

Capitol Acquisition Corp  
Form 425  
September 21, 2009

Two Harbors  
Investment Corp.  
Investor Presentation  
Capitol Acquisition  
Corp.

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Safe Harbor Statement

THIS PRESENTATION IS BEING PRESENTED BY CAPITOL ACQUISITION CORP. ( CAPITOL OR CLA ), PINE HARBORS INVESTMENT CORP. ( TWO HARBORS ).

NEITHER CAPITOL, TWO HARBORS NOR ANY OF ITS RESPECTIVE AFFILIATES MAKES ANY REPRESENTATION AS TO THE COMPLETENESS OF THE INFORMATION CONTAINED IN THIS PRESENTATION. THE SOLE PURPOSE OF THIS PRESENTATION IS TO DISCUSS WHETHER THEY WISH TO PROCEED WITH A FURTHER REVIEW OF THE PROPOSED TRANSACTION DISCUSSED HEREIN, OR TO CONTAIN ALL THE INFORMATION THAT A PERSON MAY DESIRE IN CONSIDERING THE PROPOSED TRANSACTION, BUT NOT TO FORM THE BASIS OF ANY INVESTMENT DECISION OR ANY OTHER DECISION IN RESPECT OF THE PROPOSED TRANSACTION. CAPITOL HAS FILED A PROXY STATEMENT WITH THE SECURITIES AND EXCHANGE COMMISSION ( SEC ) AND TWO HARBORS HAS FILED A STATEMENT WITH THE SEC, IN EACH CASE THAT CONTAINS A PRELIMINARY PROXY STATEMENT/PROSPECTUS IN CONNECTION WITH THE PROPOSED TRANSACTION. STOCKHOLDERS AND WARRANT HOLDERS OF CAPITOL AND OTHER INTERESTED PERSONS SHOULD REFER TO THE PROXY STATEMENT/PROSPECTUS IN CONNECTION WITH CAPITOL 'S SOLICITATION OF PROXIES FOR THE SPECIAL MEETING OF STOCKHOLDERS FOR INFORMATION, INCLUDING A DESCRIPTION OF THE SECURITY HOLDINGS OF THE CAPITOL OFFICERS AND

SUCCESSFUL CONSUMMATION OF THE PROPOSED TRANSACTION. THE DEFINITIVE PROXY STATEMENT/PROSPECTUS AND WARRANT HOLDERS, AS THE CASE MAY BE, AS OF A RECORD DATE TO BE ESTABLISHED FOR VOTING. WARRANT HOLDERS WILL ALSO BE ABLE TO OBTAIN A COPY OF THE DEFINITIVE PROXY STATEMENT/PROSPECTUS FROM: CAPITOL ACQUISITION CORP., 509 7TH STREET, N.W., WASHINGTON, D.C. 20004. FREE COPIES OF THESE STATEMENTS WILL BE AVAILABLE WITHOUT CHARGE, AT THE SEC'S INTERNET SITE ([HTTP://WWW.SEC.GOV](http://www.sec.gov)).

CAPITOL, TWO HARBORS, TWO HARBORS' EXTERNAL MANAGER AND THEIR RESPECTIVE DIRECTORS, EXECUTIVES AND OFFICERS WILL BE DEEMED TO BE PARTICIPANTS IN THE SOLICITATION OF PROXIES FOR THE SPECIAL MEETINGS OF CAPITOL TO BE HELD TO APPROVE THE PROPOSED TRANSACTION. AS PART OF THE PROPOSED TRANSACTION, AN AGREEMENT FOR CERTAIN SERVICES TO TWO HARBORS' EXTERNAL MANAGER PURSUANT TO WHICH SUCH ENTITY WILL BE RECEIVING A PERCENTAGE OF THE MANAGEMENT FEES TO BE PAID BY TWO HARBORS. ADDITIONALLY, THE UNDERWRITERS OF THE 2007 MAY ASSIST CAPITOL IN THESE SOLICITATION EFFORTS. THE UNDERWRITERS ARE ENTITLED TO RECEIVE THE RIGHT TO PARTICIPATE IN FUTURE SECURITIES OFFERINGS BY TWO HARBORS UPON COMPLETION OF THE TRANSACTION. IF THE TRANSACTION IS CONSUMMATED, THE UNDERWRITERS WILL NOT RECEIVE ANY OF THEIR DEFERRED UNDERWRITING COMMISSIONS. THE INTERESTS OF POTENTIAL PARTICIPANTS IS INCLUDED IN THE PROXY STATEMENT/PROSPECTUS AND IS AVAILABLE TO TWO HARBORS WITH THE SEC.

THIS PRESENTATION SHALL NOT CONSTITUTE A SOLICITATION OF A PROXY, CONSENT OR AUTHORIZATION TO ENTER INTO THE PROPOSED TRANSACTION.

THIS PRESENTATION SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO SELL OF SECURITIES IN ANY JURISDICTIONS IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL UNDER THE SECURITIES LAWS OF ANY SUCH JURISDICTION. NO OFFERING OF SECURITIES SHALL BE MADE EXCEPT IN ACCORDANCE WITH THE REQUIREMENTS OF SECTION 10 OF THE SECURITIES ACT OF 1933, AS AMENDED.

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Forward Looking Statements

THIS PRESENTATION CONTAINS FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF THE SAFE HARBOR PROVISIONS OF THE SECURITIES LITIGATION REFORM ACT OF 1995. FORWARD-LOOKING STATEMENTS INVOLVE NUMEROUS RISKS AND UNCERTAINTIES THAT MAY CAUSE THEM TO DIFFER FROM ITS EXPECTATIONS, ESTIMATES, AND PROJECTIONS AND, CONSEQUENTLY, YOU SHOULD NOT RELY ON THESE STATEMENTS AS PREDICTIONS OF FUTURE EVENTS. FORWARD-LOOKING STATEMENTS ARE NOT HISTORICAL IN NATURE AND ARE BASED ON CURRENT ANTICIPATE, ESTIMATE, WILL, SHOULD, EXPECT, BELIEVE, INTEND, SEEK, PLAN, AND OTHER FORWARD-LOOKING REFERENCES TO STRATEGY, PLANS, OR INTENTIONS.

STATEMENTS REGARDING THE FOLLOWING SUBJECTS, AMONG OTHERS, ARE FORWARD-LOOKING BY THEIR NATURE: (I) REGARDING THE PROPOSED TERMS AND STRUCTURE OF THE PROPOSED TRANSACTION, THE TERMS OF TWO HARBORS' SEPARATE FINANCING TRANSACTIONS AND THE PROPOSED TERMS AND STRUCTURE OF TWO HARBORS' MANAGEMENT AND OPERATIONS; (II) REGARDING THE ESTIMATED BOOK VALUE OF TWO HARBORS UPON CLOSING OF THE PROPOSED TRANSACTION; (III) REGARDING THE PROPOSED INVESTMENT STRATEGIES AND INVESTMENT GOALS, TARGETED INVESTMENTS AND THE OPPORTUNITIES AVAILABLE; AND (IV) REGARDING EXPECTED MARKET TRENDS, INCLUDING THE ROLE PRIVATE CAPITAL IS EXPECTED TO PLAY IN FINANCING THE PROPOSED TRANSACTION.

INCREASED SUPPORT AND INVOLVEMENT OF THE U.S. GOVERNMENT MAY OFFER POTENTIAL FOR ATTRACTING INVESTORS, IMPROVING INVESTMENT RETURNS, THAT AGENCY RMBS ARE LIKELY TO REMAIN AT LOW PRICES TO LIBERALIZE THE SPEEDS OF CERTAIN ASSETS (INCLUDING THAT SOME PREPAYMENTS ARE LIKELY TO REMAIN SLOWER THAN EXPECTED); (V) REGARDING TWO HARBORS' FINANCING STRATEGY AND USE OF GOVERNMENT PROGRAMS; (VI) REGARDING TWO HARBORS' ATTRACTIVE ROE; (VII) REGARDING TWO HARBORS' ABILITY TO QUICKLY DEPLOY ITS CAPITAL AND THE HARBORS WILL INVEST ITS CAPITAL; (VIII) REGARDING TWO HARBORS' FINANCING STRATEGY AND USE OF GOVERNMENT PROGRAMS; (IX) REGARDING THE EXPECTED TIMING OF THE EXERCISE OF THE WARRANTS AS A POTENTIAL SOURCE OF CAPITAL GROWTH, INCLUDING THE BOOK VALUE OF TWO HARBORS' WARRANTS BY TWO HARBORS UPON EXERCISE OF THE WARRANTS.

THESE FORWARD-LOOKING STATEMENTS ARE SUBJECT TO RISKS AND UNCERTAINTIES. TWO HARBORS' FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS, OR OTHERWISE, MAY AFFECT ACTUAL RESULTS INCLUDE: UNCERTAINTIES AS TO THE TIMING OF THE PROPOSED TRANSACTION; THE SATISFACTION OF CLOSING CONDITIONS TO THE PROPOSED TRANSACTION; CHANGES IN ECONOMIC CONDITIONS GENERALLY, CHANGES IN TWO HARBORS' FINANCE AND THE REAL ESTATE MARKETS SPECIFICALLY; LEGISLATIVE AND REGULATORY CHANGES; A HARBORS ON FAVORABLE TERMS, OR AT ALL; AVAILABILITY OF SUITABLE INVESTMENT OPPORTUNITIES AND STRATEGIES; EXPECTATIONS REGARDING THE TIMING OF GENERATING REVENUES; THE DEGREE AND HARBORS' DEPENDENCE ON ITS MANAGER AND INABILITY TO FIND A SUITABLE REPLACEMENT IN A TIMELY MANNER IF THE MANAGER WERE TO TERMINATE THE MANAGEMENT AGREEMENT; CHANGES IN THE RELATIONSHIPS AMONG TWO HARBORS AND PINE RIVER, INCLUDING THE HARBORS' BUSINESS BY ITS EXEMPTIONS UNDER THE 1940 ACT; CHANGES IN INTEREST RATES AND INTEREST RATE SENSITIVITY; LIQUIDITY OF BORROWERS; INFLATION; CHANGES IN GAAP; CHANGES IN PERSONNEL AND LACK OF AVAILABLE POLICIES AND RULES APPLICABLE TO REITS; AND OTHER FACTORS NOT PRESENTLY IDENTIFIED.

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Proven Manager  
with Strong Track  
Record

Capitol Acquisition (NYSE Amex: CLA) to merge with a subsidiary of Two Harbors Investment Corp., a newly created mortgage REIT to capitalize on severe dislocation in the residential mortgage backed securities (RMBS) market.

At current CLA price, an investor creates a share in Two Harbors at 1.04x initial Book Value

vs.  
1.28x  
trading  
average  
for  
non-Agency  
public  
peers.

(1)  
Externally managed by PRCM Advisers, an affiliate of Pine River,  
a global  
fixed-income focused asset manager.

Since February 2008 inception, Pine River's RMBS strategy has returned  
145.3% life to date net of fees and 76.3% annualized net of fees

(2)  
with no  
negative months.

Team and infrastructure in place to rapidly invest proceeds and manage  
future growth.

Attractive 1.5% management fee structure with no additional performance  
fees.

Opportunity

Transaction Highlights

(1)  
Assumes  
no  
shareholder  
conversions  
or  
other  
purchases  
by  
Capitol  
of  
public  
shares.

The  
impact  
of  
this  
benefit  
is  
reduced  
in  
the  
case  
of  
maximum  
shareholder  
conversions



and  
/or  
other  
purchases  
of  
public  
shares.

Please  
see  
slide  
25  
entitled

Comparables:  
Non-Agency  
and  
Agency  
REITS  
for  
more  
information.

(2)

For more information with respect to the performance of Pine River's RMBS strategy including key assumptions used in deriv

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With no legacy assets, Two Harbors is positioned to invest 100% of Capitol's trust fund proceeds into RMBS with potential for attractive risk adjusted returns and Return on Equity (ROE).

Cross-product approach targeting all sub-sets of the RMBS market enables Two Harbors to best capture inefficiencies.

Potential to benefit from government programs such as Home Affordable Modification

Program  
(HAMP)

and

TALF

II

if

expanded

to

RMBS.

Compelling

Targeted Returns

Transaction Highlights

(1)

Term Asset-Backed Securities Loan Facility (TALF).

(2)

As of September 17, 2009 closing price.

Capitol's public shareholders to own 100% of Two Harbors post completion.

Expected market capitalization of \$258 million based on 26.25 million common

shares

and

current

stock

price

of

\$9.84

(2)

(reduced

by

the

amounts converted by stockholders exercising their conversion rights

and the amounts that may be used to enter into forward or other

contracts to purchase shares of Capitol).

Warrants struck at \$11.00 provide accretive growth capital.

Pro Forma

Ownership

6  
Experienced, Cohesive Team:  
Six partners together for average of 15 years.

Average 19 years hedge fund  
experience.  
57 employees, 20 investment professionals.  
No senior management turnover.  
Historically low attrition.  
Overview of Pine River Capital Management  
Founded June 2002 with offices in New York, London, Hong Kong, San Francisco and Minnesota.  
Over \$1.1 billion assets under management  
(1)

Experienced manager of non-Agency, Agency and other mortgage related assets.

Pine River has never suspended or withheld cash from investors.

Established Infrastructure:

Strong corporate governance.

Registrations: SEC/NFA (U.S.), FSA (U.K.),

SFC (Hong Kong), SEBI (India) and TSEC

(Taiwan).

Proprietary technology.

Global footprint.

Minnetonka,

MN

London

Hong

Kong

San

Francisco

New

York

Global multi-strategy asset management firm providing comprehensive portfolio management, transparency and liquidity to institutional and high net worth investors.

(1)

Estimate as of September 1, 2009.

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The Two Harbors Team

Board consists of seven directors, majority independent, including:

Chairman, Brian Taylor, CEO and Founder, Pine River;

Vice-Chairman, Mark Ein, CEO and Founder, Capitol;

Tom Siering, Partner, Pine River, and CEO Two Harbors;

Steve Kasnet, Independent;

Bill Johnson, Independent;

Reid Sanders, Independent; and

Independent Director to be Nominated by Capitol.

Tom Siering, CEO.

Jeff Stolt, CFO.

Steve Kuhn, Co-Chief Investment Officer.

Bill Roth, Co-Chief Investment Officer.

Tim O'Brien, General Counsel.

Andrew Garcia, VP Business Development.

Management Team

Board of Directors

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Pine River s RMBS Strategy Historical Returns

Jan-08

Feb-08

Mar-08

Apr-08

May-08

Jun-08

Jul-08

Aug-08

Sep-08

Oct-08

Nov-08

Dec-08



Net Monthly Return

N/A  
2.93%  
1.26%  
2.83%  
4.10%  
4.09%  
2.49%  
2.11%  
9.56%  
2.46%  
3.26%  
4.32%

Net Annual Return

N/A  
2.93%  
4.23%  
7.18%  
11.57%  
16.13%  
19.02%  
21.52%  
33.15%  
36.42%  
40.87%  
46.95%

Jan-09

Feb-09

Mar-09

Apr-09

May-09

Jun-09

Jul-09

Aug-09

(Estimate)

Sep-09

Oct-09

Nov-09

Dec-09

Net Monthly Return

8.50%  
5.01%  
4.48%  
5.09%  
6.40%  
8.15%  
10.71%  
4.76%

Net Annual Return

8.50%

13.94%

19.04%

25.10%

33.12%

43.96%

59.38%

66.96%

Annualized Net Life to Date Return

3 Month Net Return

Annualized Standard Deviation

6 Month Net Return

Positive Months

12 Month Net Return

LTD Net Return

Nisswa Fixed Income Fund L.P. Estimated

September 1, 2009 Assets Under Management

145.34%

25.44%

46.54%

101.89%

76.27%

9.20%

19/19

\$327.9 Million

Beginning in September 2008, the data reflects, on an unaudited basis, the actual performance of Nisswa Fixed Income Fund L

For

the

period

from

February

2008

through

July

2008,

Pine

River s

RMBS

strategy

was

conducted

through

the

Nisswa

Master

Fund.

During

the

month

of

August

2008,  
the  
strategy  
was  
conducted  
in  
both  
the  
Nisswa  
Master  
Fund  
and  
the

Nisswa Fixed Income Fund, however for purposes of investor reporting during the transition month of August 2008, returns from the Nisswa Fixed Income Fund owned 100% of the equity interests in the Nisswa Fixed Income Fund. The performance information shown in the table below is for the Nisswa Fixed Income Fund.

monthly  
investor  
reports  
of  
the  
Nisswa  
Master  
Fund  
which  
separately  
reported  
on  
the  
results  
of  
the  
RMBS  
component  
of  
the  
Nisswa  
Master  
Fund.

The  
performance  
information  
is  
determined  
by  
dividing  
the  
net  
income  
derived  
from

the  
RMBS component of the Nisswa Master Fund by the weighted amount of capital that was allocated to this strategy over the ap  
the  
manager,  
even  
if  
such  
fees  
were  
not  
paid.  
The  
strategy  
performance  
information  
related  
to  
the  
Nisswa  
Master  
Fund  
is  
based  
on  
a  
number  
of  
important  
assumptions  
with  
respect  
to  
the  
allocation  
of  
incentive  
fees,  
management  
fees,  
and  
operating  
expenses.  
Specifically,  
Pine  
River  
allocated  
incentive  
fees  
among  
the

Nisswa  
Master  
Fund s  
various  
strategies  
based  
on  
the  
proportion  
of  
new  
profit  
generated  
by  
each  
strategy  
over  
the  
aggregate  
new  
profit  
generated  
by  
the  
Nisswa  
Master  
Fund.  
The  
new  
profit  
is  
calculated  
by  
subtracting  
operating  
expenses,  
finance  
expenses  
and  
management  
fees  
from  
net  
trading  
gains.  
In  
addition,  
Pine  
River  
allocated

management fees and operating expenses among the Nisswa Master Fund s various strategies based on the proportion of the margin requirements in each strategy over the Nisswa Master Fund s total margin requirements. The performance information shown in the table above beginning in September 2008 reflects the actual performance of the Nisswa Fixed Income Fund. The investment strategy of each of the Nisswa

Fixed  
Income  
Fund  
and  
the  
RMBS  
strategy  
component  
of  
the  
Nisswa  
Master  
Fund  
is  
different  
from  
the  
investment  
strategy  
that  
Two  
Harbors  
intends  
to  
employ  
in  
several  
important  
respects.  
The  
Nisswa  
Fixed  
Income  
Fund  
(and  
before  
September  
2008  
the  
RMBS  
strategy  
component  
of  
the  
Nisswa  
Master  
Fund)  
traded  
actively  
in

fixed-rate,  
adjustable  
and  
interest-only  
RMBS,  
including  
collateralized  
mortgage  
obligations  
and  
to-be-announced  
forward  
contracts,  
and  
equity  
investments  
in  
REIT,  
and  
actively  
hedged  
its  
trading  
positions.  
By  
contrast,  
Two  
Harbors  
will  
initially  
seek  
to  
invest  
primarily  
in  
Agency  
and  
non-Agency  
RMBS  
with  
a  
buy-and-hold  
emphasis,  
and  
does  
not  
currently  
anticipate  
actively  
trading



its  
assets.  
In  
addition,  
whereas  
the  
Nisswa  
Master  
Fund  
and  
the  
Nisswa  
Fixed  
Income  
Fund  
charge  
a  
1.5%  
management  
fee  
as  
well  
as  
a  
20%  
incentive  
fee,  
Two  
Harbors  
will  
only  
pay  
a  
1.5%  
management  
fee.  
Two  
Harbors  
investment  
strategy  
may  
further  
differ  
from  
that  
of  
the  
Nisswa  
Fixed  
Income

Fund,  
in  
that  
it  
may  
use  
greater  
leverage  
with  
regard  
to  
its  
investments  
in  
Agency  
RMBS.  
In  
addition,  
unlike  
the  
Nisswa  
Fixed  
Income  
Fund,  
Two  
Harbors  
is  
constrained  
by  
limitations  
on  
its  
investment  
strategies  
that  
are  
necessary  
in  
order  
to  
qualify  
as  
a  
REIT  
which  
is  
exempt  
from  
registration  
under

the  
Investment  
Company  
Act  
of  
1940  
( 1940  
Act ).  
In  
this  
regard,  
Two  
Harbors  
may  
place  
a  
greater  
emphasis  
than  
the  
Nisswa  
Fixed  
Income  
Fund  
on  
owning  
whole  
pool  
Agency  
RMBS  
for  
purposes  
of  
maintaining  
its  
1940  
Act  
exemption.  
Accordingly,  
past  
performance  
is  
not  
indicative  
of  
future  
results.  
Two  
Harbors  
is

not  
expected  
to  
experience  
returns,  
if  
any,  
comparable  
to  
those  
experienced  
by  
investors  
in  
the  
Nisswa  
Fixed  
Income  
Fund  
or  
the  
RMBS  
strategy  
component  
of  
the  
Nisswa  
Master  
Fund.  
Indeed,

Pine River's RMBS strategy has achieved financial returns since its inception in February 2008 that are not likely to be sustained. Return on capital is calculated based on average monthly capital, not beginning of month capital. Assumes a 1.5% management fee.

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Two Harbors Investment Approach

Holistic approach across non-Agency and Agency RMBS.

Continuous top-down market assessment to identify most attractive segments.

Detailed analyses to find the most mispriced securities.

Find and invest in smaller opportunities often ignored by larger funds.

Strong focus on risk management to preserve value and maximize returns.

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#### Market Opportunity

Traditional providers of capital have left the market.

Fannie Mae & Freddie Mac, historically the overseers of relative value and effectively the world's two largest mortgage hedge funds, cannot participate in the current price discrepancies.

The capital bases of traditional market participants such as proprietary trading desks and hedge funds have been reduced. Continued forced selling by remaining participants has led to significant price declines. Two Harbors will be positioned to capitalize upon severe dislocations in the \$11.0 trillion U.S. mortgage market.

(1)

(1)

FBR Miller.

11  
0%  
1%  
2%  
3%  
4%  
5%  
6%  
7%  
Jan-04  
Oct-04  
Aug-05  
Jun-06  
Apr-07



Jan-08

Nov-08

Sep-09

FN30CC

1moLIB

Agency securities are trading at wide spreads to LIBOR and are likely to remain wide for some time.

Source:

UBS Mortgage Strategy.

Non-Agency securities are trading at low prices.

Significant opportunities in both non-Agency and Agency securities.

Source:

Amherst Securities.

Note:

All prices are indicative month-end levels for 2006 / 2007 vintages.

Historical Pricing on Senior Non-Agency Securities

Agency Spreads

FN 30-yr Current Coupon vs. LIBOR

30

40

50

60

70

80

90

100

Jan-08

Apr-08

Aug-08

Dec-08

Apr-09

Aug-09

Prime - 30 Year Fixed

Alt - A - 30 Year Fixed

Option Arm Super Senior

Market Opportunity

12  
Hypothetical Portfolio  
Total leverage:  
1.8x  
(5)  
(6)  
(5)  
(7)  
Hypothetical  
Portfolio  
(1)  
(\$ in millions)  
Estimated shareholder equity:  
\$251.1

(1)

Note:

See following page for footnotes.

In the discussions leading up to the execution of the merger agreement, Two Harbors presented the following hypothetical portfolio for its consideration and review, except that the presentation that Capitol's board of directors reviewed only presented the hypothetical portfolio for the merger whereas the portfolios below have been revised to also show the hypothetical portfolios assuming the minimum transaction value. This information has not been updated to include subsequent developments reflected elsewhere in this investor presentation. Such hypotheticals are not actual assets held or borrowings made by Two Harbors. Instead, the presentation illustrates the types and performance characteristics of assets that should be available for purchase in the market and illustrates the costs of borrowings that Two Harbors believes should be available for the portfolio. No assurance that a portfolio of the type presented will be available for purchase upon consummation of the merger at the prices and terms. In addition, the returns from the portfolio are based on a number of assumptions detailed below. Actual results will be based on the securities portfolio and will vary from the amounts shown in the presentation below.

% of Equity

Equity

Assets

Interest Income

Interest Expense Return on Equity

Deal size:

Deal size:

Deal size:

Deal size:

Deal size:

Asset Type

Low

Mid

High

Max

Min

Haircut

(2)

Max

Min

Yield

(3)(4)

Finance

Rate

Max

Min

Max

Min

None

Min

Agency hybrids

15%

20%

25%

\$50.2

\$20.0

10%

\$502.1

\$200.0

4%

1.0%

\$20.1

\$8.0

(\$4.5)

(\$1.8)

31.0%

31.0%

Non-Agency

super senior

35%

45%

55%

113.0

45.0

100%

113.0

45.0

16%

18.1

7.2

16.0%

16.0%

Non-Agency

mezzanine

10%

20%

30%

50.2

20.0

100%

50.2

20.0

30%

15.1

6.0

30.0%

30.0%

MBS derivatives

5%

15%

25%

37.7

15.0  
100%  
37.7  
15.0  
40%

15.1  
6.0

40.0%  
40.0%  
100%  
\$251.1  
\$100.0  
\$703.0  
\$280.0  
\$68.3  
\$27.2  
(\$4.5)  
(\$1.8)  
25.4%  
25.4%

13

(1)

In the case of the maximum transaction size, based on estimated stockholder equity of \$251.1 million, which assumes no stockholder transaction size of \$100 million, based on estimated stockholder equity of

\$100 million, after stockholder conversions and/or such other purchases of public shares.

(2) Two Harbors intends to use repurchase agreements to finance the purchase of Agency RMBS.

In a repurchase agreement transaction, the haircut refers to the difference between the market value of the securities being

financed and the amount being advanced. The 10% haircut shown above for Agency Hybrids was based on (i) the 5% haircuts for the Nisswa Fixed Income Fund involving Agency securities around the time this Presentation was prepared, as adjusted to take into account the 5% haircuts for the Nisswa Fixed Income Fund's repurchase agreement transactions have predominantly been between 3% and 5% and (ii) no leverage is employed. Two Harbors currently has one master repurchase agreement in place and expects additional agreements

(3)  
The  
yields  
shown  
above  
for  
the  
respective  
asset  
types  
were  
based  
on  
market  
information  
obtained  
by  
members  
of  
the  
Pine  
River  
Fixed  
Income  
team  
around  
the  
time  
this  
Presentation  
was  
prepared  
in  
connection  
with  
their  
daily research and trading activities, including quote, bid and offering data obtained from broker-dealers utilized by the team a  
Super Senior, Non-Agency Mezzanine and MBS Derivatives, the yield information was based on yields on securities traded by  
between  
April  
1  
and  
May  
30,  
2009,  
the  
fund  
made  
trades  
in



five  
Non-Agency  
Super  
Senior  
bonds,  
29  
Non-Agency  
Mezzanine  
bonds  
and  
41  
MBS  
Derivatives).  
The  
yields  
presented  
were  
also  
consistent  
with  
the  
yields  
contained  
in  
quote,  
bid  
and  
offering  
data  
related  
to  
Non-Agency  
Super  
Senior  
bonds,  
Non-Agency  
Mezzanine  
bonds  
and  
MBS  
Derivatives  
and  
obtained  
from  
nine  
broker-dealers  
around  
the  
time  
this

Presentation

was

prepared. For Agency Hybrids, the Nisswa Fixed Income Fund did not make any trades in this asset type around the time this was obtained from a broker-dealer around the time this Presentation was prepared. As Agency Hybrids are relatively fungible securities representative of such securities generally. The yields shown in the table were not adjusted from the yield data obtained from sources (4)

The following assumptions relating to prepayment, defaults and losses were used for each asset type: Agency Hybrids: 15 Core ( CDR ),

70

Loss

Severity;

Non-Agency

Mezzanine:

4

CPR,

15

CDR,

70

Loss

Severity;

MBS

Derivatives:

25

CPR.

CPR

refers

to

the

rate,

expressed

as

a

percentage

of

a

mortgage

pool s

outstanding

principal,

at

which

loans

are expected to be prepaid in a given year. CDR refers to the rate, expressed as a percentage of a mortgage pool s outstanding expected principal loss of a loan, expressed as a percentage of the loan balance at the time of liquidation, including foreclosure J.P.Morgan s

April 2009 Agency Hybrid ARMs

Primer, market convention for valuing Agency Hybrid pools and, accordingly, Two Harbors believes that the use of such market and Loss Severity assumptions shown above for the other asset types were based on April 2009 historical mortgage loan performance 2009, as adjusted to take into account then existing market conditions (as reflected in the prepayment, default and loss assumptions securities traded by the Nisswa Fixed Income Fund described in footnote (3)) and the risk of potential further degradation in the

adjusted  
as  
described  
above,  
was  
reasonable.

In  
the  
case  
of  
CPR,  
in  
general,  
when  
RMBS  
is  
purchased  
at  
a  
discount  
to  
par,  
faster  
prepayments  
will  
improve  
its  
yield,  
when  
RMBS  
is  
purchase  
data  
premium,  
faster  
prepayments  
will  
reduce  
its  
yield  
and,  
when  
RMBS  
is  
purchased  
at  
par,  
its  
yield  
will

be  
unaffected  
by  
prepayments.

The  
yields  
for  
the  
securities  
within  
the  
listed  
asset  
classes  
assumed  
these  
securities  
were  
purchased  
at  
a  
discount  
to  
par.

In  
the case of CDR and Loss Severity, in general, defaults and losses will reduce the yield of non-Agency RMBS.

(5)  
Assumes borrowings of nine times invested equity. This assumed debt to invested equity ratio was based on (i) the fact that repurchase securities around the time the presentation was prepared had a debt to invested equity ratio of 19:1 or higher, and (ii) the fact that repurchase agreement transactions have predominantly been between 32:1 and 19:1 and have never been less than 9:1.

(6)  
Two Harbors expects that advances under most of the repurchase agreements it intends to utilize will bear interest at One Month LIBOR shown above were based on (i) One Month LIBOR of 31 basis points and (ii) the 45 basis

point  
interest  
rate  
obtained  
in  
connection  
with  
repurchase  
agreement  
transactions  
effected  
by  
the  
Nisswa  
Fixed  
Income  
Fund

involving Agency securities, in each case, around the time this Presentation was prepared, as adjusted to take into account the

(7)  
Total  
leverage  
shows  
the  
ratio  
of  
debt  
to  
equity.  
The  
ratio  
shown  
above  
assumes  
debt  
of  
\$451.9  
million  
in  
the  
case  
of  
the  
maximum  
transaction  
size,  
and  
\$180  
million  
in  
the

case  
of  
the  
minimum  
transaction  
size  
of  
\$100  
million.

Hypothetical Portfolio (cont d)

14  
Assumption  
Value of 1 CPR  
Trailing 6mo  
Total CPR  
5  
6  
17  
CDR  
5  
5  
4.6  
Severity  
50

50  
30.9  
Yield  
24%  
28%  
77%  
WFMBS 06-AR11 A7  
Non-Agency Discount Example  
Voluntary CPRs

5%  
8%  
10%  
15%  
25%  
40% Severity  
32%  
43%  
50%  
68%  
107%  
50% Severity  
24%  
36%  
44%  
63%  
104%

When purchasing deep discount securities, prepayment speeds can have a significant impact on returns. Below is an example of a Fargo originated senior support bond available for purchase in July 2009 for just over \$31. The bond is backed by Prime jumbo adjustable rate mortgages with an average loan size of \$603,000 and average FICO score of 742. The average coupon being paid by borrowers is 6.27%, leaving plenty of refinancing incentive for the almost 90% of borrowers who are current on their loan. Recent prepayment history of the underlying mortgages support this analysis. As illustrated below, loss severities also impact returns.

SUPER

SENIOR BONDS  
WFMBS 2006-AR11 A7

5.24% -  
14.94% slice  
Sub Bonds

Illustrative Non-Agency Security Investment  
Yields

at  
Various  
Voluntary  
CPRs  
(2)  
and  
Loss  
Severities  
1 CPR

4%  
This bond does not represent an actual asset held by Two Harbors. Instead, the presentation illustrates the analysis PRCM Adv



purchase by Two Harbors. There can be no assurance that an asset of the type presented will be available for purchase upon c

(1)

Constant prepayment rate.

(2)

Other assumptions: 5 CDR, Dollar price of \$31.25.

(1)

15

Non-Agency Discount Example  
Super Senior Bond backed by Option Arm  
Collateral (CWALT 2006-OA17 2A1).

-

First 27.8% of loss is absorbed by  
junior bonds.

-

Receives protection from the Senior  
Support and Subordinate bonds  
from credit losses.

-

Pays a coupon of COFI

(2)

+ 150bps,  
where most Option Arms pay 1mo  
Libor + a smaller margin.

SUPER

SENIOR BONDS

27.8%-100%

Illustrative non-Agency Security Investment

SUPPORT

BONDS

Voluntary CPR

(1)

of 1, which implies only

1% of the people in the trust (annually)

will be able to refinance.

A constant default rate of 35, which means

35% of the trust per year will be defaulted.

Loss severity of 70%, which assumes all

loans liquidated out of the trust will trade

for 30 cents on the dollar.

Purchase price: \$34.00.

Yield: 18.5 percent.

Security

Assumptions

Risk / Reward Profile of this Bond

Dollar Price

50%

55%

60%

65%

70%

75%

\$34

44.0%

37.0%

31.0%

25.0%

18.0%

12.0%

Implied liquidation % of the entire pool: over 95 percent.

Implied total % loss on the collateral: 66.7 percent.

This bond does not represent an actual asset held by Two Harbors. Instead, the presentation illustrates the analysis PRCM Adv purchase by Two Harbors. There can be no assurance that an asset of the type presented will be available for purchase upon co

Yields

at

Various

Loss

Severity

Assumptions

(2)

(1)

Edgar Filing: Capitol Acquisition Corp - Form 425

Constant prepayment rate.

(2)

Other assumptions: 1% voluntary CPR, 35 CDR, Cost of Funds Index ( COFI ) flat at 1.38%.

16  
0  
10  
20  
30  
40  
50  
60  
70

Incentive to Prepay in bps (July 2009)

LLB

Generic

0  
10

20  
30  
40  
50  
60  
70

Incentive to Prepay in bps

2003

2009 July

Source:

Merrill Lynch Fixed Income Strategy and J.P. Morgan Securities Inc.

Capacity constraints of mortgage originators.

Significant declines in homeowners equity reduces  
borrower's ability to access funding.

Low

Loan

Balance

(LLB)

Fixed

costs

reduce

borrower's incentive; busy brokers avoid low-fee  
business.

Fixed costs represent higher barriers to smaller  
borrowers.

Prepayment speeds remain slower than 2003  
despite government intervention.

Some prepayments likely to remain slower than  
projections.

Prepayment Cycle Creates Pricing Opportunities

Fannie 30-yr. Prepayment Curves

Fannie 30-yr Prepayment Curves by Loan Attributes

17

Agency Inverse IO Example

Agency Inverse IO bonds are an inherently levered way to take advantage of slow prepayment speeds on specific types of collateral pools, such as LLBs.

Yields at Various Prepayment Speeds

Agency Inverse IO Bond Example

Loan Size Data (FNR 2006-21 XS) (as of July 2009)

Constant Prepayment

Rates (CPRs)

Average

Original

Original

Current

Edgar Filing: Capitol Acquisition Corp - Form 425

Minimum  
Maximum  
\$68,600  
\$63,300  
\$13,000  
\$85,000  
5 CPR  
10 CPR  
15 CPR  
25 CPR  
35 CPR  
45 CPR  
Price 11-16  
60.1%  
53.4%  
46.6%  
32.3%  
17.0%  
0.4%  
1 month  
Aug-09  
12.2  
Jul-09  
19.0  
Jun-09  
7.9  
May-09  
10.9  
Apr-09  
18.0  
Mar-09  
18.3  
Feb-09  
12.2  
Jan-09  
7.9  
Dec-08  
7.1  
Nov-08  
8.4  
Oct-08  
7.3  
Sep-08  
6.3



18  
Diana  
Denhardt

Repo  
Funding  
Analyst.

20 years financing experience at EBF &  
Associates and Cargill  
6 member software development team  
Supported by 37 operational and administrative  
professionals, including:

11 member accounting team;

3 member legal team;

7 member operations and settlement team; and

6 member software development team.

Pine River Offers Extensive MBS Expertise

Two Harbors

Co-Chief Investment Officers

Steve Kuhn

Partner and Head of Fixed Income Trading.

Goldman Sachs Portfolio Manager from 2002 to 2007.

17

years

investing

in

and

trading

mortgage

backed

securities

and

other

fixed

income

securities for firms including Goldman Sachs Asset Management, Citadel and Cargill.

Bill Roth

Portfolio Manager.

Citi and Salomon Brothers 1981

2009; Managing Director since 1997.

Managing Director in the bank's proprietary trading group managing MBS and ABS portfolios.

Pine River's RMBS strategy has returned 145.3% life to date net of fees and

76.3%

annualized net of fees since inception, February 2008.

(1)

(1)

For

more

information

with

respect

to

the

performance

of  
Pine  
River s  
RMBS  
strategy  
including  
key  
assumptions  
used  
in  
deriving  
such  
performance,  
please  
see  
slide  
8  
entitled  
Pine  
River s  
RMBS  
Strategy  
Historical  
Returns .  
Jiayi Chen  
Trader.

Formerly Goldman Sachs Asset  
Management, risk management.  
Brendan  
McAllister

Trader.

Formerly UBS Securities, member of top  
mortgage sales team.  
Aaron  
Zimmerman

Trader.

Formerly Citi, member of proprietary trading  
group.

19

Two Harbors Investment Team Goals

Create highest return on equity in the mortgage REIT sector.

Capture significant capital appreciation resulting from government policies, including if TALF is expanded to cover RMBS.

Maintain investment flexibility across entire RMBS sector to best take advantage of opportunities as the mortgage market evolves.

20

Note:

Balance sheet as of June 30, 2009, balances and estimates subject to change.

(1)

As of September 17, 2009.

(2)

Assumes 100% of sponsors promote shares retired, existing 33.2 million warrants amended to an out-of-the-money strike price with no shareholder conversions or other purchases by Capitol of public shares.

Opportunity for Investors

\$1.9

\$0.4

Cash and Cash Equivalents

Add: Other Assets and Prepaid Income Taxes

\$9.42

Initial Book Value Per Share

(2)

Valuation Summary

(\$ in millions, except per share amounts)

October 2009

\$247.3

Initial Book Value

1.04x

Assumed Price/Initial Book Value

\$14.0

Less: Estimated Transaction & Other Expenses

26.25

Fully Diluted Shares (treasury method)

\$258.3

Fully Diluted Equity Value

\$259.1

Add: Cash Held in Trust

\$9.84

Assumed Price Per Share

Capitol's common stockholders expected to create Two Harbors at or near Book Value.

Estimated Value at Closing

(1)

21

Note:

Agency REIT Mean comprised of American Capital Agency, Annaly Mortgage, Anworth Mortgage, Capstead Mortgage, Cypri

Non-Agency REIT Mean comprised of Chimera Investment Corp., Invesco Mortgage, PennyMac Mortgage Investment Trust a

(1)

Target Leverage defined here as Total Liabilities divided by Total Equity.

(2)

Current leverage of 1.0x pro forma for recent equity offerings. Unadjusted for the equity offerings, target leverage would be 2.

(3)

Current leverage of 5.3x pro forma for recent equity offering. Unadjusted for the equity offering, target leverage would be 9.

Opportunity for Investors

104%

110%

133%

122%

164%

105%

50.0%

70.0%

90.0%

110.0%

130.0%

150.0%

170.0%

Agency

REIT Mean

Chimera

Redwood

PennyMac

Invesco

Two

Harbors

Non-Agency REIT's

Non-Agency REIT Mean

Non-Agency

Mean: 128%

1.1x

NA

5.3x

5.6x

1.0x

1.0x

2.0x

1.0x

2.0x

3.0x

4.0x

5.0x

6.0x

7.0x

Agency

REIT Mean

Chimera

Redwood

PennyMac

Invesco

Two

Harbors

Non-Agency REIT's

Non-Agency REIT Mean

Non-Agency

Mean: 2.5x

2.9x



Efficient structure creates Two Harbors at a lower Price to Book Value, using less leverage than other publicly traded residential mortgage REITs.

Target

Leverage

(1)

Price to Book Value

(2)

(3)

22  
0.5x  
0.6x  
0.7x  
0.8x  
0.9x  
1.0x  
1.1x  
1.2x  
1.3x  
1.4x  
1.5x  
\$9.50  
\$9.75

\$9.84  
\$10.00  
\$10.50  
\$11.00  
\$11.50  
\$12.00  
\$12.50  
\$13.00  
\$13.50  
\$14.00  
\$14.50

Common Price

Two Harbors Price to BV

Non-Agency REIT Mean Price to BV

Price to Book Value

Transaction expected to create Two Harbors closer to Book Value than would be possible in a traditional IPO or through secondary market purchases.

Opportunity for Investors

Non-Agency

Mean: 1.28x

Note:

Assumes 100% of sponsors promote shares retired, existing 33.2 million warrants amended to an out-of-the-money strike price of public shares. The impact of this benefit is reduced in the case of maximum shareholder conversions and /or other p

23

Structure Creates

Attractive Return

Profile

Severe dislocation has led to capital outflows and potential investment opportunities throughout the sector.

Government programs to inject liquidity into market provides additional upside.

Deep, broad experience and disciplined investment approach.

Generated 145.3% life to date net of fees and 76.3% annualized net of fees

(1)

and no negative return months since Pine River launched its RMBS strategy in February 2008.

CLA's public stockholders expected to create Two Harbors at 1.04x initial Book Value vs. 1.28x average for non-Agency public peers

(2)

High targeted return on equity with moderate leverage.

Market

Opportunity

Investment Team

Investment Summary

Building Next

Great Mortgage

REIT

Highly experienced team of mortgage specialists brought together to create next great mortgage REIT franchise.

(1)

For

more

information

with

respect

to

the

performance

of

Pine

River's

RMBS

strategy

including

key

assumptions

used

in

deriving

such

performance,

please

see

slide

8

entitled

Pine

River's

RMBS

Strategy

Historical

Returns .

(2)

Assumes

no  
shareholder  
conversions  
or  
other  
purchases  
by  
Capitol  
of  
public  
shares.

The  
impact  
of  
this  
benefit  
is  
reduced  
in  
the  
case

of  
maximum  
shareholder  
conversions  
and  
/or  
other  
purchases  
of  
public  
shares.

Please  
see  
slide  
25  
entitled

Comparables:  
Non-Agency  
and  
Agency  
REITS  
for  
more  
information.

Appendix

25

Comparables: Non-Agency and Agency REITs

Source:

SNL Financial, FactSet and company filings.

Note:

REIT Means calculated using the average of the non-Agency peer group mean and the Agency peer group mean. Prices as of 3/31/2020.

(1)

Based on IBES consensus estimates, where available.

(2)

Most recent announced quarterly dividend annualized, divided by current share price.

(3)

Debt / Equity

Leverage

defined



here  
as  
Total  
Liabilities  
divided  
by  
Total  
Equity.

(4)

Expense ratio is all non-interest expense less non-recurring expenses and any provisions for loan losses for the most recent quarter.

(5)

Pro forma for \$851m equity offering (including private placement) on 4/15/2009 and for \$622m follow-on on 05/26/09.

(6)

Pro forma for \$238m equity offering on 05/26/09.

(7)

Market cap includes private placement (.735m shares offered at IPO price of \$20.00).

(8)

Market  
cap  
includes  
Invesco  
Ltd  
private  
placement  
(1.5m  
shares  
offered  
at  
IPO  
price  
of  
\$20.00).

Book  
value  
net  
of  
gross  
spread  
paid  
by  
IVR  
of  
1.5%  
of  
public  
offering  
and  
other  
IPO  
expenses

of  
\$1.9m.

Excludes  
over-allotment.

(9)  
Pro forma for \$387m equity on 7/29/09.  
(\$ in millions, except per share data)

Price  
Market  
Price /  
Div. Yield:

Debt /  
%

Expense  
Company

Ticker  
09/17/09

Cap  
2010E EPS

(1)  
Book

Most Recent  
(2)

Equity  
(3)

Agency  
Ratio

(4)  
Non-Agency REITs

Chimera Investment Corp.  
(5)

CIM  
\$3.85

\$2,581  
7.3x

1.33x  
8.3%

1.0x  
35%

1.6%

Redwood Trust  
(6)

RWT  
16.92

1,311  
9.2

1.64  
5.9

5.3  
0

5.4  
PennyMac  
Mortgage Investment Trust  
(7)  
PMT  
19.85  
332  
NA  
1.05  
NA  
NA  
NA  
NA  
Invesco  
Mortgage Capital Inc.  
(8)  
IVR  
21.58  
216  
6.7  
1.10  
NA  
1.1  
NA  
NA  
Mean  
7.7x  
1.28x  
7.1%  
2.5x  
3.5%  
Agency REITs  
Annaly  
Mortgage  
NLY  
\$18.47  
\$10,054  
6.8x  
1.18x  
13.0%  
5.9x  
1.4%  
MFA Mortgage  
(9)  
MFA  
8.02  
2,245  
6.4  
1.15  
12.5

3.9  
1.1  
Hatteras Financial  
HTS  
32.58  
1,179  
6.8  
1.36  
13.5  
6.4  
1.4  
Capstead  
Mortgage  
CMO  
14.64  
935  
6.0  
1.28  
15.3  
6.6  
2.7  
Anworth  
Mortgage  
ANH  
7.94  
827  
6.3  
1.09  
16.1  
5.1  
2.1  
American Capital Agency  
AGNC  
28.36  
426  
5.8  
1.37  
21.2  
5.3  
3.2  
Cypress Sharpridge  
Investments  
CYS  
13.95  
253  
5.5  
1.10  
17.2  
5.9  
2.5

Mean

6.2x

1.22x

15.5%

5.6x

2.1%

Overall Mean

7.0x

1.25x

11.3%

4.0x

2.8

26  
1.29x  
1.04x  
0.03x  
(0.14x)  
(0.13x)  
(0.01x)  
0.9x  
1.0x  
1.1x  
1.2x  
1.3x  
1.4x  
1.5x

Initial

Adjust warrants

Retire sponsor shares

Adjust deferred IPO fees

Transaction expenses

Final

We de-SPAC the SPAC

By re-striking warrants at \$11.00, retiring the sponsor shares, and restructuring the deferred fees, we de-SPAC the SPAC.

Current

CLA

Share

Price

(1)

Multiple

of

Book

Value

Non-Agency

Mean: 1.28x

(1)

As of September 17, 2009 closing price.

(2)

Assumes

no

shareholder

conversions

or

other

purchases

by

Capitol

of

public

shares.

The

impact

of

this

benefit

is

reduced

in

the

case

of

maximum

shareholder

conversions

and

/or  
other  
purchases  
of  
public  
shares.  
(2)



27

Restructured Warrants Source of Growth Capital

Consent requires majority of warrant holders.

Any cash warrant exercises will be at a premium to the initial liquidation value.

Proceeds expected to be redeployed in accretive investments.

Note:

Assumes re-strike of 33.249 million warrants at \$11.00, no shareholder conversions or other purchases by Capitol of public shares and exercise of all warrants for cash. However, 7,000,000 warrants each relating to one share of stock of Two Harbors, which will be held by CLA's sponsors following the consummation

of the merger, are exercisable on a cashless basis. If these warrants are exercised, the Book Value per Share would be less than \$10.30

due

to

dilution

and

the

greater

the

price

of

Two

Harbors

stock

price at the time of exercise of these warrants, the greater the dilutive impact.

Warrant Exercise

(\$ in millions, except per share data)

Warrant strike price to be amended to \$11.00.

Pre

Post

Book Value

\$247.3

\$613.1

Basic Shares Outstanding (mm)

26.25

59.50

Book Value per Share

\$9.42

\$10.30

% Increase

9.4%

28

Capitol Shareholder Options

Holders of record of CLA stock have the option of receiving a share of Two Harbors or a pro rata distribution of the cash held in CLA's trust (currently \$9.87).

Capitol Acquisition

Shareholder

The acquisition is approved

If unable to complete a transaction by 11/8/2009, shareholder receives pro rata share of cash-in-trust (currently \$9.87).

The acquisition is rejected and CLA

liquidates in 11/09

Shareholder receives pro rata share  
of cash-in-trust (currently \$9.87).

CLA shareholder

votes no

Shareholder holds share of

Two Harbors.

CLA shareholder

votes yes

29  
Experienced Team  
Brian  
Taylor,  
Chairman.  
Brian  
founded  
Pine  
River  
in  
2002  
and  
is  
responsible

for  
management  
of  
the  
business  
and  
oversight  
of  
the  
funds.  
Prior  
to  
Pine  
River s  
inception,  
Brian  
was  
with  
EBF  
&  
Associates  
from  
1988  
to  
2002;  
he  
was  
named  
head  
of  
the  
convertible  
arbitrage  
group  
in  
1994  
and  
Partner  
in  
1997.  
His  
responsibilities  
included  
portfolio  
management,  
marketing,  
product  
development,  
and  
trading

information  
systems  
development.  
He  
holds  
a  
B.S.  
from  
Millikin  
University  
in  
Decatur,  
Illinois  
and  
an  
M.B.A.  
from  
the  
University  
of  
Chicago  
and  
passed  
the  
Illinois  
CPA  
exam.  
Mark  
D.  
Ein,  
Vice-Chairman.  
Mark  
has  
served  
as  
CEO  
of  
Capitol  
Acquisition  
Corp.  
since  
its  
inception  
in  
November  
2007.  
Mark  
is  
the  
Founder

and  
CEO of Venturehouse Group, LLC, a technology holding company that creates, invests in and builds technology, communication  
services  
companies.  
Notable  
portfolio  
companies  
include  
Matrics  
Technologies,  
sold  
to  
Symbol  
Technologies  
in  
2004;  
Cibernet  
Corporation,  
sold  
to  
MACH S.a.r.l in 2007; and an early investment in XM Satellite Radio. He is also the President of Leland Investments, a private  
also Co-Chairman and majority owner of Kastle Systems, a leading provider of building and office security systems. Mark is a  
of the Washington Kastles, the World Team Tennis franchise in Washington, D.C. From 1992 to 1999, Mark was a Principal w  
Prior to Carlyle, Mark worked at Brentwood Associates and Goldman, Sachs (in the commercial MBS group). Mark holds a B  
Pennsylvania's Wharton School of Finance and an M.B.A. from the Harvard Business School.

Thomas  
Siering,  
Chief  
Executive  
&  
Director.  
Prior  
to  
joining  
Pine  
River  
in  
2006,  
Tom  
was  
head  
of  
the  
Value  
Investment  
Group  
at  
EBF  
&  
Associates in Minnetonka, MN from 1999 until 2006. He was the portfolio manager for Merced Partners, LP and Tamarack In



that period. Tom was named a partner of EBF in 1997. He supervised a staff of thirteen people located both in Minnesota and comprised of traders, analysts and support personnel. Tom joined EBF in 1989 as a Trader. Prior to his employment at EBF, Tom held various trading positions in the Financial Markets Department at Cargill, Inc. From 1981 until 1987 Tom was employed in the Domestic Soybean Processing Division at Cargill in both trading and managerial roles. Tom holds a B.B.A. from the University of Iowa with a major in Finance. Steve

Kuhn,  
Co-Chief  
Investment  
Officer.

Prior  
to  
joining  
Pine  
River  
in  
2008,  
Steve  
was  
a  
Vice  
President  
and  
Portfolio  
Manager  
at  
Goldman  
Sachs

based in New York and Beijing from 2002 to 2007, where he was part of a team that managed approximately \$40 billion in mo  
From 1999 to 2002, Steve was a Japanese convertible bond trader at Citadel Investment Group in Chicago. Prior to that, he wa  
backed  
securities  
trading

at  
Cargill.

He  
has  
17  
years  
mortgage-related  
trading  
experience.

Steve  
holds  
a

B.A.  
in  
Economics  
with  
Honors  
from  
Harvard.

Bill  
Roth,  
Co-Chief  
Investment

Officer.  
Bill  
has  
28  
years  
of  
experience  
in  
the  
Fixed  
Income  
Markets,  
with  
specific  
expertise  
in  
mortgage-backed  
and  
asset-backed  
securities.  
Prior  
to  
joining  
Pine  
River  
in  
2009,  
Bill  
was  
Managing  
Director  
at  
Citigroup  
and  
its  
predecessor  
firm,  
Salomon  
Brothers  
Inc.

From 2004 to 2009, Bill managed a proprietary trading book at Citigroup with particular focus on mortgage and asset-backed securities. From 2004, Bill was part of the Salomon/Citi New York Mortgage Sales Department. From 1981 to 1994, Bill was based in Chicago in the Financial Institutions Sales Group for Salomon. He was awarded the Masters in Business Administration with a concentration in Finance from the University of Chicago Graduate School of Business. Bill holds a B.S. in Finance and Economics from Miami University.

30  
Experienced Team  
Jeff  
Stolt,  
Chief  
Financial  
Officer.  
Prior  
to  
co-founding  
Pine  
River  
in  
2002,

Jeff  
was  
the  
Controller  
at  
EBF  
&  
Associates  
from  
1997  
to  
2002.

In  
this  
role,  
Jeff  
oversaw

the preparation of all fund accounting statements, managed the offshore administrator relationship, managed the audit process reporting. Jeff began employment with EBF in 1989. Prior to that, Jeff was an accountant in Cargill, Inc.'s Financial Markets. He holds a B.S. in Accounting and Finance from the Minnesota State University.

Tim  
O'Brien,  
General  
Counsel.

Prior  
to  
joining  
Pine  
River  
in  
2007,  
Tim  
served  
as  
Vice  
President  
and  
General  
Counsel  
of  
NRG  
Energy,  
Inc.  
from  
2004  
until  
2006.

He served as Deputy General Counsel of NRG Energy from 2000 to 2004 and Assistant General Counsel from 1996 to 2000. He was an associate at Sheppard, Mullin, Richter & Hampton in Los Angeles and San Diego, California. He holds a B.A. in History from the University of California, Berkeley.

from  
the  
University  
of  
Minnesota  
Law  
School.  
Tim  
attended  
an  
eight-week  
Advanced  
Management  
Program  
at  
Harvard  
Business  
School  
in  
the  
spring  
of  
2007.  
Andrew  
Garcia,  
VP  
Business  
Development.  
Prior  
to  
joining  
in  
2008,  
Andrew  
was  
the  
Event  
Driven  
and  
Business  
Combination  
Companies  
(SPAC)  
specialist  
in  
the  
Capital  
Markets  
division  
at

Maxim  
Group  
in  
New  
York.  
Before  
joining  
Maxim  
Group,  
he  
was  
the  
head  
trader  
at  
Laterman  
&  
Company.  
From  
2001  
to  
2005,  
he  
covered  
institutional  
event-driven  
and  
risk  
arbitrage  
investors  
as  
a  
sales  
trader,  
equity  
sales  
person,  
and  
middle  
markets  
sales  
person  
at  
Cathay  
Financial,  
Oppenheimer  
&  
Co.,  
and  
CIBC Oppenheimer Corp. Andrew holds a B.A. from Kenyon College.

Brad  
Farrell,  
Controller.  
Prior  
to  
joining  
Pine  
River  
in  
September  
2009,  
Brad  
was  
Vice  
President,  
Director,  
External  
Reporting  
for  
GMAC  
ResCap,  
responsible  
for  
external  
reporting  
initiatives  
within  
the  
corporate  
function  
of  
GMAC  
ResCap  
from  
2007  
to  
2009.  
From  
2002  
to  
2007  
he  
held  
various  
positions  
in  
finance  
and

accounting with XL Capital and its affiliates. From 1997 to 2002 he was employed with KPMG. Brad is a Certified Public Accountant from Drake University in 1997.



Stephen  
G.  
Kasnet,  
Independent  
Director  
and  
Audit  
Committee  
Chair.  
Stephen  
is  
a  
Director  
and  
Chairman  
of  
the  
Board  
of  
Columbia  
Laboratories,  
Inc.

(NASDAQ: CBRX). He has been President and Chief Executive Officer of Raymond Property Company LLC since 2007. Fr

Chief  
Executive  
Officer  
of  
Harbor  
Global  
Company,  
Ltd.,  
an  
asset  
management,  
natural  
resources  
and  
real  
estate  
investment  
company,  
and  
Chairman  
of  
PioGlobal

Asset Management. Mr. Kasnet

also served as a past director and member of the Executive Committee of The Bradley Real Estate Trust and served as Chairman of Warren Bank. He has held senior management positions with Pioneer Group, Inc.; First Winthrop Corporation and Winthrop I

Forbes.

He

serves  
as  
Chairman  
of  
the  
Board  
of  
Rubicon  
Ltd.  
(forestry)  
and  
is  
a  
director  
of  
Tenon  
Ltd.  
(wood  
products).  
He  
is  
also  
a  
trustee  
and  
vice  
president  
of  
the  
board  
of  
The  
Governor s  
Academy,  
Byfield,  
MA.  
Mr.  
Kasnet  
received  
a  
Bachelor  
of  
Arts  
from  
the  
University  
of  
Pennsylvania  
in  
1966.

William  
W.  
Johnson,  
Independent  
Director.  
William  
was  
a  
Managing  
Director  
of  
J.P.  
Morgan  
from  
2006  
to  
2009,  
where  
he  
held  
senior  
roles  
including  
Divisional  
Management  
and  
Risk  
Committee  
Member,  
Head  
of  
Proprietary  
Positioning  
Business,  
and  
Head  
of  
Tax-Exempt  
Capital  
Markets.  
From  
2004  
to  
2005,  
he  
was  
a  
private  
investor.  
William

was  
the  
President  
of  
Paloma  
Partners,  
a  
private  
capital  
management  
company  
in  
Greenwich,  
Connecticut  
from  
2001  
to  
2003.  
Prior  
to  
working  
at  
Paloma,  
he  
worked  
for  
UBS  
and  
its  
predecessors  
in  
Chicago,  
Singapore,  
London  
and  
Basel  
from  
1984  
to  
2001.  
He  
began  
his  
career  
in  
currency  
options  
trading,  
and

served in several senior management functions at UBS including Divisional Management and Risk Committee Member and G

received a Bachelor of Science degree from the University of Pennsylvania Wharton School in 1984, and a Masters in Business Administration from the University of Chicago in 1988.

31  
Experienced Team  
Reid  
Sanders,  
Independent  
Director.  
Reid  
was  
the  
Co-Founder  
and  
former  
Executive  
Vice

President  
of  
Southeastern  
Asset  
Management,  
and  
the  
former  
President  
of  
Longleaf  
Partners  
Mutual  
Funds  
from  
1975-2000.  
He  
is  
currently  
the  
President  
of  
Sanders  
Properties,  
a  
Director  
of  
Independent  
Bank,  
and  
serves  
on  
the  
Investment  
Committee  
of  
Cypress  
Reality  
and  
on  
the  
Advisory  
Board  
of  
SSM  
Venture  
Partners.  
Prior  
to  
founding

Southeastern  
Asset  
Management,  
Mr.  
Sanders  
held  
roles  
as  
an  
Investment  
Officer  
at  
First  
Tennessee  
Investment  
Management  
from  
1973-1975,  
and  
as  
a  
Credit  
Analyst  
in  
Commercial  
Lending  
at  
Union  
Planters  
National  
Bank  
from  
1971-1972.  
Previous  
directorships  
include  
serving  
as  
Chairman  
of  
Two  
Rivers  
Capital  
Management,  
and  
as  
a  
director  
of  
Harbor



Global  
Company  
Ltd.,  
PioGlobal  
Asset  
Management,  
The  
Pioneer  
Group  
and  
TBA  
Entertainment  
Corporation.  
Mr.  
Sanders  
is  
a  
Trustee  
of  
the  
Hugo  
Dixon  
Foundation,  
the  
Dixon  
Gallery  
and  
Gardens,  
the  
Hutchison  
School,  
Campbell  
Clinic  
Foundation,  
The  
Jefferson  
Scholars  
Foundation,  
TN  
Shakespeare  
Company,  
and  
a  
former  
Trustee  
of  
Rhodes  
College.  
He  
received

a  
Bachelors  
of  
Economics  
from  
the  
University  
of  
Virginia  
in  
1971.

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Contact Details

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Chairman and CEO

Capitol Acquisition Corp.

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612 238 3307

[andrew.garcia@twoharborsinvestment.com](mailto:andrew.garcia@twoharborsinvestment.com)