



Peregrine Financial Group
Presentation to Customers and
Creditors

September 10, 2012

This Presentation to Customers and Creditors, which will be available at www.pfgchapter7.com, is based on the information available to the Trustee at this time, but this information may be incomplete and should not be relied upon. Statements and schedules that were filed on September 6, 2012 which may be discussed were prepared by the debtor and not by the Trustee. This presentation was prepared for purposes of presenting the former Peregrine customers and other creditors with a status of the Peregrine liquidation proceeding as of the date of the presentation and is not meant to be relied upon by investors or others as a complete description of the Peregrine Estate condition (financial or otherwise), prospects, assets, or liabilities. The information in this presentation may be updated, including any corrections, in connection with future presentations to the Court, customers and creditors. The information in this presentation is not prepared in accordance with U.S. generally accepted accounting principles. The realized value of certain assets may be zero or different from the estimates on which this presentation is based. Selected balances and information presented herein have not and will not be subject to audit or review by external accountants. The Trustee reserves all rights to revise this presentation.

Contents

- Trustee's Role
- Administrative Activity
- Trustee's Investigation
- Estate Claims and Assets
 - Commodity Customer Property Segregated Pursuant to Section 4d of the Commodity Exchange Act
 - Commodity Customer Property Secured Pursuant to 17 C.F.R. Section 30.7
 - Forex and Spot Metals Account Balances
 - Other Potential Estate Assets and Sources of Recovery
- Communication Efforts
- Conclusion

TRUSTEE'S ROLE

Trustee's Role

- The Trustee oversees the administration of this case pursuant to the provisions of the Bankruptcy Code, in particular the special Bankruptcy Code Provisions Applicable to Commodity Broker Liquidations and the CFR Part 190 Rules
- The Trustee is a fiduciary for the estate and all of its constituents which include:
 1. Commodity customers with property segregated in U.S. depositories pursuant to Section 4d of the Commodity Exchange Act;
 2. Commodity customers with property secured in foreign depositories pursuant to 17 C.F.R. Section 30.7;
 3. Customers with foreign exchange trading accounts (“Forex”);
 4. Customers with precious metal accounts; and
 5. General estate creditors.

Trustee's Role

- This is a liquidation proceeding, not a reorganization proceeding
- The Trustee's primary duties are to:
 - Marshal assets and recover all property of the estate including customer property;
 - Return property to the appropriate classes of customers and creditors;
 - Determine all claims including customer claims pursuant to the Bankruptcy Code and CFTC Part 190 rules;
 - Liquidate the remaining assets of Peregrine; and
 - Investigate Peregrine's demise and potential causes of action.

ADMINISTRATIVE ACTIVITY

Administrative Activity

- Real Estate
 - The Trustee has rejected or assigned leases for Peregrine office space in New York; Chicago; Encino, CA; Irvine, CA; Camarillo, CA; Altamonte Springs, FL; Northbrook, IL; Secaucus NJ; Shanghai, China; and Australia, and has secured these premises and made arrangements for the preservation of documents and important data systems.
- Staffing
 - The Trustee has terminated approximately 200 Peregrine employees.
 - The Trustee has retained expert consultants and forensic accountants from PricewaterhouseCoopers to assist in the liquidation and investigation process.
 - The Trustee has retained Rust/Omni to assist in noticing and claims processing.

Administrative Activity

- Staffing (cont'd)
 - The Trustee has also retained a staff of former Peregrine employees on a temporary basis to assist in the liquidation process.
 - Staff will continue to be reduced as progress is made in the liquidation.
 - The Trustee has retained Osler Hoskin & Harcourt LLP as Canadian counsel and Foley & Lardner LLP as Commodities counsel, as well as his principal counsel Shaw Gussis Fishman Glantz Wolfson & Towbin LLC.

TRUSTEE'S INVESTIGATION

Trustee's Investigation

- Overview

- The Trustee and his professionals are beginning to investigate the extent of and reasons for the shortfall to identify possible causes of action
- At this time, the Trustee does not know with certainty the extent of the potential cash shortfalls, but the best estimate is that the figure could be \$190 million or more
- The full amount of any shortfall will not be known with certainty until the investigation of the accounts and the claims process is complete, but the probable size of the shortfall is significant and will substantially impact the distribution to former Peregrine customers and creditors

Trustee's Investigation

- Cooperation with Other Investigators
 - The Trustee's investigation is focused on returning and recovering assets for customers and creditors, but is coordinated with investigations being conducted by the Department of Justice, the Commodity Futures Trading Commission (CFTC), the Federal Bureau of Investigation (FBI) and others

ESTATE CLAIMS AND ASSETS

Commodity Customer Property Segregated Pursuant to Section 4d of the Commodity Exchange Act

Estimated Funds Available for 4d Claims ⁽¹⁾ (\$ millions)

Current Estimates of total 4d Claims	\$ 381.59
Summary of Estimated Assets Available and Requested Distribution	
Cash confirmed at financial institutions ^{(2) (3)}	\$ 150.90
Other Cash, Specifically Identified Property and Treasury Securities ⁽⁴⁾	<u>11.72</u>
Total Estimated Assets Available	\$ 162.62
Preliminary Distribution Requested	\$ (111.75)
Estimated Assets Available for Future Distribution	\$ 50.87
Percentage of Total Assets in Preliminary Distribution	69%
Percentage of Property Remaining After Preliminary Distribution	31%

(1) The information contained in this exhibit is based upon information available at this time. All amounts are unaudited and subject to revision

(2) Cash balances in foreign currencies have been converted to USD using 7.31.12 rates

(3) Cash movements and related allocation between 30.7 and 4d account types need to be confirmed

(4) Approximately \$5 million may be subject to third party guarantees and unavailable to 4d customers

Commodity Customer Property Secured Pursuant to 17 C.F.R. Section 30.7

Estimated Funds Available for 30.7 Claims ⁽¹⁾
(\$ millions)

Current Estimates of total 30.7 Claims	\$ 28.31
Summary of Estimated Assets Available and Requested Distribution	
Cash confirmed at financial institutions ^{(2) (3)}	\$ 30.57
Other Cash	<u>0.69</u>
Total Estimated Assets Available	\$ 31.25
 Preliminary Distribution Requested	 \$ (11.25)
Estimated Assets Available for Future Distribution	\$ 20.00
Percentage of Total Assets in Preliminary Distribution	36%
Percentage of Property Remaining After Preliminary Distribution	64%

(1) *The information contained in this exhibit is based upon information available at this time. All amounts are unaudited and subject to revision*
 (2) *Cash balances in foreign currencies have been converted to USD using 7.31.12 rates*
 (3) *Cash movements and related allocation between 30.7 and 4d account types need to be confirmed*

- While there are more assets than claims in the 30.7 secured accounts, the preliminary distribution request was limited pending an analysis of cash movements from the 4d accounts to the 30.7 accounts

Forex and Spot Metals Account Balances

Total Forex and Spot Metals Customer Account Balances ⁽¹⁾

(millions)

Summary of Forex Customer Account Balances in USD

Forex USD	USD 36.73
Spot Metals Acct USD	USD 1.75

Summary of Forex Customer Account Balances in Foreign Currencies

Forex AUD	AUD 0.04
Forex CHF	CHF 0.01
Forex EUR	EUR 1.48
Forex GBP	GBP 0.12
Forex JPY	JPY 0.03
Forex XAG	XAG 0.01
Forex XAU	XAU 0.00

Summary of Estimated Cash Available ⁽²⁾

Cash confirmed at financial institutions	USD 44.58
--	-----------

[1] The information contained in this exhibit is based upon information available at this time. All amounts are unaudited and subject to revision

[2] While cash related to forex and spot metals contracts were kept in separate accounts, forex and spot metals customers should not draw conclusions on potential recoveries due to specific legal issues which need to be resolved

Other Potential Estate Assets and Sources of Recovery

- Over \$20 million in Cash
- Recoveries related to avoidance and other potential actions
- Sale of the IT trading platform and other intellectual property
- Miscellaneous additional recoveries (e.g. receivables and other physical assets)

COMMUNICATION EFFORTS

Communication Efforts

- Website (www.pfgchapter7.com)
- Call Center (1-877-465-1849)
- Congressional Testimony

CONCLUSION

Conclusion

- The Trustee's primary goals are to:
 - Marshal assets and recover all property of the estate including customer property;
 - Return property to the appropriate classes of customers and creditors;
 - Determine all claims including customer claims pursuant to the Bankruptcy Code and CFTC Part 190 rules;
 - Liquidate the remaining assets of Peregrine; and
 - Investigate Peregrine's demise and potential causes of action.