

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 PROVIDE INFORMATION TO YOU TO ASSIST YOU IN MAKING A DECISION ON WHETHER THEY WISH TO PROCEED WITH A FURTHER REVIEW OF THE PROPOSED TRANSACTION DISCUSSED IN THIS PRESENTATION OR TO CONTAIN ALL THE INFORMATION THAT A PERSON MAY DESIRE IN CONSIDERING THE PROPOSED TRANSACTION. THIS PRESENTATION IS NOT TO BE USED AS A BASIS FOR INVESTMENT OR 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 AND WARRANT HOLDERS OF CAPITOL FOR THE PURPOSES OF THE PROPOSED TRANSACTION, 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 CERTAIN 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 AND TO EXERCISE 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 THE INFORMATION FURNISHED BY TWO HARBORS WITH THE SEC.

THIS PRESENTATION SHALL NOT CONSTITUTE A SOLICITATION OF A PROXY, CONSENT OR AUTHORIZATION TO VOTE IN CONNECTION WITH 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; (IV) REGARDING EXPECTED MARKET TRENDS, INCLUDING THE ROLE PRIVATE CAPITAL IS EXPECTED TO PLAY IN FINANCING

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 PROBABILITY THAT TWO HARBORS WILL INVEST ITS CAPITAL; (VIII) REGARDING TWO HARBORS' FINANCING STRATEGY AND USE OF GOVERNMENT PROGRAMS; (IX) REGARDING TWO HARBORS' LEVERAGE RATIO AND POTENTIAL USE OF GOVERNMENT PROGRAMS; (X) REGARDING TWO HARBORS' EXPECTED REVENUE FROM THE EXERCISE OF WARRANTS AS A POTENTIAL SOURCE OF CAPITAL GROWTH, INCLUDING THE BOOK VALUE OF TWO HARBORS' WARRANTS; AND (XI) REGARDING TWO HARBORS' EXPECTED REVENUE FROM THE EXERCISE OF 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 CAC'S STOCKHOLDERS AND WARRANT HOLDERS; 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 CHANCE THAT TWO HARBORS WILL NOT BE ACQUIRED BY TWO HARBORS ON FAVORABLE TERMS, OR AT ALL; AVAILABILITY OF SUITABLE INVESTMENT OPPORTUNITIES AND STRATEGIES; EXPECTATIONS REGARDING THE TIMING OF GENERATING REVENUES; THE DEGREE AND NATURE OF TWO HARBORS' DEPENDENCE ON ITS MANAGER AND INABILITY TO FIND A SUITABLE REPLACEMENT IN A TIMELY MANNER IF ITS MANAGER WERE TO TERMINATE THE MANAGEMENT AGREEMENT; CHANGES IN THE RELATIONSHIPS AMONG TWO HARBORS AND PINE RIVER, INCLUDING THE PROBABILITY THAT TWO HARBORS WILL INVEST ITS CAPITAL IN TWO 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.

7

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

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 do not represent 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 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

(4)

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

(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 convention 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 for 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.

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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 [redacted] degree

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
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

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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.

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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

Mark Ein

Chairman and CEO

Capitol Acquisition Corp.

202 654 7001

mark@capitolacquisition.com

For further information, please contact:

Andrew Garcia

VP of Business Development

Two Harbors Investment Corp.

612 238 3307

andrew.garcia@twoharborsinvestment.com