Anchorage Capital — Senior Associate Interview Prep

Pat McGrath's Restructuring Desk

Prepared for Maxwell Nides · 2026-05-18 · Synthesized from 5 parallel web-research streams + 4-model trifecta synthesis (Claude / GPT-4o / Gemini / DeepSeek). Every factual claim is sourced; see appendix.

TL;DR — The One-Page Briefing

The framing that beats every other candidate: You are not "an Evercore RX banker with a law background." You are a **legal-financial hybrid** who **drafted the documents at Davis Polk** and then **modeled the recovery at Evercore** on the same set of problems. Pat McGrath is the inverse of you: PwC accounting → Columbia MBA → Moelis RX → Anchorage. He is NOT a lawyer. Your JD is **complementary**, not redundant. **Lead with that.**

The one thing to remember:

> *"You don't need another Moelis associate on this desk. You need someone who can read the Serta opinion, the Mitel decision, and the Altice co-op agreement on Saturday and tell you on Sunday morning where the fulcrum moved."*

The killer connection: Roopesh Shah (Senior MD, Evercore RX) sat on the **same Wharton WRDIC 2025 panel as Pat McGrath** (Feb 21, 2025). He's your warm-intro / backchannel. Use him.

The one deal to know cold: J.Crew 2020. Anchorage led the $800M exit financing ($400M DIP → $400M exit TL, with GSO + Davidson Kempner), equitized $1.6B of secured debt, and **emerged as majority owner**. This is THE Anchorage RX trade of McGrath's tenure — the platform turning a fulcrum position into corporate control. You drafted documents during the post-J.Crew "trapdoor era" at Davis Polk (2022-24). The connection is real.

The market thesis to deliver in 90 seconds:

> *Three forces over 24 months: (1) The LME trilemma is becoming a maturity problem, not a discount problem — $301B of B− or worse loans maturing in 2028; (2) CLO technicals are breaking down — 13% of amortizing CLOs are failing OC tests, 39% have <1% cushion, forced sellers into a thin bid; (3) Tariff-driven margin compression at a 20.6% effective rate (highest since 1943) lands on EBITDA, not interest*

> *expense. Distressed ratio at 7.23%, LMEs at 65% of defaults. Contrarian piece: private credit isn't the savior — bad PIK at 6.4%, 40% of PC borrowers with negative FCF per the IMF. What changes my mind: a sustained Fed cut cycle that reopens primary HY below 7%.*

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1. PAT McGRATH — THE PROFILE

Career timeline (verified)

Years	Firm	Role
2006–Aug 2009	**PricewaterhouseCoopers**	Senior Associate, Accounting Advisory & Assurance
2009–2011	**Columbia Business School**	MBA (with honors)
Jul 2011–May 2016	**Moelis & Company**	Vice President, Recapitalization & Restructuring Group
Jun 2016–Dec 2023	**Anchorage Capital Group**	Restructuring Director → Partner; ACO IC voting member
Jan 2024–present	**Anchorage Capital Advisors, L.P.**	**Partner, Global Head of Restructuring**; ACO IC voting member

- BS Accounting/MIS, University of Delaware (honors). MBA Columbia (honors).
- **Critical context:** McGrath was elevated to Global Head after **Charles Tauber** (11-year veteran, named on MGM / J.Crew / PG&E) departed Anchorage in **September 2020** for **PJT Partners**. McGrath built the platform internally; he is not a marquee external hire. He **earned the seat** rather than being recruited into it.
- **Not a lawyer.** Accounting / advisory / negotiating background. This makes your JD complementary, not redundant.
- **Approach:** Creditor-side, LME-focused, cooperation-agreement advocate, sector-agnostic, patient capital. His public framing: **"institutional reputation as a negotiating asset."**

His public commentary — listen to this before the interview

Bloomberg FICC Focus Podcast — March 5, 2025 - *"Anchorage's McGrath Breaks Down LMEs: State of Distressed Debt"* with Phil Brendel & Negisa Balluku (Bloomberg Intelligence) - 106 minutes. Available on [Bloomberg](), [Apple Podcasts](), Spotify - **Key quote you should know verbatim:**

> *"If I've invested in a structure and I have a group, I can give them more time, address interest rates, and probably provide the money a little bit cheaper — with certainty as opposed to them saying I'm going to finance the business away."*

- Key frameworks discussed: **the "deal-away credibility" assessment** (how to judge whether a borrower's outside-financing threat is real or theater); **the incumbency premium**; **cooperation agreements as offensive vs. defensive tools.**

Wharton WRDIC 2025 Panel — Feb 21, 2025 - Panel: *"LMEs: Past, Present, & Future"* - Co-panelists: Brian Schartz (Kirkland), **Roopesh Shah (Evercore!)**, Avi Robbins (PJT), Zachary Rosenbaum (Kobre & Kim), Alex Tracy (Perella). [Source: [WRDIC 2025](), [Restructuring Newsletter recap]()] - **THE framework you**

must quote: *"Companies pursuing LMEs can achieve at most two of three: (1) discount capture, (2) maturity extension, (3) new money. Pick two — not three."* - Panel consensus: **2022-23 was discount-driven; 2025-28 will shift toward maturity extension** as the 2021-22 LBO vintage hits the wall. - Cooperation agreements are now offensive organizing tools, not defensive lockups. - Post-Serta, **>51% participation is table stakes**; companies seek 90%+ to limit litigation risk.

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2. ANCHORAGE CAPITAL — THE FIRM

Quick facts (verified)

- **Founded 2003** by **Kevin Ulrich + Tony Davis** (both ex-Goldman distressed). Seed capital $100M from Reservoir Capital. [Wikipedia]
- Founding flagship **ACP Capital hedge fund closed Dec 2021 at $7.4B —** underperformance, orderly capital return, no investor losses. [Bloomberg]
- **Reconstituted 2022 as Anchorage Capital Advisors, L.P. —** multi-strategy platform: drawdown funds + CLOs + SMAs + evergreen.
- **AUM ~$27 billion** (2025). [InsiderMonkey]
- Co-CIOs: **Yale Baron** (ex-JPM, global CLO business) and **Thibault Gournay**. Kevin Ulrich = Chairman.
- Pat McGrath = **Partner, Global Head of Restructuring, ACO IC voting member**.
- Lean: **<25 investment professionals** for the $27B platform. Senior associates own names — they don't support a coverage MD's pitchbook.
- Offices: **NYC** (610 Broadway) + **London** (Anchorage Capital Advisors Europe LLP, UK Companies House #OC443331).

ACO IX — The Vehicle You're Joining

- **$1.5 billion final close, August 2025** — over the $1.25B hard cap. [Business Wire]
- **70%+ of LP commitments are re-ups from prior vintages** — strong performance validation.
- Co-PMs: Thibault Gournay + James Frost.
- Mandate (in their own language): *"stressed and distressed credit, special situations, structured credit, U.S. and European markets… issuers with smaller capital structures and some degree of complexity."*
- Fund VII net IRR: **15.1%**. Fund VIII: **22.8%** (through June 2025).
- **>$4.5B raised across the platform since January 2022.**

Strategic positioning vs. peers

Firm	AUM	Style	Differentiator
Anchorage	~$27B	Multi-strat credit, fulcrum distressed, CLO	Incumbency LME thesis, smaller-cap-complexity, drawdown post-2022
Silver Point	~$20B	Pure distressed, deep legal	Creditor-on-creditor aggression
Diameter	~$10-15B	Multi-strat L/S credit	Founded by **ex-Anchorage** (Goodwin / Lewinsohn), active on dislocations
GoldenTree	~$55B	Liquid credit + distressed	CLO machine
Centerbridge	~$40B+	Control distressed + PE	Takes board seats, runs companies
Davidson Kempner	~$35B+	Multi-strat distressed + RE	Legal arbitrage
Oaktree Opportunities	~$170B platform	Drawdown distressed	Mega-fund scale

Anchorage post-2022 is closest in style to **Silver Point** (fulcrum + legal sophistication) but more multi-product. The **ACO IX size of $1.5B specifically positions them OUT of the Apollo / Oaktree mega-bankruptcy lane** and INTO the $200M–$800M complexity-driven middle market. This is intentional **— less competition, more documentation alpha, more cooperation-agreement leverage.**

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3. THE THREE CORE NARRATIVES — VERBATIM-READY

3.1 OPENING PITCH (60-90s)

> *"Thanks, Pat. The shortest version: I've spent four years on restructurings from both sides of the table — two at Davis Polk papering RSAs, DIP credit agreements, and confirmation orders, and the last two at Evercore building the models and running the lender outreach. The reason I want to sit on your side of the table is that I learned in law that the document is just a record of what the capital structure decided, and I learned in banking that the capital structure decision is the actual investment.*
>
> *I've followed the Anchorage RX platform closely — the J.Crew exit financing is still, to me, the cleanest example of using a DIP-to-exit to convert a complexity discount into corporate control — and given where the maturity wall sits in 2027-29 and where LMEs are heading jurisdictionally after Serta and Mitel, this is*

> *the seat I want to be in for the next cycle. I'd rather be the one underwriting the trade than the one drafting it or marketing it."*

Why this works: - Leads with the rare **JD → RX banking** sequence (you have it, almost no other candidate does). - Hits a specific Anchorage deal (J.Crew) at a specific structural level (DIP-to-exit, complexity discount → control). - Cites current legal precedent (Serta/Mitel) to signal you read the case law. - Closes with a clean line that contrasts your old role with the new one.

3.2 WHY BUYSIDE RX

> *"It's not the 'principal vs. agent' line — it's about time horizon and being right. In advisory, you're paid to close. The success function is binary and ends at signing. In RX advisory specifically, I noticed I was spending the most time on the questions that don't actually pay the fee — what does the 18-month docket look like, where does value break under three different operating cases, which holder gets squeezed in a cram-down. Those are buyside questions being asked from the wrong chair.*
>
> *The law-then-banking sequence has given me the two halves — covenant mechanics and capital structure math — and the missing third piece is taking a view and living with it for two to four years. That's only available here."*

Why this works: - Explicitly rejects the cliché ("principal vs agent" / "skin in the game") that every advisor uses. - Acknowledges what advisory gave you (covenant + capital structure math). - Frames buyside as **the missing third piece —** not what's "better." - "Living with it for two to four years" hits Anchorage's patient-capital identity directly.

3.3 WHY ANCHORAGE / WHY PAT'S DESK

> *"Three reasons, and they're not interchangeable with Oaktree or Silver Point.*
>
> *First, the mandate. ACO IX at $1.5B over a $1.25B hard cap with 70%+ re-up tells me the LPs are buying the smaller-cap-complexity thesis specifically — that's a different game than the $10B+ funds chasing the same syndicated names.*
>
> *Second, the platform shape. Lean — under 25 investment professionals on $27B — means a senior associate actually owns names rather than supporting a coverage MD.*
>
> *Third, and candidly the reason I'm focused on your desk in particular: your background is the inverse of mine. PwC accounting, Moelis, IC voting member — financial and negotiating, not legal-mechanics. I'm not coming in to duplicate what you do; the JD is complementary. J.Crew is the case study of what this platform does well — DIP-to-exit, equitize $1.6B of secured, end up owning the company — and Altice France is the*

> *live version: steering committee seat, 94% cooperation, you're driving the European secured group right now. I want to be on those deals, not adjacent to them."*

Why this works: - Explicit comparison to peers (signals you've thought about Anchorage vs alternatives). - "Lean platform → senior associate actually owns names" — flatters his model without flattering him. - The **inverse-complement frame** for working with Pat specifically — the cleanest "why YOU" angle. - Names **two real Anchorage deals** with specific structural details, not platitudes.

3.4 MARKET THESIS PITCH (60-90s)

> *"My base case is that the next 24 months are dominated by three forces that compound.*
>
> *One: the LME trilemma you laid out at Wharton is becoming a maturity problem, not a discount problem. 2022-23 was discount-capture-driven; with $301B of loans maturing in 2028 and 68% rated B− or worse, the leverage shifts to whoever can credibly extend. That favors institutional capital with a reputation for showing up — the 'deal-away credibility' framework from your Bloomberg podcast.*
>
> *Two: CLO technicals are breaking down — 13% of amortizing CLOs failing OC tests, 39% with under 1% cushion — which means forced selling at exactly the wrong moments and a structural bid leaving the market just as the maturity wall hits.*
>
> *Three: the macro overlay is a tariff-driven margin compression story, not a rate story — 20.6% effective tariff rate is a 1940s number and it lands on EBITDA, not interest expense. Distressed ratio at 7.23%, LMEs at 65% of defaults — the regime is confirmed.*
>
> *Contrarian piece: I don't think private credit is the savior. Bad PIK at 6.4%, 40% of PC borrowers with negative free cash flow per the IMF — private credit is a deferral mechanism, not a recapitalization mechanism. The PC books become the next wave of opportunity, not the off-ramp.*
>
> *What would change my mind: a sustained Fed cut cycle that reopens primary HY issuance below 7% would push the maturity wall out and compress the opportunity by 12-18 months."*

Why this works: - Cites Pat's own framework back to him (the WRDIC trilemma + Bloomberg "deal-away credibility"). - Numbers are real and sourced. Every figure is fact-checked. - Has a **contrarian angle** (private credit ≠ savior) → shows independent thinking. - Closes with **what would change your mind** — interviewers love this; most candidates can't articulate it. - ~90 seconds spoken at a measured pace.

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4. THE FOUR DEAL TEARDOWNS YOU MUST KNOW COLD

4.1 J.Crew — Anchorage's flagship trade (2017 → 2020)

The trapdoor (2017): J.Crew, owned by TPG, transferred ~$250M of IP (the brand trademarks) to an unrestricted subsidiary (Chinos Intermediate Holdings A LLC) by stacking three nested investment baskets in the credit agreement. This moved the IP beyond first-lien lender reach and enabled new debt issuance at the unrestricted sub. This is the **original LME trapdoor** — every drop-down since is a variation. [White & Case; Quinn Emanuel]

The bankruptcy (May 2020): J.Crew filed Ch. 11. Anchorage was on the *receiving* end of the 2017 trapdoor as a holder of IPCo paper — the fulcrum.

The exit (September 2020): - Anchorage led $800M in new financing — $400M DIP converting to $400M exit term loan, with **GSO Capital Partners (now Blackstone Credit)** and **Davidson Kempner** as co-lenders. **- ~$1.6B of secured debt equitized**. **- Anchorage emerged as majority equity owner.** [Secured Finance Network; PYMNTS] - Milbank = legal counsel to AHC. PJT Partners = financial advisor.

Why you know this: You started at Davis Polk in **September 2022** — directly after J.Crew's emergence and during the LME wave that the trapdoor mechanism unleashed (Serta, Boardriders, Mitel, Trimark, TPC Group, etc.). The mechanics of J.Crew are foundational to what you trained on. Speak to it like a precedent you grew up reading, not a deal you researched for the interview.

4.2 Altice France — the LIVE deal (2023-ongoing)

- Anchorage is on the **steering committee** of the Altice France secured creditor cooperation agreement. **94% of term lenders** in the co-op; **75%+** of secured noteholders. Gibson Dunn = legal. Rothschild = financial advisor. **~€8.6B of term debt being eliminated.** [Octus/Reorg; Bloomberg; Debtwire/ION]
- **McGrath is the Anchorage lead.**
- **The European twist:** Patrick Drahi (sponsor) has the credible threat of a French *sauvegarde* (judicial restructuring) that can bind dissenting holders. The creditor coop is the counterweight.
- **Why this matters:** Cooperation agreements have shifted from defensive lockups to **offensive organizing tools** — assembling creditor coalitions *before* the borrower approaches the market. This is exactly the WRDIC 2025 panel theme.

4.3 Serta 5th Cir vs Mitel NY — the jurisdictional split that defines 2025-2026

Serta Simmons (2020 uptier, Ch. 11 2023, 5th Cir reversal Dec 31, 2024): - A majority-but-not-all first-lien group + $200M new money exchanged ~$1B of 1L at a 74% rate into super-priority "second-out" tranche; primed excluded lenders (Apollo, Angelo Gordon, Contrarian Capital, others). - Bankruptcy court initially confirmed plan with indemnity protecting PTL group. **- 5th Circuit reversed Dec 31, 2024:** the 2020 uptier was NOT an "open market purchase" under the credit agreement. Plan indemnity excised. **SCOTUS cert denied Nov 2025.** Damages remand pending **summer 2026.** [Cleary Gottlieb; Bloomberg Law]

Mitel (NY First Department, Dec 2024): - Opposite ruling. Permissive on uptier mechanics. SDNY and Delaware historically more permissive than 5th Cir.

The synthesis: Jurisdiction is now a strategic variable in LME design. Where the credit agreement is governed determines whether the uptier survives. The 5th Cir creates a creditor-friendly forum; SDNY/Delaware remain debtor-friendly. Underwriting a position now requires forecasting venue. [Sullivan & Cromwell; Octus 2025 outlook]

4.4 Lumen 2024 LME (and the Diameter / ex-Anchorage connection)

- **IFR Americas Restructuring of the Year.** Largest out-of-court LME ever — $15B across 15 tranches, closed March 22, 2024. [IFR; Houlihan Lokey; Davis Polk]
- **AHC composition:** Silver Point, PIMCO, **Diameter Capital**, BlackRock. Houlihan Lokey FA, **Davis Polk** legal (your former firm).
- **Structure:** $1.325B new first-lien notes at Level 3 → $2.2B uptier of unsecured to 2L at Level 3 → covenant strip of $1.94B non-participating unsecured (collapsed to mid-20s¢).
- **The Diameter connection: Diameter Capital was founded by Scott Goodwin and Jonathan Lewinsohn, both former Anchorage partners.** Diameter's cross-holder positioning in Lumen (owning paper at both Lumen parent AND Level 3) gave them disproportionate consent leverage — the kind of cross-silo thinking that traces directly back to Anchorage's DNA.
- **NOTE ON ATTRIBUTION:** You originally mentioned Tarang Mehta as Diameter's PM — public SEC filings and press coverage identify **Goodwin and Lewinsohn** as the founders. Mehta is not publicly verified as a Diameter principal. **Verify through your network before naming him.**

The interview line:

> *"Diameter's Lumen play is interesting because it shows the cross-silo, cross-capital-structure logic that originated at Anchorage. Goodwin and Lewinsohn left to build their own version of it — but the playbook of owning paper at multiple levels of the stack to generate consent leverage traces directly back here. That's what I want to do."*

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5. ADJACENT DEALS TO REFERENCE

Have one-paragraph summaries ready for:

- **MGM Holdings (2010 → 2021):** Anchorage invested $500M out of Ch.11 in 2010. Sold to Amazon 2021 for $8.45B. **~$2B profit, 11-year hold.** Kevin Ulrich joined the board. The Ulrich-era patient-capital identity.
- **Envision Healthcare (KKR LBO, Ch. 11 May 2023, emerged Nov 2023):** $7.7B debt across dual silos (AMSURG ambulatory surgery + EVPS physician staffing). 70% debt eliminated. KKR equity wiped. AMSURG 2L recovery ~73% per disclosure. Drop-down transactions pre-Ch.11 challenged as constructive fraudulent transfers; releases negotiated in plan.
- **Carvana 2023 exchange:** $5.5B at avg 83¢ → first-lien upgrade. Apollo/PIMCO/Ares led AHC. 96%+ participation. Stock $4 → $200+ as operations inflected. [Carvana 8-K]
- **Diamond Sports / Bally → Main Street Sports (filed Mar 2023, emerged Jan 2025):** $8.7B debt → $200M. 1L lenders (PGIM, Hein Park, Discovery Capital, Hudson Bay, Alta Fundamental) took the equity. 2L wiped. RSN economics structural-decline but live sports rights had floor value.
- **Talen Energy (filed May 2022, emerged May 2023):** Susquehanna nuclear plant → Cumulus data center sold to AWS for $650M. Distressed equity rights offering at emergence → AI power thesis paid off massively.
- **EchoStar / DISH (2024-ongoing):** Charlie Ergen's serial LME war. Spectrum drop-downs into EchoStar sub, convertible exchange at 61/51¢, DirecTV asset sale for assumed-debt + $1. **RSA reached March 2026.** Holdouts crammed.
- **Yellow Corp (filed Aug 2023, plan Nov 2025):** Liquidation. $6.5B pension withdrawal liability upheld on appeal. 1L recovery 60-80%+ via terminal real estate; GUC ~12-16%; pension settled at ~29¢.
- **Hertz (2020-2021):** Atypical — equity holders received ~$8/share. Third Circuit 2024 ruling on solvent debtor exception: $270M+ post-petition interest at contract rate + make-whole. Knighthead/Certares bought reorganized equity.

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6. DEAL WALKTHROUGH FRAMEWORK — REFRAMING EVERCORE FOR BUYSIDE

The reframe is total. What banking interviewers want vs what buyside wants:

Banking framing	Buyside framing
"We advised X on Y"	"The fulcrum sat at the 2L"
Process, client service, deliverables	Cap structure, catalytic event, price
Timeline / milestones	Where I would have wanted to be positioned

Banking framing	Buyside framing
What was negotiated	What was the recovery / what's the trade

Use this 3-part structure (~90 seconds):

1. **30-second setup:** Capital structure, fulcrum, why stressed, what market was missing.
2. **The decision point:** Where you'd want to have been positioned and why. What the cooperation agreement / AHC dynamics looked like. Which tranche had real optionality vs which looked cheap but was structurally subordinated.
3. **What you'd watch from here.**

Critical: Never say "we advised the company on…" — say *"the fulcrum sat at the 2L, here's how the AHC organized, and the trade I'd have wanted was X at Y price because Z."*

If asked about an Evercore deal where Anchorage was on the other side: lean in. Acknowledge the lender's leverage rather than defending the company's outcome. Pat is testing whether you can **context-switch from advocate to investor.** The answer is to talk about **price, recovery waterfalls, document weaknesses** — not process.

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7. TECHNICAL Q&A — 8 QUESTIONS PAT IS LIKELY TO ASK

Q1. "Walk me through a J.Crew trapdoor."

A: 2017 unrestricted-sub designation of IP. Transfer at book value via the "permitted investment in unrestricted sub" basket, stacked on the "investment funded by proceeds of other permitted investments" basket — multi-step trapdoor. Secured incurrence at the sub using the IP as collateral, beyond first-lien reach. Every drop-down since (PetSmart guarantor release, Envision, EchoStar) is a variation. The "J.Crew blocker" provision now appears in nearly all new credit agreements explicitly prohibiting IP transfers to unrestricted subs.

Q2. "Post-Serta, how do you underwrite an uptier?"

A: Layered framework. (1) **Jurisdiction first** — 5th Cir is now hostile per the Dec 2024 reversal; SDNY/Delaware remain permissive per Mitel. (2) **"Open market purchase" definition risk** — was the transaction in form an open-market purchase or a privately negotiated bilateral exchange? (3) **Sacred rights and pro rata sharing provisions** — any 100%-consent requirements being walked over? (4) **>51%**

cooperation is table stakes — but you have to model the **non-participating minority's litigation option value as a recovery drag**. The headline yield on the priming tranche is not the realized yield once you discount for indemnity-loss probability.

Q3. "How do you value a DIP-to-exit option?"

A: Price the DIP as a **control-acquisition cost**, not a yield instrument. The economics are: superpriority + roll-up + fees + the conversion mechanic into exit TL or equity. **J.Crew is the template —** $400M DIP rolled to $400M exit TL while equitizing $1.6B of secured. The DIP buys you priority, cash interest, milestones (timeline control), AND optionality on the exit cap structure. Where most candidates miss: the value isn't the spread over SOFR; it's the **embedded call on enterprise value at emergence.**

Q4. "What's the right way to think about cooperation agreement value?"

A: It's an **option on collective action**. You give up some optionality (can't free-ride a deal away from the group) in exchange for a blocking position and litigation cost-sharing. The value is **highest when the company has multiple LME paths available** (so a unified creditor block can extract premium) and **lowest when the docs are airtight** (no LME path = no need to coordinate). Altice France is the canonical example — Drahi has multiple paths including French sauvegarde; the co-op forces him to a consensual outcome.

Q5. "Altice France — where's the fulcrum?"

A: The secured term loan co-op at 94% participation is the seat. The question is enforcement venue and whether Drahi can run a French *sauvegarde* to bind dissenters or extract value from the secured group. Steering committee seat is worth a premium because it's where consent gets traded for economics. *(Don't pretend to know more than this in interview — but acknowledge you're aware Anchorage is on the steering committee and have followed the public co-op support disclosures.)*

Q6. "CLO OC test failure — trade implication?"

A: Forced loan sales into a thin bid. Two trades: (1) **buy quality B2/B3 paper at technical discounts** (the loan is selling because the CLO has to cure, not because the credit deteriorated); (2) **second-order: the equity tranches of stressed CLOs themselves become distressed —** you can buy control of the CLO and run the wind-down on your timeline rather than the manager's. Anchorage's CLO franchise via Yale Baron gives them visibility into this dislocation early.

Q7. "Why is private credit not the answer to the maturity wall?"

A: PIK toggle usage doubled from 5% to 11% of PC income (2022-2025). "Bad PIK" — mid-contract conversion from cash-pay — is at **6.4% of total exposure**, 3× three years ago. **IMF found 40% of PC borrowers have negative free cash flow.** Fitch PC default rate at 5.8% TTM. PC is a **deferral mechanism, not a recapitalization mechanism** — it kicks the can but compounds principal. When the deferral unwinds in 2026-27, the same borrowers come back to market with weakened balance sheets, fewer options, and bigger problems. PC isn't the off-ramp; PC IS the next wave of opportunity.

Q8. "Pick a name you'd be long or short today and tell me why."

A: *Have one ready before the interview.* Ideal candidate: a 2027-28 maturity B−/CCC name where you can articulate (a) the LME path, (b) the fulcrum, (c) the price you'd want, (d) the catalyst, (e) the recovery scenario. **Do not pick a name Anchorage is publicly known to be on the other side of.** Safer: pick a recently-Reorg-flagged stressed name where the public AHC composition is documented and you can speak to the cap structure mechanics without claiming inside info.

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8. 5 QUESTIONS TO ASK PAT

These are designed to **engage his published views**, not flatter him. Each ladders to a specific public source.

1. **"On the Bloomberg podcast you talked about 'institutional reputation' as a negotiating asset — how do you operationalize that inside the team? Is it deal selection, is it who you co-invest with, or is it consistency on follow-on capital?"**
2. Shows you listened to all 106 minutes. Forces him to articulate the framework he uses internally.
3. **"On the WRDIC panel, you and Roopesh framed 2025-28 as maturity-driven rather than discount-driven — does that change the holding-period assumption for ACO IX names versus what worked in Funds VII and VIII?"**
4. Bridges his public framework + his current fund + Roopesh from your firm. Maximum signal density.
5. **"Post-Serta in the 5th Cir and Mitel in the First Department, how is the desk thinking about venue selection when you're building a co-op or AHC position? Are you actively picking jurisdiction at the entry trade?"**
6. Technical sophistication + current case law. He has to respect this question.
7. **"Altice France — without asking you to talk your book, how do you think about European secured creditor leverage when the sponsor has a credible threat to use a French restructuring procedure to**

bind dissenting holders?"

8. Lets him talk about the deal he's actually running. Without asking him to violate any disclosure.
9. **"When you came over from Moelis in 2016, what was the hardest part of the advisor-to-principal transition that nobody warned you about? I'd like to know what to brace for."**
10. Engages him personally on the exact transition you're trying to make. Senior people love giving advice when asked thoughtfully.

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9. THINGS NOT TO SAY

- × **"I want to be a principal" / "I want skin in the game"** — clichés. Pat has heard them 500 times.
- × **"Your returns are impressive" / Mention Fund VIII's 22.8%** — sounds like you read the marketing deck.
- × **Bring up ACP Capital's 2021 wind-down** unprompted. It's a sore spot and not relevant to the current platform.
- × **"I'm a lawyer who learned finance"** — frame as integrated, not sequential.
- × **Name-drop Roopesh Shah in the first 10 minutes** unless Pat raises Evercore first. Save for follow-up.
- × **Pitch a long on a name Anchorage might be short**, or vice versa. Assume they have a position on everything you mention.
- × **Over-index on the JD.** Pat is not a lawyer and doesn't want a Davis Polk associate — he wants **an investor who happens to read docs faster than everyone else.**
- × **"Distressed is having a moment"** — sounds retail.
- × **Criticize Evercore or Davis Polk.** The RX world is small. Roopesh sat on the panel with him.
- × **"I want to learn from you"** as a standalone line. Show you've already started learning by quoting his Bloomberg / WRDIC frameworks back to him. **Learning = doing your homework, not asking to be taught.**

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10. 48-HOUR PRE-INTERVIEW CHECKLIST

T-48 hours

- [ ] **Listen to the full Bloomberg FICC Focus podcast** (March 5, 2025, 106 min) on commute / gym. Take verbatim notes on:
- The "institutional reputation" framework
- The "deal-away credibility" framing
- Anything he says about cooperation agreements
- Any deal references — especially Altice or J.Crew
- [ ] Read the Restructuring Newsletter WRDIC 2025 recap and memorize the LME trilemma framing.
- [ ] Read the Serta 5th Cir opinion (Dec 31, 2024) and skim the Sullivan & Cromwell Serta/Mitel comparison. Be able to articulate why the 5th Cir said "open market purchase" did NOT cover the uptier.
- [ ] Pull the Davis Polk J.Crew alumni record and refresh on J.Crew DIP order mechanics + the exit financing structure.
- [ ] Pull the latest Octus / Reorg Altice France co-op coverage — be current on participation %.

T-24 hours

- [ ] **Send Roopesh Shah a brief email** at Evercore. He sat on the WRDIC panel with Pat in Feb 2025. He may be working in Evercore RX in NYC. A two-sentence ask for 10 minutes of perspective on the Anchorage desk is appropriate — and the outreach itself is the signal. If he back-channels Pat, even better.
- Sample: *"Roopesh — I'm preparing for an interview at Anchorage on Pat McGrath's desk. I noticed you were on the WRDIC LME panel with him in February. Would you have 10 minutes this week for perspective on the desk and his style? Happy to grab a coffee or just call."*
- [ ] Pick **one** name (a current Reorg-flagged stressed credit) for the "pitch me a long/short" question. Build a 90-second cap-structure-to-trade walkthrough. Avoid anything Anchorage might be on either side of.
- [ ] Re-read your own Evercore deal sheet. Pick the **two strongest deals** to walk through using the buyside reframe (Section 6). Practice them out loud once.

T-2 hours

- [ ] Re-read this document. Specifically: the **opening pitch** (Section 3.1) and **the one thing** (TL;DR).
- [ ] Check Reorg / Octus / Bloomberg Bankruptcy headlines from today — be prepared if Pat asks "anything in the news catch your eye this week?"
- [ ] Confirm address, time, and whether it's in person at 610 Broadway. Show up 10 min early.

In the room

- **Lead with the inverse-complement frame.** You are not "a JD who learned finance" — you are an integrated legal-financial hybrid for a desk run by a non-lawyer financial/analytical principal who needs exactly that.

- **Quote his frameworks back to him** within the first 5 minutes. Show you did the work.
- **Reference Roopesh / Evercore only if Pat brings it up** or if there's a natural opening late in the conversation.
- **Have a question to ask in your pocket at every checkpoint** — closing question should be specific (Section 8).

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11. APPENDIX — SOURCES

Pat McGrath

- Patrick McGrath — WRDIC 2025 Speaker Bio
- Anchorage's McGrath Breaks Down LMEs — Bloomberg podcast March 2025
- Bloomberg Professional Insights — McGrath LME article
- WRDIC 2025 conference recap
- GRR — PJT hires Anchorage's former restructuring head (Charles Tauber)
- Apple Podcasts — McGrath FICC Focus episode

Anchorage Capital

- Anchorage Capital Group — Wikipedia
- Anchorage Capital Advisors Raises $1.5B — Business Wire Aug 2025
- ACO IX close — Alternatives Watch
- Anchorage closes ACP Capital — Bloomberg Dec 2021
- SEC ADV — Anchorage Capital Advisors
- SEC ADV — Anchorage Capital Group
- UK Companies House — Anchorage Capital Advisors Europe LLP #OC443331

J.Crew

- J.Crew emergence — Secured Finance Network
- Anchorage J.Crew emergence — PR Newswire
- J.Crew exit financing — ABL Advisor
- LME blockers — White & Case

Altice France

- Altice France co-op extension 94% — Octus/Reorg
- Altice France senior creditors seek pact — Bloomberg
- Altice creditors pick Rothschild — ION/Debtwire

Lumen 2024 LME

- IFR — Americas Restructuring Award Lumen
- Lumen recapitalization — Houlihan Lokey
- Lumen recapitalization — Davis Polk
- Lumen ad hoc lender group — Freshfields
- Lumen TSA 8-K (SEC)

Serta / Mitel

- Serta 5th Cir reversal — Cleary Gottlieb
- Serta 5th Cir — Bloomberg Law
- Serta vs Mitel — Sullivan & Cromwell / Simpson Thacher
- 2025 Distressed Outlook — Octus/Reorg

Other deals

- Carvana 8-K — exchange agreement July 2023
- Envision Healthcare UCC — Force Ten Partners
- Envision dual-silo analysis — Elevenflo
- Octus — 7 select drop-downs analysis
- Talen emergence — PR Newswire
- Diamond Sports emergence as Main Street Sports — Business Wire
- Yellow Corp pension — PBGC
- EchoStar restructuring — ION/Debtwire
- Hertz Third Circuit make-whole — Jones Day

Market thesis data

- 2026 US CLO Outlook — PitchBook

- 2026 US Distressed Credit Outlook — PitchBook
- 9fin CLO Cushion Downgrades
- 9fin 2026-2027 LevFin Maturity Wall
- S&P CLO CCC Scenario Analysis
- Moody's US Corporate Default Risk 2026
- FSB Private Credit Report May 2026
- Fortune — Private Credit Meltdown
- Capital One Shopping — 2026 Tariff Statistics
- Yahoo Finance — LSTA Distress Ratio Mar 2026

LME mechanics references

- Quinn Emanuel — LME overview
- Akin Gump — Post-LME protections 2025
- CreditSights — LME Webinar Drop-Downs
- CreditSights — LME Overview & Uptiering
- Restructuring Interviews — Distressed Debt Q&A

End of document. Prepared with: 5 specialized web-research agents (Anthropic Claude Sonnet 4.6 via Claude Code) + 4-model trifecta synthesis (Claude Opus 4.7, OpenAI GPT-4o, Google Gemini 2.5 Pro, DeepSeek). All factual claims sourced; figures dated to most recent public report; speculative items flagged.