

DentaQuest[®] 


Centerbridge

Oregon Division of Financial Regulation Hearing Presentation

December 6, 2019

Centerbridge Overview

Centerbridge Partners Overview

- The Centerbridge group (“Centerbridge”) is a private investment firm with approximately \$27 billion¹ in capital under management. Most of Centerbridge’s senior investment professionals focus on industry verticals, including, among others, Financial Services and Healthcare
- Centerbridge benefits from a successful investment track record, a long-tenured and stable investing team and a reputation as a preferred partner to management teams and strategics
- Centerbridge has extensive experience in investing in insurance enterprises, including the acquisitions of Lloyd’s insurer Canopus AG and Superior Vision Corp. and Davis Vision, Inc. (now, collectively, Versant Health, Inc.), a leading independent vision managed care company in the United States

Select Healthcare Investments

 Represents current portfolio companies

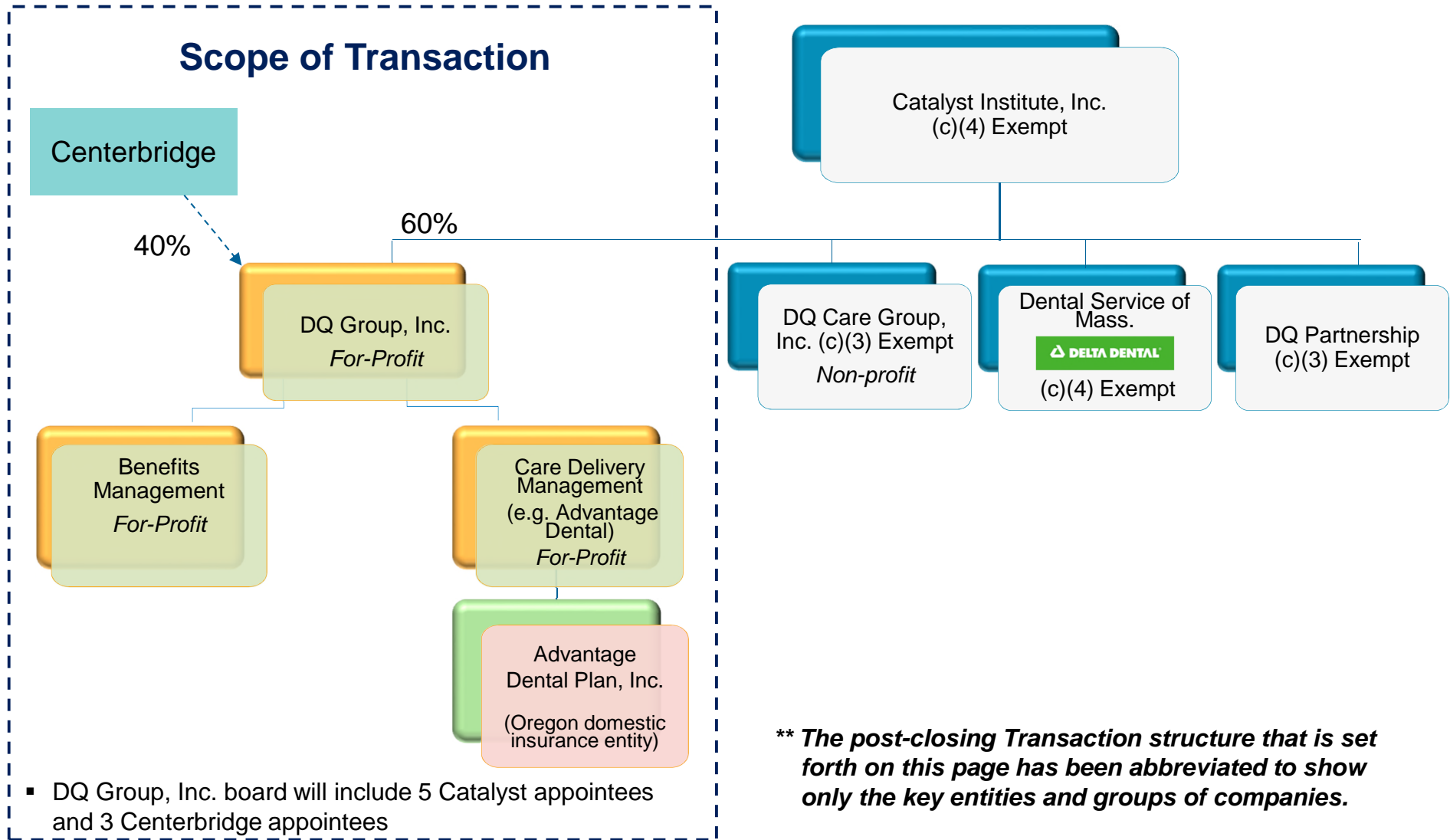
Select Financial Services Investments

Select Other Investments

Proposed Transaction

- DentaQuest Group, Inc. (“DentaQuest”, “DQG”, or the “Company”) is pursuing a recapitalization transaction (the “Transaction”) in which certain Centerbridge entities would acquire a 40% equity interest in the Company pursuant to a Stock Purchase Agreement entered into by the parties on June 18, 2019 (the “SPA”).
 - DentaQuest’s parent company, Catalyst Institute, Inc. (“Catalyst”), a 501(c)(4) non-profit philanthropic holding company with a mission to improve oral health for all, will retain a 60% equity interest in the Company.
- Advantage Dental Plan, Inc. (“ADP”) is an Oregon domestic health care service contractor. All of the issued and outstanding shares of voting stock of ADP are currently indirectly owned by DQG. In turn, all of the issued and outstanding shares of common stock of DQG are currently directly owned by Catalyst.
- Pursuant to the SPA, CP Monarch, L.P. (which is one of the Centerbridge entities) will acquire from Catalyst 40% of the issued and outstanding shares of DQG. Thus, upon completion of the transaction, CP Monarch, L.P. will indirectly acquire a 40% voting interest in ADP.
- In addition, at the Closing, CP Monarch, L.P., Catalyst and DQG will enter into a Stockholders Agreement with respect to DQG pursuant to which CP Monarch, L.P. will be provided the right to designate three (3) individuals to serve on DQG’s eight-member Board of Directors for so long as CP Monarch, L.P. and its affiliates continue to hold more than one-half of the voting shares of DQG acquired pursuant to the SPA.

Transaction Scope Overview**



- DQ Group, Inc. board will include 5 Catalyst appointees and 3 Centerbridge appointees

**** The post-closing Transaction structure that is set forth on this page has been abbreviated to show only the key entities and groups of companies.**

Transaction Timeline

- The SPA was entered into on June 18, 2019 and the Transaction is expected to close by year end following receipt of all required regulatory approvals.
- In addition to the Form A filed with the Department, Centerbridge has made Form A (or equivalent) filings in CA, FL, NJ, OH and TX. Review of these filings is ongoing.
- The SPA provides a mechanism pursuant to which, if all regulatory approvals other than the Department's approval of this Form A have been received, ADP's current controlling persons would transfer the shares of ADP from its current direct parent to Catalyst (the "ADP Transfer"). This would permit the parties to close the rest of the transaction (the "Closing") while the Department's review of the Form A is pending.
 - The parties submitted a Form A exemption request for the ADP Transfer to the Department on July 10, 2019, which was approved by the Department on November 8, 2019.
 - If the ADP Transfer is consummated, upon receipt of approval by the Department of this Form A, following the Closing, the shares of ADP shall be repurchased by ADP's current direct parent from Catalyst (the "Repurchase").
 - Following the Repurchase, the Centerbridge entities would indirectly own a 40% equity interest in ADP.

Benefits of Transaction

- The Applicants are pursuing the Transaction because they believe DQG is well-positioned for continued growth, and they plan to work with the current management team of DQG to continue to pursue its existing business plan in DQG's next phase of growth and development.
- As previously noted, Centerbridge's experience in investing in insurance enterprises and its track record of partnering with its portfolio companies expects to help DQG accelerate its growth and development.
- As a minority investor, Centerbridge does not currently plan on making any material changes to the operations of ADP.
- Transaction will not have any competitive impact in any state (including Oregon), since Centerbridge does not currently own any insurers that write dental business.