



**An Introduction to
Registered Equity Buy Outs
("REBOs")**

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Readers are cautioned that these materials are for general informational purposes only. The materials are not intended to constitute, and do not constitute, legal advice. The materials are general in nature, and may not apply to particular factual or legal circumstances.

What is a REBO?

- A REBO (or registered equity buy out) is a newly-organized company formed for the purpose of acquiring a specified business (fully described in the prospectus) with the proceeds of the offering.
- A REBO possess a strong management team within an industry that has not only identified an attractive acquisition candidate but has negotiated a binding letter of intent or definitive acquisition agreement ---- the capital raised through the initial public offering of securities will effect the business combination and fund any necessary working capital.
- A REBO facilitates the transition of a private growth business opportunity into the qualified stewardship of seasoned public company managers.
- A REBO provides transparency to investors with full disclosure of the acquired company, along with audited financials.
- Unlike with a traditional LBO, a REBO's public shareholders are free to sell their shares in the market.
- Unlike with a SPAC, a REBO has an identified acquisition that can be evaluated by investors and which is consummated upon the closing of the REBO offering.

Benefits to Management Team of a REBO

- Management able to consummate an acquisition strategy that would otherwise only be financeable through private equity firms
- Provide management with better economic profile than with private equity sponsors
- Establish a public market for management's securities
- Attract broad institutional support investors, including:
 - Hedge funds attracted by warrant pricing
 - Value investors
 - Longer-term oriented private equity and hedge funds
- Viable potential alternative vehicle to "reverse merger."

Benefits to REBO Investors

- Access to acquisitions and buy-outs typically restricted to institutional private equity funds
- Benefits from liquidity of publicly traded security and ability to control timing of exit
- Benefit from industry expertise of strong management with business interests aligned with investors
- Eliminates time inefficiencies that exist in SPACs
- IPO proceeds used to consummate the pending acquisition along with working capital
- Negotiated length of lock-up of insider shares
- “Clean” alternative to traditional reverse mergers