

Kamakura
Corporation

KAMAKURA

LITIGATION SUPPORT SERVICES

Expert Testimony and Valuation of
Structured Securities, Credit Derivatives,
Portfolios and Firms for Criminal, Civil, Tax and
Bankruptcy Proceedings

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A World-wide leader in risk management information and enterprise-wide risk management software, Kamakura Corporation is one of two firms globally specializing in risk management with two principal members in the Risk Hall of Fame.

Led by Dr. Donald R. van Deventer and Professor Robert A. Jarrow, **Kamakura Corporation** lists more than 200 clients in 34 countries for its Kamakura Risk Information Services (KRIS,) default probability service, Kamakura Risk Manager (KRM,) enterprise risk management software suite and its risk advisory businesses.



Professor Jarrow, one of the most respected researchers in financial economics in the world, is considered by many to be on the short list of candidates for the Nobel Prize in Economics. He received his Ph.D. in Economics from the Massachusetts Institute of Technology, where he studied under Nobel Prize winner Professor Robert Merton. In January, 2009, Prof. Jarrow received Risk Magazine's 2009 Lifetime Achievement Award.



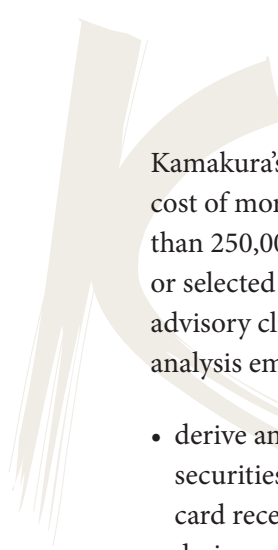
Dr. van Deventer earned his Ph.D. in Business Economics from Harvard University. After serving as Treasurer of First Interstate Bancorp, Dr. van Deventer spent three years as senior vice president in the Investment Banking Department of Lehman Brothers (then Shearson Lehman American Express) before founding Kamakura Corporation in 1990.

Professor Jarrow, Dr. van Deventer, and the partners of Kamakura have authored 9 books and more than 200 articles in leading financial and academic publications (please see www.kamakuraco.com for a complete list of Dr. Jarrow's and Dr. van Deveter's publications.).

Select list of litigation support projects Kamakura has undertaken¹:

- Adviser to the legal team in support of SK Securities' lawsuit against JPMorgan involving a disputed derivatives trade with potential exposure of up to \$500 million dollars
- Adviser to the legal team advising the "Option B" municipalities in their lawsuit against Merrill Lynch & Co. in the bankruptcy of Orange County
- Adviser to the U.S. Treasury and the Internal Revenue Service in their lawsuit against various Wall Street firms in the municipal securities "yield burning" issue
- Adviser to the legal team in support of H.F. Ahmanson in a derivatives and mergers and acquisitions dispute against Salomon Brothers with exposure in excess of \$100 million
- Adviser to the Australian Taxation Organization in tax litigation involving a Fortune 20 corporation and potential tax liability of hundreds of millions of dollars
- Adviser to the Department of Justice and the taxation authority of the Canadian government in a lawsuit against one of the world's three largest financial institutions regarding potential tax liability of hundreds of millions of dollars

¹ Clients are named only when the institution no longer exists or if the existence of the legal issue is in the public domain



Kamakura's Risk Manager enterprise risk management system has been constructed at a cost of more than \$30 million over a 21 year time period. The KRM system, which has more than 250,000 lines of software code, is used by Kamakura to value either full balance sheets or selected portfolios of complex securities for both Kamakura's software clients and for its advisory clients. Kamakura is prepared to provide expert testimony supported by methodical analysis employing the KRM system to:

- derive and stress-test (consistent with FAS 157) valuations of securities and portfolios of securities including asset-backed and structured investments backed by mortgages, credit card receivables, etc.
- derive valuations for credit-related investments, applying Kamakura's own default and default correlation models. The latter procedure offers the ability to stress-test valuation (or conversely loss distributions) with respect to risk factors like home and oil prices, in addition to interest rates and other factors.
- analyze forward looking probabilities of hitting a given price barrier or that a portfolio or institution will be bankrupt or have a negative net worth on a market value basis.
- estimate individual bond, loan, or share pricing independent of broker and other market sources which have proven unreliable in stressed markets.

for the following multiple asset and investment categories:

- Cash flow collateralized debt obligations
- Synthetic collateralized debt obligations
- Mortgage-backed securities
- Collateralized Mortgage Obligations (CMO)
- Commercial Mortgage Backed Securities (CMBS)
- Credit default swaps
- Interest rate swaps, caps and floors
- Foreign exchange derivatives and exotic derivatives
- Equity index futures and options
- Common stock options
- Callable and puttable fixed and floating rate bonds.
- BOLIs
- TRUPs
- Whole mortgages including special option ARMs, recasts, etc.

For more on Kamakura's capabilities in litigation support, please contact Martin M. Zorn, Chief Administrative Officer, at mzorn@kamakuraco.com or 808-791-9888.