PentAlpha

Pentalpha: An introduction

Pentalpha is an independent capital markets advisory and operations oversight firm that supports leaders in the international credit markets.

We are experts in credit arbitrage and collections

We provide market – leading ideas, robust analytics, project leadership and operational support services to make sure creative investment strategies materialize into cash.

Our services are focused on complex loans and structured finance instruments as well as the operating companies that create, manage and invest in them. Our services include:

- Strategic corporate advice
- Up-to-the-minute capital markets execution advice
- Independent valuation and model validation services
- Loan level surveillance and recovery services
- Distressed situation workout and litigation support services
- Operating unit reviews including production efficiency and financial analysis
- Market research

A singular focus

"Get the money back – all of it." That's our mission. Our focus is on results; we dig in and roll up our sleeves to help clients maximize value.

A unique set of resources

Our strength lies in the experience of our professionals, the sophistication of our proprietary predictive models, our innovative valuation tools and our acclaimed collection oversight infrastructure. Effectively, we combine the capabilities of a rating agency, an investment bank, a structured finance consulting firm, a sophisticated surveillance enterprise and a proven operational support team to ensure maximum price performance of financial and operating assets. Every Pentalpha analysis focuses on price, liquidity, and collectability – not just probabilities of loss.

Independence

Pentalpha is a long standing financial services firm. Founded in 1994, it is independently owned by its senior management.

It takes a team of innovative specialists with the right tools to put together a winning performance. ”

Services offered

Corporate strategy

We offer sophisticated and practical advice about:

- Acquisition
- Restructuring and integration
- Liquidation
- New product development and implementation

Capital markets services

Our up-to-the-minute market information and proprietary valuation analytics are the cornerstones of the full array of support that we provide to our clients:

- Transaction execution advice
- Collateral analysis and loss projections
- Valuation services
  - Up-to-the minute valuations for purposes of risk management, financial reporting and regulatory compliance.
  - Forensic insights in a litigation situation
  - Identification of refinancing and sale opportunities to improve returns
- Financial modeling
  - Transaction structure models
  - Loan-level loss forecasting
  - Insurance payment claim projections
  - Validation of client collateral prediction and valuation models
- Hedge management tools
- Market research
- Asset sales and liquidation services
  - Loans, bonds and equity interests
  - Derivatives and cash
- Board member seminars on capital market practices

Distressed situation optimization and litigation support

Our specialized product and trade practices knowledge provides our clients with the tools to optimize an underperforming issue. We offer:

- Negotiation management services related to debtor, creditor, equity investor, rating agency and financial press constituents
- Forensic cash flow and operational analysis
- Financial damage estimates
- Litigation support and expert witness services
- Receivership management

Operational support and services

Our operations professionals are industry leaders. When we combine them with our surveillance analytics, extensive database, operational best practices expertise and outsourcing resources, we can offer best in class operational support that maximizes your asset's performance. Our services include:

- Ongoing trust oversight management services:
  - On behalf of public and private securities as well as private whole loan pools, we monitor trust participants through our proprietary loan level analysis and compliance testing tools. Our staff identifies flaws, provides solutions and "gets the money back" through proactive negotiation.
  - Parties we monitor include:
    - Originators
    - Servicers
    - Insurers
    - Trustees
    - Derivative counterparties
    - Investment managers

- One-time financial and operational assessment of:
  - Financial operating companies
  - Investment managers
  - Loan originators, servicers and MBS/CMBS/ ABS-related vendors

- Custom analysis and support services:
  - Full reunderwriting of loans
  - Fraud detection and analysis
  - Evaluation of contractual documentation
  - Examination of loan servicing history and covenant compliance
  - Identification of performance trends and provide loss mitigation strategies
  - Identification of breaches of representations and warranties
  - Administration of loan repurchase
  - Supervision of default recovery
  - Operational benchmarking
  - Client access to our proprietary collateral evaluation software
  - Financial personnel outsourcing

Product specialties

We are relative value specialists. Whether assets are performing or non-performing, we assess cashflow and operational risk and can help you maximize value – even the most esoteric and illiquid financial instruments.

In terms of implementation, we are bottom-up analysts. Our work begins with a comprehensive analysis of each borrower's cashflow and underlying collateral value. We then stress the analysis by including our opinion related to macro economic relative value issues and market technicals. Finally, we asses the unique financing, governance and reporting features of the asset. Collectively, we develop a thoughtful opinion about cashflow variability and its relative value.

We have demonstrated expertise in all forms of collateralized products – whole loans and structured products, including MBS, CMBS and ABS – across the credit spectrum. Our expertise also spans the globe, including proprietary models for assets located in the Americas and Europe.

We specialize in the derivative, subordinate and equity interests of the financing vehicles unique to this industry, including:

- CDOs
- SIVs
- REITs
- REMICs

Working with you, your portfolio managers, accountants and lawyers, we can help you successfully navigate the complexities of the cash flow variability, governance, accounting, tax and reporting issues associated with these vehicles.

We are experts in the debt and equity interests of the following collateral sectors:

- Real estate products
  - Residential
  - Commercial
- Asset-backed products
  - Auto
  - Credit card
  - Franchise
  - Manufactured housing
  - Student loan
  - Timeshare receivables

Who we are

Entrepreneurial energy and expertise

At Pentalpha, we believe fostering the right corporate culture is essential to best serve our clients. Our senior professionals set the tone by encouraging our team to continually challenge market conventions, to innovate and to dedicate themselves to seeing our clients optimize value. We are committed to the highest standards of integrity and accountability.

World class reputation and depth of experience

We have a large staff of professionals. Many are recognized as finance industry leaders. Most are credit industry veterans who have led large principal investments in some of the most esoteric products and in the most distressed market conditions. They are capital deploying practitioners, not academics. They are former:

- Wall Street traders, bankers, research analysts and quantitative model builders
- Institutional money managers
- Insurance company risk managers
- Mortgage origination and servicing company managers

The right tools and solutions

Access to our corporate affiliates enables our clients to execute with the least risk and maximum proceeds. Our affiliates include a:

- Registered investment advisor
- Loan trading firm
- NASD registered broker dealer for securities
- Loan-level surveillance firm

Pentalpha was founded by Jim and Jill Callahan in 1994

- Mr. Callahan has more than 25 years in the financial credit industry. Prior to forming Pentalpha, he held various leadership roles at major Wall Street firms, including Prudential, Salomon Brothers and JPMorgan. Mr. Callahan was, at times, responsible for trading whole loan and structured finance products, corporate debt, and he served on risk management committees. Mr. Callahan holds an MBA from New York University and a BA from Ohio Wesleyan University.

- Ms. Gilbert Callahan has over 25 years of experience in the industry. Her previous responsibilities range from engineering non-investment grade debt to heading a corporate loan department. Ms. Callahan holds an MBA from New York University and a BA from Northwestern University.

Clients we serve

Engineering our client's success

We provide analytical and operational leverage. We integrate our resources with our client's team and help them capitalize on an investment opportunity, whether it's a short term deal, a long term trend, an operational problem or a distressed investment.

Our clients range from executive office managers to board members, portfolio managers, risk management specialists, litigation managers and debtor, creditor and equity committee constituents.

Alignment of interest

If requested and where conflicts are responsibly considered, we are willing to be compensated based on your investment performance, so our interests are your interests.

We support professionals in each of the following sectors:

- Finance
  - Banks
  - Insurance companies
  - Broker dealers
  - Government-sponsored entities
- Loan production and operations
  - Loan originators
  - Issuers
  - Loan servicers
  - Trust administrators
- Investment management
  - Hedge funds
  - Mutual funds
  - Opportunity funds
  - Private equity funds
  - REITs
  - CDO and SIV managers
- Government
  - Legislators
  - Regulators
- Rating agencies
- Lawyers and litigators

ONE GREENWICH OFFICE PARK, NORTH BUILDING, GREENWICH, CT 06831
203.660.6100 | PENTALPHAGLOBAL.COM