, reduced risk and/or improved returns for our investors.
- **Principle 3: Intellectual Curiosity.** We recognize that it takes constant intellectual curiosity to fully explore the possibilities. We will therefore go to extraordinary lengths to explore issues and situations to their logical end maintaining an environment where such exploration is encouraged and supported. We will always ask questions, even when we feel certain that we know the answers. Regardless of role within the organization, we are all expected to passionately and meaningfully debate all of the issues we encounter. We will do this respectfully, keeping in mind that it is not personal; it is driven by our commitment to the fact that the investors' best interests are always our #1 concern. After all, it is intellectual curiosity that will ensure we identify and uncover all the angles and subtleties of a situation, and enable our continued collective and personal development.
- **Principle 4: Team.** We are only truly empowered as a team. As individuals we cannot possibly anticipate all of the nuances of a situation. Our combined intellect/insight exceeds the sum of our parts, and our ability to work collectively, leveraging all insights, experiences and abilities, is the key to our continued success. While individual creativity and independent thinking are always encouraged, we will only reap the most remarkable results when we capitalize on the intellectual collective of our different perspectives. As a member of the Catalyst team we will hold each other accountable for imparting our knowledge to each other and acknowledge that for our continued success and the protection of our investors' best interests, our individual expertise must be shared.
- **Principle 5: Reputation.** Our reputation is at the heart of our business. The quality of our people, the work we do, and our dedication to excellence and integrity are paramount to our reputation. We will hold ourselves up to the highest levels of integrity and ethical standards, and instill pride in the Catalyst name. We will lead by example, treating our team members, our investors and all of our stakeholders with the utmost respect. Our reputation for excellence is and will continue to be our greatest asset.



Fund I Investment Performance

As of December 31, 2011

The Catalyst Capital Group Inc.
 Summary of Investments as of December 31, 2011 ⁽¹⁾
 (in US \$)

	<u>Date of Initial Investment</u>	<u>Date of Substantial Realization ⁽²⁾</u>	<u>Total Capital Committed ⁽³⁾</u>	<u>Total Capital Invested ⁽⁴⁾</u>	<u>Total Realized Proceeds ⁽⁵⁾</u>	<u>Unrealized Value ⁽⁶⁾</u>	<u>Total Value</u>	<u>Multiple of Cost</u>	<u>Gross IRR ⁽⁷⁾</u>
Catalyst Fund Limited Partnership I									
<u>Realized and Partially Realized Investments</u>									
AT&T Canada Inc. / Allstream	Feb-03	Jun-04		\$ 2,698,936	\$ 7,238,099	\$ -	\$ 7,238,099	2.7x	98.9%
Call-Net Inc.	Mar-03	Sep-05		8,193,750	13,813,699	-	13,813,699	1.7	31.0%
Stelco Inc. (Sr. unsecured notes)	Jul-03	Dec-03		815,517	907,465	-	907,465	1.1	27.3%
Cable Satisfaction International Inc.	Aug-03	Aug-06		45,431,404	218,824,560	-	218,824,560	4.8	86.8%
Hollinger Inc. (Series III)	Jan-04	Apr-04		525,967	667,815	-	667,815	1.3	127.0%
Richtree Market Restaurants Inc.	Oct-04	Jul-09		6,221,696	44,526,350	-	44,526,350	7.2	85.6%
SR Telecom Inc.	Jan-05	Jan-07		15,352,646	8,807,405	-	8,807,405	0.6	NM
Stelco Inc. (FRNs, c/s, warrants)	Feb-05	Apr-07		20,023,318	22,556,052	-	22,556,052	1.1	7.0%
Royal Group Technologies Limited	Mar-05	May-05		8,214,837	9,252,656	-	9,252,656	1.1	107.0%
Brushstrokes Fine Arts Inc.	Nov-05	Nov-06		1,926,844	2,711,445	-	2,711,445	1.4	39.3%
Total Realized and Partially Realized Investments				\$ 109,404,916	\$ 329,305,546	\$ -	\$ 329,305,546	3.0x	68.9%
<u>Unrealized Investments</u>									
Hollinger Inc. ⁽⁸⁾	Mar-04	N/A		\$ 21,761,989	\$ 2,097,945	\$ 1,770,500	\$ 3,868,445	0.2x	NM
Snowbear Limited ⁽⁹⁾	Jan-05	N/A		37,755,203	2,577,878	3,000,000	5,577,878	0.1	NM
Total Unrealized Investments				\$ 59,517,191	\$ 4,675,822	\$ 4,770,500	\$ 9,446,322	0.2x	NM
Total Fund I Investments				\$ 168,922,107	\$ 333,981,368	\$ 4,770,500	\$ 338,751,868	2.4x	48.6%



Fund II Investment Performance

As of December 31, 2011

The Catalyst Capital Group Inc.
 Summary of Investments as of December 31, 2011 ⁽¹⁾
 (in US \$)

	<u>Date of Initial Investment</u>	<u>Date of Substantial Realization ⁽²⁾</u>	<u>Total Capital Committed ⁽³⁾</u>	<u>Total Capital Invested ⁽⁴⁾</u>	<u>Total Realized Proceeds ⁽⁵⁾</u>	<u>Unrealized Value ⁽⁶⁾</u>	<u>Total Value</u>	<u>Multiple of Cost</u>	<u>Gross IRR ⁽⁷⁾</u>
Catalyst Fund Limited Partnership II									
<u>Realized and Partially Realized Investments</u>									
Countryside Power Income Fund	Dec-06	Aug-07		\$ 339,540	\$ 585,142	\$ -	\$ 585,142	1.7x	140.3%
Calpine Power Income Fund	Jan-07	Feb-07		4,342,406	4,456,823	-	4,456,823	1.0	104.8%
IMAX Corporation	Nov-06	Dec-09		69,208,916	93,229,057	-	93,229,057	1.3	13.0%
Quad/Graphics, Inc. ⁽¹⁰⁾	Jan-08	Jul-10		77,326,956	9,798,232	43,810,860	53,609,092	0.7	-11.5%
Canwest	Oct-09	Oct-10		24,215,118	33,053,997	-	33,053,997	1.4	24.7%
Callidus Capital Corporation (ABL) ⁽¹¹⁾	Dec-06	N/A	150,000,000	58,796,255	82,514,585	58,796,255	141,310,840	2.4	23.1%
Callidus Capital Corporation - Servicer	Dec-06	N/A	N/A	270,791	-	36,811,791	36,811,791	135.9	NM
Gateway Casinos & Entertainment Limited ⁽¹²⁾	May-09	Sep-10	145,000,000	131,309,471	36,105,456	237,550,000	273,655,456	2.1	64.0%
YRC Worldwide ⁽¹³⁾	Apr-10	Dec-11	45,000,000	41,667,214	18,437,211	39,087,811	57,525,022	1.4	94.4%
Fund III Loan Interest	N/A	Mar-11		-	11,068,336	-	11,068,336	NM	NM
Total Realized and Partially Realized Investments				\$ 407,476,667	\$ 289,248,838	\$ 416,056,717	\$ 705,305,555	1.8x	25.4%
<u>Unrealized Investments</u>									
Therapure Biopharma Inc. ⁽¹⁴⁾	Nov-06	N/A	\$ 155,000,000	\$ 81,965,549	\$ 83,057	\$ 201,600,000	\$ 201,683,057	2.5x	38.4%
Natural Markets Restaurants Corp. ⁽¹⁵⁾	Apr-10	N/A	80,000,000	54,106,579	-	78,725,500	78,725,500	1.5	43.3%
Sonar (formerly RHI) ⁽¹⁶⁾	May-10	N/A	45,000,000	24,252,776	3,255,671	38,510,028	41,765,698	1.7	70.0%
Total Unrealized Investments			\$ 280,000,000	\$ 160,324,904	\$ 3,338,728	\$ 318,835,528	\$ 322,174,255	2.0x	40.3%
Total Fund II Investments				\$ 567,801,571	\$ 292,587,566	\$ 734,892,244	\$ 1,027,479,810	2.2x	29.3%



Fund III Investment Performance

As of December 31, 2011

The Catalyst Capital Group Inc.
 Summary of Investments as of December 31, 2011 ⁽¹⁾
 (in US \$)

	<u>Date of Initial Investment</u>	<u>Date of Substantial Realization ⁽²⁾</u>	<u>Total Capital Committed ⁽³⁾</u>	<u>Total Capital Invested ⁽⁴⁾</u>	<u>Total Realized Proceeds ⁽⁵⁾</u>	<u>Unrealized Value ⁽⁶⁾</u>	<u>Total Value</u>	<u>Multiple of Cost</u>	<u>Gross IRR ⁽⁷⁾</u>
Catalyst Fund Limited Partnership III									
<u>Realized and Partially Realized Investments</u>									
Canwest	Oct-09	Oct-10	-	24,215,118	33,053,997	-	33,053,997	1.4x	24.7%
Callidus Capital Corporation (ABL) ⁽¹¹⁾	Sep-09	N/A	\$ 100,000,000	\$ 24,646,481	\$ 20,628,646	\$ 24,646,481	\$ 45,275,127	1.8	21.5%
Callidus Capital Corporation - Servicer	Sep-09	N/A	N/A	170,575	-	23,188,209	23,188,209	135.9	NM
Gateway Casinos & Entertainment Inc. ⁽¹²⁾	Sep-09	Sep-10	150,000,000	131,309,471	36,105,456	237,550,000	273,655,456	2.1	64.0%
YRC Worldwide ⁽¹³⁾	Apr-10	N/A	45,000,000	41,667,214	18,437,211	39,087,811	57,525,022	1.4	94.4%
Total Realized and Partially Realized Investments				\$ 222,008,859	\$ 108,225,310	\$ 324,472,501	\$ 432,697,811	1.9x	60.5%
<u>Unrealized Investments</u>									
Natural Markets Restaurants Corp. ⁽¹⁵⁾	Apr-10	N/A	80,000,000	54,106,579	-	78,725,500	78,725,500	1.5	43.3%
Sonar (formerly RHI) ⁽¹⁶⁾	May-10	N/A	45,000,000	24,252,776	3,255,671	38,510,028	41,765,698	1.7	70.0%
Total Unrealized Investments			\$ 125,000,000	\$ 78,359,355	\$ 3,255,671	\$ 117,235,528	\$ 120,491,198	1.5x	51.2%
Total Fund III Investments				\$ 300,368,215	\$ 111,480,981	\$ 441,708,028	\$ 553,189,009	1.8x	58.8%
Total The Catalyst Capital Group Inc. Investments									
Total Realized and Partially Realized Investments				\$ 738,890,441	\$ 726,779,694	\$ 740,529,217	\$ 1,467,308,911	2.0	53.7%
Total Unrealized Investments				298,201,451	11,270,221	440,841,555	452,111,776	1.5	18.0%
Total Investments				\$ 1,037,091,892	\$ 738,049,916	\$ 1,181,370,772	\$ 1,919,420,688	2.1	40.8%



Footnotes

1) Past performance of any investments described herein is provided for illustrative purposes only and is not indicative of future investment results. There can be no assurance that Fund IV will achieve comparable results, be able to implement its investment strategy or be able to avoid losses. In addition, there can be no assurance that investments with an unrealized value will be realized at the valuations shown, as actual realized returns will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs, and the timing and manner of sale, all of which may differ from the assumptions on which the valuations contained herein are based. Accordingly, the actual realized returns on unrealized investments may differ materially from the returns indicated herein.

2) The "Date of Substantial Realization" is the date on which a position was exited or an investment was disposed of. In the case of multiple exits or dispositions, the "Date of Substantial Realization" is deemed to be the date of sale or distribution of the substantial portion of the net proceeds from the portfolio company.

3) The "Total Capital Committed" represents aggregate capital committed by Fund I, Fund II and Fund III, including capital that has already been invested as represented in the "Total Capital Invested" column.

4) The "Total Capital Invested" represents the aggregate capital respectively invested by Fund I, Fund II and Fund III, except as noted in footnote 11. The "Total Capital Invested" includes investments that were treated as bridge financings and excludes certain capital outflows related to capitalized legal costs.

5) The "Total Realized Proceeds" represent gross proceeds to Fund I, Fund II or Fund III, as applicable, generated from the distribution of its interests in portfolio companies, interest, dividends and distributions in respect of the applicable portfolio company investments.

6) The "Unrealized Value" is based on unaudited valuations as of December 31, 2011 determined by Catalyst in accordance with the Catalyst Funds' valuation criteria or policies as described in footnotes 8, 9, 10, 11, 12, 13, 14, 15 and 16. Catalyst believes that the Unrealized Values are determined in accordance with FAS 157 or the applicable related valuation guidelines. Actual realized returns will depend on various factors, including future operating results, market conditions at the time of disposition, legal and contractual restrictions on transfer that may limit liquidity, any related transaction costs and the timing and manner of disposition, all of which may differ from the assumptions and circumstances on which the current unrealized valuations are based. Accordingly, the actual realized returns may differ materially from the returns indicated herein. Catalyst's policy is to review and adjust the valuation of the Catalyst Funds' unrealized investments at calendar year-end, concurrently with the respective fund's audit.

Otherwise, its policy is to not revisit the value of unrealized investments until the following year's audit, except in cases where the Firm believes that there has been a decrease in unrealized value during the intra-year period, which results in an unrealized investment valuation policy between audits of lower of cost or realizable value.

7) The "Gross IRR" means an aggregate, compounded annually, gross internal rate of return that does not reflect the deduction of any management fees, carried interest, transaction fees, taxes and allocable expenses borne by investors, which in the aggregate may be substantial; for a description of such management fees and carried interest, see "Section VII – Principal Terms" of the Offering Memorandum. All IRRs presented are annualized and calculated on the basis of daily investment inflows and outflows, except in case of the Callidus Capital Corporation (ABL) IRR which is calculated on the basis of monthly investment flows and outflows. IRRs for investments with a remaining interest have been calculated by assuming that the remaining interest has been sold as of December 31, 2011 at the unrealized value.

8) The "Unrealized Value" for Hollinger Inc. is based upon related legal claims, both in the bankruptcy process and with a third party.

9) The "Unrealized Value" for Snowbear is based on the net realizable value that would be attained in an asset sale.

10) The "Unrealized Value" for Quad/Graphics, Inc. is based on the 1 month average share price at December 31, 2011 plus value attributed to recovery from ongoing litigation with private note holders.

11) The "Total Capital Invested" for Callidus Capital Corporation (ABL) represents the sum of the monthly weighted average outstanding balances for all of the asset based loan facilities. The "Unrealized Value" for Callidus Capital Corporation (ABL) represents the sum of the outstanding balances for all unrealized asset based loan facilities as of December 30, 2011. The aggregate committed capital by Callidus to the underlying debtors is \$245 million and the aggregate maximum outstanding balance for the underlying loans is \$151 million.

12) The "Unrealized Value" for Gateway Casinos & Entertainment Limited is based on a 10.0x multiple applied to 2012E EBITDA.

13) The "Unrealized Value" for YRC Worldwide is based on the market trading price as of December 31, 2011.

14) The "Unrealized Value" for Therapure Biopharma Inc. is based upon a fair valuation of the company's individual assets, which include: (i) present value of the Company's Contract Development and Manufacturing division; (ii) investments in other drug developers; (iii) current product pipeline; and (iv) claim to the company's predecessor entities' tax loss carry forwards.

15) The "Unrealized Value" for Natural Markets Restaurants Corp is based on a 8.5x EBITDA multiple of the adjusted 2012E EBITDA.

16) The "Unrealized Value" for Sonar (formerly RHI) is based on the Plan's Enterprise Value less third party debt.



Cable Satisfaction International / Cabovisao



Transaction Summary

Investment	\$45.4 million
Date of Investment	August 2003 – July 2004
Securities	DIP Loan Public Bonds Senior Secured Debt Trade Claims
Status	Sold
Realized Value	\$218.8 million
Date of Realization	August 2006
Gross IRR	86.8%
Multiple	4.8x

- **Business**

- Canadian parent owned 100% of second largest cable operator in Portugal
- Extraordinarily high quality network
- Significant EU Competition Bureau pressure on Portugal to ensure operator's success

- **Investment Rationale**

- Under-valued and under-utilized network/business
- Value at deep discount due to complex capital structure and intra-stakeholder fighting

- **Value-Added**

- Led Canadian court approved restructuring process
- Froze ability of others to sweep value away from Canadian parent
- Led OPCO operational and cash management improvements

- **Status**

- On August 3, 2006, Cogeco Cable purchased Cabo from Cable Satisfaction International Inc.
- Due to Fund I size, Fund I concentration limits impeded ability to affect financial restructuring; resulted in a 1+ year delay and increased unnecessary cost – notwithstanding, sold for 4.8x multiple (86.8% Gross IRR)



Gateway



Transaction Summary

Investment	\$262.6 million
Date of Initial Investment	May 2009
Securities	Equity Securities
Status	Completed Plan Reorganization and Pending IPO
Realized and Unrealized Value	\$547.3 million
Date of Partial Realization	October 2010
Gross IRR	64.0%
Multiple on Original Cash Invested	2.1x
Multiple on Net Remaining Invested	2.5x

- **Business**

- A casino operator located in Western Canada which is the largest or second largest Canadian operator (depending on the metrics used)
- 12 leased and owned facilities

- **Investment Rationale**

- Senior Secured Debt, substantially over secured, taking into account applicable government subsidy schemes

- **Value-Added**

- Played an active role during the restructure and currently Mr. de Alba is Chairman of the Board, Mr. Glassman is a director and Catalyst has one other nominee on a five person Board of Directors
- Implemented a targeted marketing program and improved entertainment experience
- Acquired Boardwalk Gaming and Entertainment, a community gaming operation, and an additional property in South Surrey, B.C.

- **Status**

- An IPO expected in Q2/2012



Canwest Media Inc.



Transaction Summary

Investment \$48.4 million

Date of Initial Investment October 2009

Securities Senior Subordinated Notes

Status Sold

Realized Value \$66.1 million

Date of Substantial Realization October 2010

Gross IRR 24.7%

Multiple 1.4x

• Business

- Canada's largest media company with three lines of business: newspapers, conventional television and specialty television
- Subject to Canada's foreign ownership rules and certain licensing requirements from the Canadian Radio-Television and Telecommunications Commission (the "CRTC")

• Investment Rationale

- Identified structurally senior (guaranteed) debt that was trading at a discount
- Significant downside protection with upside potential and influence over the restructuring process
- Application of the foreign ownership rules and CRTC rules effectively required Canadian ownership allowing Catalyst to buy at a discount

• Value-Added

- The specialty channels were held under a complicated partnership structure between a Goldman Sachs' affiliate and Canwest that was required to comply with Canada's foreign ownership rules
- Catalyst partnered with the Goldman Sachs' affiliate and the Asper family (the founders of Canwest) and forced Shaw Communications (the stalking horse bidder) to substantially increase its bid for the specialty channels

• Status

- Sold



SONAR

SONAR
ENTERTAINMENT

(Formerly RHI Entertainment Inc.)

Transaction Summary

Investment	\$48.5 million
Date of Investment	May 2010
Securities	Equity and Secured Debt (Revolving, 2 nd Lien Term Debt and 3 rd Lien Term Debt)
Status	Emerged from Bankruptcy Protection on April 1, 2011
Gross IRR	70.0%
Multiple	1.7x

- **Business**

- The world's leading supplier of made for television ("MFT") movies and mini-series
- Develops, produces and distributes MFTs and mini-series in Canada, the United States and other countries

- **Investment Rationale**

- Able to exploit Canada's advantageous film production tax credit system
- A valuable film library and strong and established relationships with TV platforms

- **Value-Added**

- Catalyst took a significant leadership role in the restructuring
- Mr. de Alba became Chairman of the Board
- Replaced senior management
- Initiated cost reduction and operational efficiency strategies
- Strengthened the sales team, increased the sell through rate of the existing library and increased new production

- **Status**

- Catalyst is leading the ongoing build out while considering multiple possible exit strategies



Callidus



Transaction Summary

Capital Invested	\$83.9 million
Date of Initial Investment	December 2006
Securities	Asset Backed Loans
Gross IRR	37.6%
Multiple	2.94x

- **Business**
 - Asset based lender that specializes in innovative and creative funding solutions for borrowers that cannot obtain adequate funding from conventional lenders
 - Typically makes loans in the range of \$5 million to \$20 million – but may make larger credits available
- **Investment Rationale**
 - Catalyst views the asset-based lending business as highly complimentary to its overall distressed investment strategy and as a source of potential proprietary deal flow
 - Returns of approximately 20% annually
 - Provides current cash pay mitigating Catalyst Fund expenses and diminishes early “J curve” effect
- **Value-Added**
 - Mr. Glassman serves as CEO and as head of the Credit Committee (which includes Mr. Riley and Mr. Reese)
 - Added Mr. Reese as COO and additional personnel
 - Implemented a number of processes to ensure tighter controls around movement of money and financial expenses
 - Arranged for a third party loan to provide a degree of leverage to enhance returns
- **Status**
 - Catalyst has evolved Callidus into a more institutional business
 - Catalyst is currently considering ways to monetize Callidus’ loan portfolio as a separate fund and other ways to manage third party funds





Transaction Summary

Investment	\$83.3 million
Date of Investment	April 2010
Securities	Equity, 2 nd Lien Convertible Notes, Senior Secured Term Facilities
Status	Restructuring Completed July 22, 2011
Realized and Unrealized Value	\$115 million
Date of Realization	Q2, 2011 and subsequent
Gross IRR	94.4%
Multiple	1.4x

- **Business**

- The largest less-than-truckload transportation company in North America

- **Investment Rationale**

- Identified a first priority loan that was over-collateralized on a pool of hard assets
- Potential to own the valuable Canadian and regional assets (separate from the holding company)
- Ability to benefit from an economic recovery and improve EBITDA
- Significant downside protection in liquidation and significant upside in a restructuring
- Limited obligation under the revolving debt acquired with an ability to participate significantly in the upside in a restructuring

- **Value-Added**

- Catalyst was an integral part of the restructuring
- Had the ability to analyze and understand the complexity of the capital structure and the complex credit arrangements
- Ability to understand the complexities of the heavily amended credit agreements, the security arrangements and limitations on revolver availability
- Unique understanding of the Canadian business

- **Status**

- Partially realized

Team Biographies

Newton Glassman Managing Partner

Prior to founding Catalyst in 2002, Mr. Glassman was a Managing Director at Cerberus Capital Management LP where he was responsible for, among other things, that firm's involvement in Canadian-based situations. At the time of Mr. Glassman's departure, Cerberus had over \$12 billion under management and was reputed to be the second largest distressed fund manager in the world. Cerberus' involvement in Canada up to the time of his departure included Beatrice Foods Company, Loewen Inc., Livent Corporation of Canada, Inc., Philip Services Corporation, GST Telecommunications, Inc., Pacifica Papers, Inc., Golden Brand Clothing (Canada) Ltd., Spar Aerospace Limited and AT&T Canada Inc. Before leaving Canada for New York, Mr. Glassman was an officer of Sprott Securities Inc., a Canadian investment banking firm, and Executive Vice President and Director of FirstService Corporation ("FirstService") where his responsibilities included participating in: (i) the development and execution of the entity's recapitalization; (ii) the development and execution of a strategic plan for FirstService; (iii) the reorganization of its lawn care and franchise operations; and (iv) taking FirstService public. Prior to joining FirstService, Mr. Glassman was an assistant Vice President at Canadian Corporate Funding Limited ("CCFL") in its Canadian Pension Equity Corporation principal investing subsidiary and was primarily involved in CCFL's troubled situations. In aggregate, Mr. Glassman has over 20 years of experience in distressed and under-valued situations.

Mr. Glassman holds an M.B.A. from the Wharton School of Business at the University of Pennsylvania, an LL.B. (J.D. equivalent) from the Faculty of Law, University of Toronto, as well as a B.A. degree in Economics from the University of Toronto.

Gabriel de Alba Managing Director

Prior to joining Catalyst in 2002, Mr. de Alba worked as a Director at AT&T Corporation reporting directly to the Chief Executive Officer, where he led the team in charge of the viability evaluation and thereafter the execution of the turnaround of AT&T Latin America Corp. He was responsible for, among other things, the development and implementation of strategies to optimize AT&T Latin America Corp.'s performance, improve liquidity, restructure its capital structure and realign the organization. Previously, Mr. de Alba was a Vice President and founding member of Merchant Banking at Bank of America Securities where he focused on distressed, workout, turnaround and leveraged buyout transactions. Prior to joining Bank of America Securities, Mr. de Alba worked in Bankers Trust New York's Merchant Banking Group in New York, NY. In aggregate, Mr. de Alba has nearly 19 years of experience in distressed and under-valued situations.

Mr. de Alba holds an M.B.A. from Columbia Business School, has graduate studies in Information Technology and Computer Science from Harvard University and a double B.S. degree in Economics and Finance from New York University's Stern School of Business. Mr. de Alba is fluent in English, French, German, Spanish and Portuguese.



Team Biographies

James Riley

Managing Director
and COO

Prior to joining Catalyst in 2011, Mr. Riley was a Partner and Co-Chair of the Banking and Finance Law Group at Goodmans LLP where his practice focused on project finance, banking and insolvency and financial intermediary regulation. His most significant recent engagements include lead counsel in connection with the largest Canadian restructuring to date, the CCAA filing and reorganization of Canadian asset backed commercial paper market (a \$34 Billion reorganization). Prior to joining Goodmans LLP, Mr. Riley founded the Toronto office of Ogilvy Renault (now Norton Rose Canada) in 1996 and prior to that was a Partner at Stikeman Elliott LLP. Mr. Riley has nearly 25 years of experience in distressed and under-valued situations including Olympia and York, The Cadillac Fairview Corporation Limited, Dome Petroleum Limited, Curragh Resources Inc., Hollinger, AT&T Canada, Bracknell Corporation, and several other significant restructurings including Aveos Fleet Performance Inc. and Algoma Steel.

Mr. Riley holds an LL.M from Harvard University and an LL.B. (J.D. equivalent) from the Faculty of Law, University of Toronto.



Team Biographies (cont'd)

Mark Horrox
Vice President

Prior to joining Catalyst in 2011, Mr. Horrox worked in the Special Situations Private Equity Fund at Bluecrest Capital Management in London, England. Prior to that, he worked in Credit Suisse - Leveraged Finance Origination in London, England.

Mr. Horrox holds an MBA from the London Business School and a BA (Hons) Finance with Business Law II(i) from the University of Stirling.

Zach Michaud
Vice President

Prior to joining Catalyst in 2007, Mr. Michaud worked in the Restructuring Group at Chanin Capital Partners in Los Angeles, CA.

Mr. Michaud graduated with distinction and received an Honours B.A. degree from the Richard Ivey School of Business, University of Western Ontario. He is a CFA Level III candidate.

Phil Bacal
Associate

Prior to joining Catalyst in 2010, Mr. Bacal worked at Credit Suisse – Investment Banking Division, London, England.

Mr. Bacal graduated with distinction and received an Honours Business Administration degree from The Richard Ivey School of Business, The University of Western Ontario.



Team Biographies (cont'd)

Chester Dawes
Chief Financial Officer

Prior to joining Catalyst in 2009, Mr. Dawes served as Director, Finance and Chief Financial Officer for the Specialty Funds Group at Brookfield Asset Management Inc. He has also held progressively senior positions in Canada, Europe and Asia for Husky Injection Molding Systems Ltd. (“Husky”). Prior to joining Husky, Mr. Dawes had been an auditor with Deloitte & Touche LLP in Toronto, Canada. In aggregate, Mr. Dawes has over fifteen years of experience in financial services and industrial companies focused on operational finance, process improvement and complex transactions.

Mr. Dawes is a Chartered Accountant, Certified Public Accountant, a CFA charter holder and holds a Bachelor of Mathematics degree from the University of Waterloo.

Francis Chan
Senior Financial Analyst

Prior to joining Catalyst in 2009, Mr. Chan served as Senior Accountant at VenGrowth Asset Management Inc. He has also held progressively senior positions at RBC Dexia Fund Administration group. In aggregate, Mr. Chan has over eight years of experience in financial services with focused on operational finance, process improvement.

Mr. Chan is a Certified Management Accountant and holds a Bachelor of Commerce degree from the University of Ottawa.

Kim Lennert
Office Manager

Prior to joining Catalyst on contract in 2009 and permanently in 2010, Ms. Lennert served as an Investment Administration Manager at Hospitals of Ontario Pension Plan. In aggregate, Ms. Lennert has over thirty years of experience in office administration and human resources.

David Reese
Chief Operating Officer, Callidus Capital Corporation (ABL)

Prior to joining Callidus in June 2011, Mr. Reese spent nearly 30 years developing a strong operational and credit background by working and building business groups focused on asset-based lending, leveraged buyouts, and structured credit products. Over his career, he has been involved in arranging senior debt, mezzanine debt and equity in both the public and private markets spanning a broad range of industries. He has worked in both corporate and investment banking with Bankers Trust, Citibank, CIBC Wood Gundy, TD Securities, National Bank Financial and Securitus Capital, a structured credit boutique that he co-founded.

Mr. Reese holds a Masters in Business Administration from the Richard Ivey School of Business, University of Western Ontario and a Bachelor of Arts (Biology) from Queen’s University.



Expected Fund IV Terms

- **Target Fund Size:** \$500 - \$750 million
- **Targeted Return:** 20 - 25% per annum compound gross returns
- **Management Fee:** 1.75% per annum on all capital
- **Advisory/Board of Directors/
Break-Up Fees:** 100% to the Fund
- **Carried Interest:** 20%
- **Preferred Return:** 8% per annum
- **Waterfall:** Full return of capital plus Preferred Return to LPs before any sharing by the General Partner
- **GP Commitment:** Minimum of lesser of \$15 million and 2% of Commitments
- **Key Man Provision:** Yes
- **LP Co-investment:** Yes
- **Capacity Right:** Yes
- **Most Favored Nations:** Available to all LPs

