IPAA Private Capital Conference
Houston, Texas
January 29, 2015

Executive Summary

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2. How can we help?
3. Market commentary

Who is EIC?

EIC Overview

Domain expertise

Efficient execution

Relationship focus

Product breadth

- EIC, an affiliate of Harbinger Group Inc. (NYSE: HRG), is an investment manager that was established in March 2014 to lend to the global energy and infrastructure sectors
- The platform focuses on three lending verticals: Oil & Gas, Power and Infrastructure
- EIC presently has ten full-time employees and is headquartered in Stamford, CT with an office in Houston, TX
- The team has cumulative industry experience of over 50 years, and prior to forming EIC, have been collectively involved with the investment of more than $35 billion
- Products may include first lien term loans (Opco/Holdco), unitranche, second lien loans, institutional debt and private placements
- Transaction types may include growth & development capital, general refinancing, acquisitions, leveraged buyouts, recapitalizations and project finance
- As of December 31, 2014, EIC has invested approximately $100 million

ENERGY & INFRASTRUCTURE CAPITAL

Corporate Profile

HRG is a diversified NY-based holding company seeking to acquire and grow attractive businesses that generate sustainable free cash flow.

Harbinger Group Inc.

- Market Cap(1): ~$2.7Bn
- Revenues(1): $6.0Bn
- EBITDA(1): $0.9Bn

Insurance — Fidelity & Guaranty Life™; front street re

Consumer Products — Spectrum Brands

Asset Management — CorAmerica; Five Island; Energy & Infrastructure Capital; Salus Capital Partners

Energy — Compass

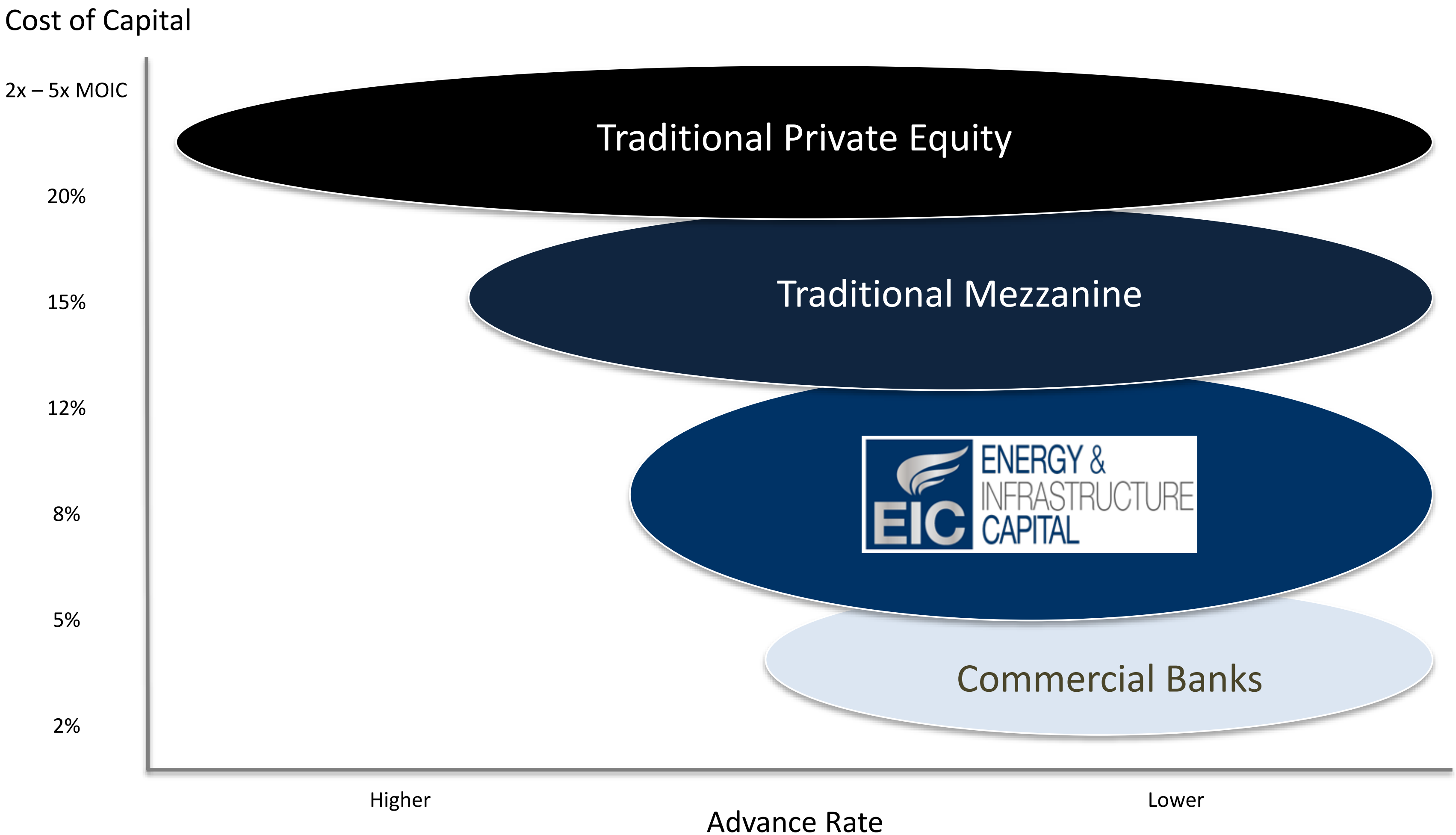
Minority Investments and Other

Energy		Infrastructure
Upstream Oil & Gas	Thermal Power	Water
Midstream	Renewables	Telecom
Gas & Electric T&D	Distributed Generation	Transport

(1) Standard & Poor's Capital IQ, January 15, 2015

How can we help?

EIC Within the Spectrum of Capital Options



Investment Approach (1 of 2)

- **Looking to be a partner**
  - Relationship oriented approach; seeking follow-on opportunities and have ability to alter pricing/structure as risk profile changes
  - No specific hurdle rate or fund life issues at this time; currently investing on balance sheet of affiliated insurance company

- **Will structure around the business plan**
  - First lien or second lien, construction / delayed-draw, fixed or floating rate
  - Use of proceeds includes growth & development capital, general refinancing, acquisitions, leveraged buyouts and recapitalizations

- **Know how to play nice in the sandbox**
  - Can act as sole lender, club up with other like-minded investors or participate in larger syndicates
  - Deep knowledge of RBL bank market and experience working with commercial banks
  - Preferred investment size is $20-50 million but willing to start smaller under the right circumstances

Investment Approach (2 of 2)

- **Likes**
  - Base of production and operating cash flow with some level of hedging
  - Development drilling
  - Management with relevant experience and “skin in the game”
  - Tangible and measurable collateral

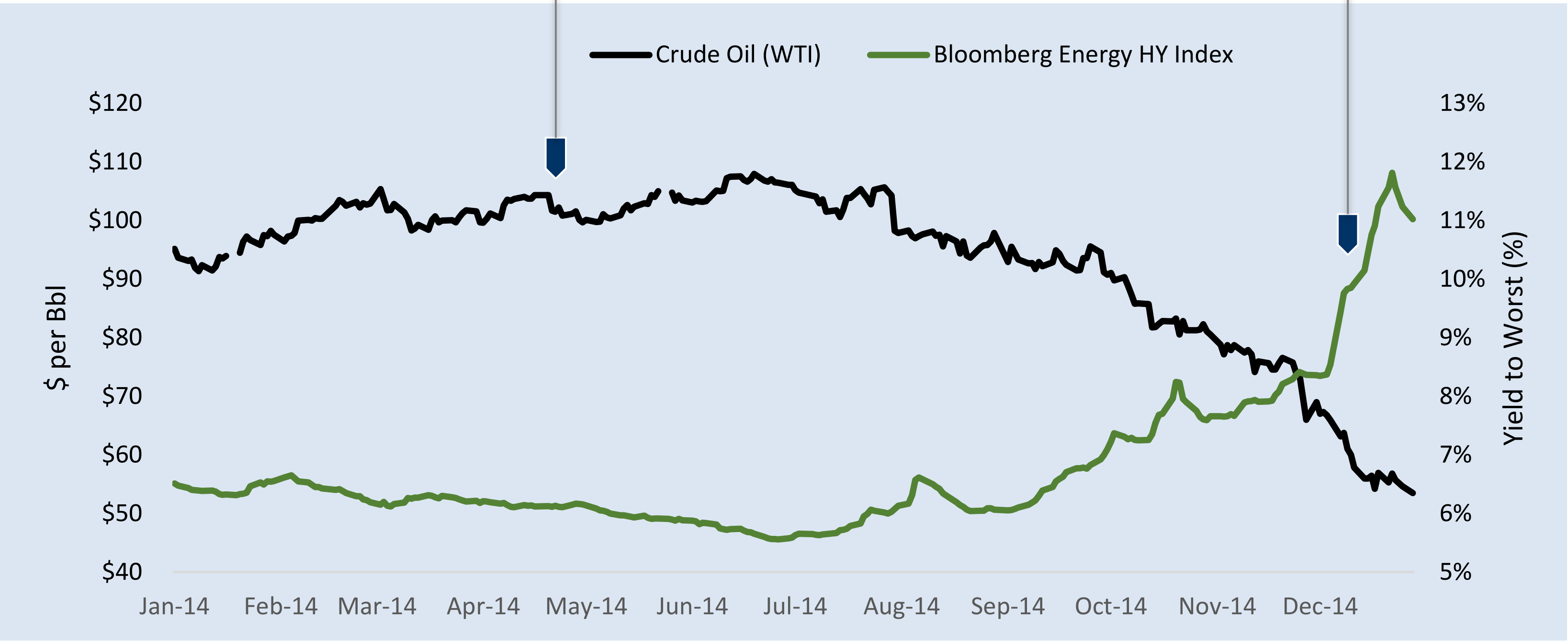
- **Dislikes**
  - Technology risk
  - Permitting risk
  - Exploration
  - Venture capital

Market commentary

Recent Past

April 30, 2014
Bloomberg: *Shale Drillers Feast on Junk Debt to Stay on Treadmill*

December 2, 2014
Bloomberg: *Bonds Backing Shale Boom Facing $11.6 Billion Loss*



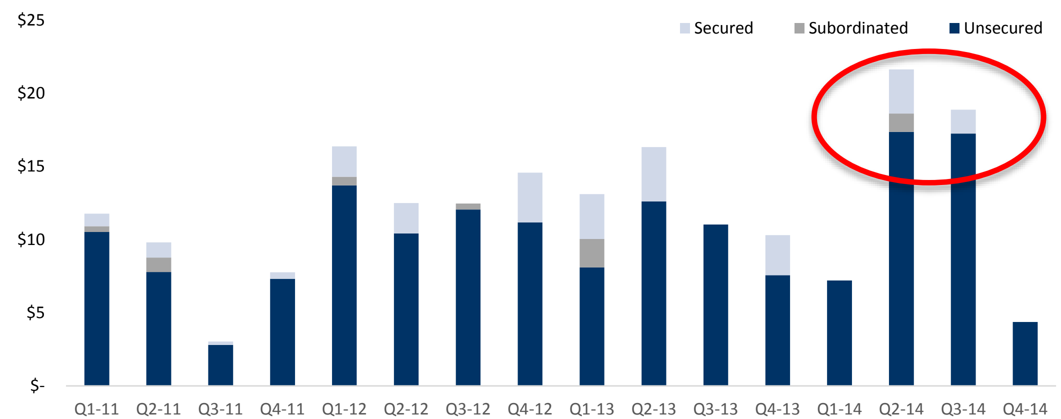
Source: Bloomberg

Energy New Issue Volume

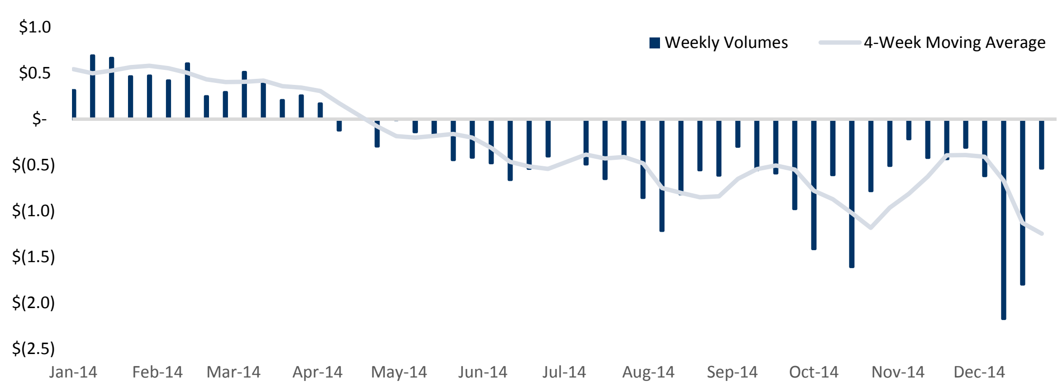
Key Points

- New issue of high yield and second lien term loans remained robust in 2014
- Yields continued to stay at historic lows coupled with weakening structure
- New issue volume dropped off materially in the fourth quarter as crude continued to soften
- Investors have trimmed their allocation to oil & gas and/or re-allocated into non-E&P sub-sectors
- Approximately one third of all energy HY is considered to be distressed[(1)]

Energy High Yield New Issue Volume (in billions)



High Yield Weekly Fund Flows (in billions)



Source: Standard & Poor's LCD

(1) Standard & Poor's LCD, "Fridson: Energy returned 5.77% in late December", January 6, 2015

Activity in 2015?

- **Demand for capital in 2015**
  - A&D will likely be driven by motivated sellers
  - Some demand for development capital for companies with tight liquidity
  - Refinancing / recap activity should be active
- **Bank price decks dropping & HY/TLB on hold**
  - Spring redetermination is fast approaching although some problem loans may not hit until the Fall (i.e. kick the can down the road)
  - Capital markets are largely on hold until secondary settles down
- **Sources of liquidity**
  - Non-bank private capital will fill the void; lots of capital on the sidelines although not all of it is friendly
  - Newer investors with dry powder will step in along with existing investors that are willing to “double-down” despite being distracted with portfolio issues

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