

ARPEGGIO ACQUISITION CORP  
Form PRER14A  
May 26, 2006  
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## SCHEDULE 14A

(Rule 14a-101)

### INFORMATION REQUIRED IN PROXY STATEMENT

#### SCHEDULE 14A INFORMATION

**Proxy Statement Pursuant to Section 14(a) of the**

**Securities Exchange Act of 1934**

**(Amendment No. 2)**

Filed by the Registrant  Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, For Use of the Commission Only** (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Under Rule 14a-12

#### ARPEGGIO ACQUISITION CORPORATION

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(Name of Registrant as Specified in Its Charter)

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(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

Common stock of Arpeggio Acquisition Corporation

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(2) Aggregate number of securities to which transaction applies:

14,500,000

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

Average of high and low prices for common stock on February 8, 2006 (\$5.665)

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(4) Proposed maximum aggregate value of transaction:

\$82,142,500

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(5) Total fee paid:

\$8,789.25

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x Fee paid previously with preliminary materials:

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount previously paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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This proxy statement is dated \_\_\_\_\_, 2006 and is first being mailed to Arpeggio stockholders on or about \_\_\_\_\_, 2006.

**Arpeggio Acquisition Corporation**

**10 East 53rd Street, 35th Floor**

**New York, New York 10022**

To the Stockholders of Arpeggio Acquisition Corporation:

You are cordially invited to attend a special meeting of the stockholders of Arpeggio Acquisition Corporation ( Arpeggio ) relating to the proposed merger of Hill International, Inc. into Arpeggio and related matters. The meeting will be held at 10:00 a.m., eastern time, on \_\_\_\_\_, 2006, at the offices of Graubard Miller, our counsel, at The Chrysler Building, 405 Lexington Avenue, 19<sup>th</sup> Floor, New York, New York 10174.

At this meeting, you will be asked to consider and vote upon the following proposals:

(1) to adopt the Agreement and Plan of Merger, dated as of December 5, 2005, as amended on December 30, 2005, among Arpeggio, Hill International, Inc., a Delaware corporation ( Hill ), and the stockholders of Hill holding approximately 99% of the then outstanding shares of Hill (the Signing Stockholders ) and the transactions contemplated thereby we refer to this proposal as the merger proposal;

(2) to approve an amendment to the certificate of incorporation of Arpeggio to change the name of Arpeggio from Arpeggio Acquisition Corporation to Hill International, Inc. we refer to this proposal as the name change amendment;

(3) to approve an amendment to the certificate of incorporation of Arpeggio to increase the number of authorized shares of Arpeggio common stock from 30,000,000 to 75,000,000 we refer to this proposal as the capitalization amendment;

(4) to approve an amendment to the certificate of incorporation of Arpeggio to remove the preamble and sections A through D, inclusive, of Article Sixth from the certificate of incorporation from and after the closing of the merger, as these provisions will no longer be applicable to Arpeggio, and to redesignate section E of Article Sixth as Article Sixth we refer to this proposal as the Article Sixth amendment; and

(5) to approve the 2006 Employee Stock Option Plan we refer to this proposal as the stock option plan proposal.

The affirmative vote of the holders of a majority of the outstanding shares of Arpeggio common stock on the record date is required to approve each of the merger proposal, the name change amendment, the capitalization amendment and the Article Sixth Amendment. The approval of the

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stock option plan will require the affirmative vote of the holders of a majority of the shares of Arpeggio's common stock represented in person or by proxy and entitled to vote at the meeting.

The adoption of the merger proposal is conditioned on the adoption of the name change amendment and the capitalization amendment, and neither the name change amendment nor the capitalization amendment will be presented to the meeting for adoption unless the merger is approved. The adoption of the Article Sixth amendment and the stock option plan proposal are not conditions to the merger proposal or to the adoption of either of the name change amendment or the capitalization amendment but, if the merger is not approved, neither will be presented at the meeting for adoption.

Each Arpeggio stockholder who holds shares of common stock issued in Arpeggio's initial public offering ( IPO ) has the right to vote against the merger proposal and at the same time demand that Arpeggio convert such stockholder's shares into cash equal to a pro rata portion of the funds held in the trust account into which a substantial portion of the net proceeds of Arpeggio's IPO was deposited. As of May 16, 2006, 2006, the record date for the meeting of stockholders, the conversion price was approximately \$5.48 in cash for each share of Arpeggio common stock. These shares will be converted into cash only if the merger agreement is consummated.

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However, if the holders of 20% or more shares (1,360,000 shares) of common stock issued in Arpeggio's IPO vote against the merger proposal and demand conversion of their shares, Arpeggio will not consummate the merger. Prior to exercising conversion rights, Arpeggio stockholders should verify the market price of Arpeggio's common stock, as they may receive higher proceeds from the sale of their common stock in the public market than from exercising their conversion rights. Shares of Arpeggio's common stock are currently quoted on the Over-the-Counter Bulletin Board under the symbol APGO. On the record date, the last sale price of Arpeggio's common stock was \$ .

Arpeggio's initial stockholders who purchased their shares of common stock prior to its IPO, and presently own an aggregate of approximately 18.1% of the outstanding shares of Arpeggio common stock, have agreed to vote all of their shares on the merger proposal in accordance with the vote of the majority of the votes cast by the holders of shares issued in connection with the IPO. The initial stockholders have also indicated that they intend to vote FOR the adoption of the name change amendment, the capitalization amendment, the Article Sixth amendment and the stock option plan proposal.

After careful consideration, Arpeggio's board of directors has determined that the merger proposal is fair to and in the best interests of Arpeggio and its stockholders. Arpeggio's board of directors has also determined that the name change amendment, the capitalization amendment, the Article Sixth amendment and the stock option plan proposal are also in the best interests of Arpeggio's stockholders. Arpeggio's board of directors unanimously recommends that you vote or give instruction to vote FOR the adoption of the merger proposal, the name change amendment proposal, the capitalization amendment, the Article Sixth amendment and the stock option plan.

Enclosed is a notice of special meeting and proxy statement containing detailed information concerning the merger proposal and the transactions contemplated thereby, as well as detailed information concerning the name change amendment, the capitalization amendment, the Article Sixth amendment and the stock option plan proposal. Whether or not you plan to attend the special meeting, we urge you to read this material carefully.

**Your vote is important. Whether you plan to attend the special meeting or not, please sign, date and return the enclosed proxy card as soon as possible in the envelope provided.**

I look forward to seeing you at the meeting.

Sincerely,

Eric S. Rosenfeld  
Chairman of the Board,  
Chief Executive Officer and President

Neither the Securities and Exchange Commission nor any state securities commission has determined if this proxy statement is truthful or complete. Any representation to the contrary is a criminal offense.

SEE RISK FACTORS FOR A DISCUSSION OF VARIOUS FACTORS THAT YOU SHOULD CONSIDER IN CONNECTION WITH THE MERGER.

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**Arpeggio Acquisition Corporation**

**10 East 53rd Street, 35th Floor**

**New York, New York 10022**

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON \_\_\_\_\_, 2006**

TO THE STOCKHOLDERS OF ARPEGGIO ACQUISITION CORPORATION:

NOTICE IS HEREBY GIVEN that a special meeting of stockholders of Arpeggio Acquisition Corporation ( Arpeggio ), a Delaware corporation, will be held at 10:00 a.m. eastern time, on \_\_\_\_\_, 2006, at the offices of Graubard Miller, our counsel, at The Chrysler Building, 405 Lexington Avenue, 19th Floor New York, New York 10174 for the following purposes:

(1) to consider and vote upon the adoption of the Agreement and Plan of Merger, dated as of December 5, 2005, as amended on December 30, 2005, among Arpeggio, Hill International, Inc., a Delaware corporation ( Hill ), and stockholders of Hill holding approximately 99% of the then outstanding shares of Hill (the Signing Stockholders ), and the transactions contemplated thereby. Hill 's board of directors and the Signing Stockholders have already approved and adopted the Merger Agreement;

(2) to consider and vote upon an amendment to the certificate of incorporation of Arpeggio to change the name of Arpeggio from Arpeggio Acquisition Corporation to Hill International, Inc.;

(3) to consider and vote upon an amendment to the certificate of incorporation of Arpeggio to increase the number of authorized shares of Arpeggio common stock from 30,000,000 to 75,000,000;

(4) to consider and vote upon an amendment to the certificate of incorporation of Arpeggio to remove the preamble and sections A through D, inclusive, of Article Sixth from the certificate of incorporation from and after the closing of the merger, as these provisions will no longer be applicable to Arpeggio, and to redesignate section E of Article Sixth as Article Sixth; and

(5) to consider and vote upon the approval of the 2006 Employee Stock Option Plan.

These items of business are described in the attached proxy statement, which we encourage you to read in its entirety before voting. Only holders of record of Arpeggio 's common stock at the close of business on \_\_\_\_\_, 2006 are entitled to notice of the special meeting and to vote at the special meeting and any adjournments or postponements of the special meeting. Only the holders of record of Arpeggio common stock on that date are entitled to have their votes counted at the Arpeggio special meeting and any adjournments or postponements of it.

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Arpeggio will not transact any other business at the special meeting except for business properly brought before the special meeting or any adjournment or postponement of it by Arpeggio's board of directors.

A complete list of Arpeggio stockholders of record entitled to vote at the special meeting will be available for 10 days before the special meeting at the principal executive offices of Arpeggio for inspection by stockholders during ordinary business hours for any purpose germane to the special meeting.

**Your vote is important regardless of the number of shares you own.** The first, second, third and fourth proposals must be approved by the holders of a majority of the outstanding shares of Arpeggio common stock. The fifth proposal must be approved by the holders of a majority of the shares of Arpeggio common stock present in person or represented by proxy and entitled to vote at the meeting.

All Arpeggio stockholders are cordially invited to attend the special meeting in person. However, to ensure your representation at the special meeting, you are urged to complete, sign, date and return the enclosed proxy card as soon as possible. If you are a stockholder of record of Arpeggio common stock, you may also cast your vote in person at the special meeting. If your shares are held in an account at a brokerage firm or bank, you must instruct your broker or bank on how to vote your shares. If you do not vote or do not instruct your broker or bank how to vote, it will have the same effect as voting against the merger, the name change amendment, the capitalization amendment and the Article Sixth amendment, but you will be precluded from converting your shares into a pro rata portion of the trust account.

**The board of directors of Arpeggio unanimously recommends that you vote FOR each of the proposals, which are described in detail in the accompanying proxy statement.**

By Order of the Board of Directors

, 2006



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**SUMMARY OF THE MATERIAL TERMS OF THE MERGER**

The parties to the merger are Arpeggio Acquisition Corporation and Hill International, Inc. See the section entitled *The Merger Proposal*.

Hill is a privately-owned independent construction consulting firm headquartered in Marlton, NJ. Hill provides both fee-based project management and construction claims consulting services to clients worldwide. Hill is organized into two key operating divisions: the Project Management Group and the Construction Claims Group. See the section entitled *Business of Hill*.

On closing of the merger, Hill will merge into Arpeggio, with Arpeggio continuing as the surviving corporation. See the section entitled *The Merger Proposal*.

In return for all of their stock in Hill, the stockholders of Hill will receive from Arpeggio, at the closing, 14,500,000 shares of Arpeggio common stock. Hill's stockholders will also receive up to an additional 6,600,000 shares of Arpeggio common stock, contingent upon the combined companies meeting specified earnings targets. See the section entitled *The Merger Agreement Merger Consideration*.

As a result of the merger and assuming that no Arpeggio stockholder demands that Arpeggio convert its shares to cash, as permitted by Arpeggio's certificate of incorporation, immediately after the closing, the stockholders of Hill will own approximately 63.6% of the outstanding Arpeggio common stock and the present stockholders of Arpeggio (or their transferees) will own approximately 36.4% of the outstanding Arpeggio common stock. The percentage ownership of the Hill stockholders will be increased and that of Arpeggio's stockholders will be decreased upon issuances of the contingent shares to be issued by Arpeggio if the combined companies meet some or all of the earnings targets. See the section entitled *The Merger Agreement Merger Consideration*.

12.0%, or 1,740,000 of the 14,500,000 Arpeggio shares to be received by the Hill stockholders as merger consideration will be placed in escrow as a fund for the payment of indemnification claims that may be made by Arpeggio as a result of breaches of Hill's covenants, representations and warranties in the merger agreement. The escrowed shares will be taken from all Hill stockholders, pro rata in accordance with their ownership. See the section entitled *The Merger Agreement Escrow Agreement*.

In addition to voting on the merger, the stockholders of Arpeggio will vote on proposals to change its name to Hill International, Inc., to increase the number of shares of common stock it is authorized to issue to 75,000,000 from 30,000,000, to amend its charter to delete certain provisions that will no longer be applicable after the merger and to approve a stock option plan. See the sections entitled *Name Change Amendment Proposal*, *Capitalization Amendment Proposal*, *Article Sixth Amendment Proposal* and *Stock Option Plan Proposal*.

The stockholders of Hill have agreed not to sell any of the shares of Arpeggio common stock they receive in the merger until December 31, 2007, subject to the following exceptions: (i) they may use their shares to secure margin loans not to exceed 20% of the value of the shares at the time the loans are made and (ii) they may make certain private transfers (e.g. to family members), where the transferee agrees to bound by the terms of the lock-up agreement. See the section entitled *The Merger Agreement Lock-Up Agreement*.

After the merger, the directors of Arpeggio will be five persons who will be designated by Irvin E. Richter, David L. Richter and Brady H. Richter ( *Signing Stockholders* ), on the one hand, and two persons who will be designated by Eric S. Rosenfeld, chairman, chief executive officer and president of Arpeggio, and Arnaud Ajdler, chief financial officer, secretary and a director of Arpeggio, on the other hand, in accordance with a voting agreement to be entered into at the closing. The voting agreement will provide that the *Signing Stockholders* and Messrs. Rosenfeld and Ajdler will vote their shares of Arpeggio stock in favor of their respective designees to serve as directors of Arpeggio through the annual meeting of stockholders of Arpeggio to be held in 2007. See the section entitled

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*The Merger Agreement Election of Directors; Voting Agreement.*

After the merger, all of the officers of Arpeggio will be persons who presently hold similar positions with Hill, including Irvin E. Richter as chairman and chief executive officer and David L. Richter as president and chief operating officer. Irvin Richter and David Richter will enter into three-year employment agreements with Arpeggio, effective upon the consummation of the merger. None of the present officers of Arpeggio will continue in their positions after the merger. See the section entitled *The Merger Agreement Employment Agreements.*

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**QUESTIONS AND ANSWERS ABOUT THE PROPOSALS**

**Q. Why am I receiving this proxy statement?**

- A. Arpeggio and Hill have agreed to a business combination under the terms of the agreement and plan of merger dated December 5, 2005, as amended on December 30, 2005, that is described in this proxy statement. This agreement is referred to as the merger agreement. A copy of the merger agreement, as amended, is attached to this proxy statement as Annex A, which we encourage you to review.

In order to complete the merger, Arpeggio stockholders must vote to approve (i) the merger agreement, (ii) an amendment to Arpeggio's certificate of incorporation to change the name of Arpeggio from Arpeggio Acquisition Corporation to Hill International, Inc. and (iii) an amendment to Arpeggio's certificate of incorporation to increase the number of shares of authorized common stock from 30,000,000 to 75,000,000. Arpeggio stockholders will also be asked to vote to approve (i) an amendment to Arpeggio's certificate of incorporation to make certain modifications to Article Sixth thereof and (ii) the stock option plan, but such approvals are not conditions to the merger. The stock option plan has been approved by Arpeggio's board of directors and will be effective upon consummation of the merger, if approved by stockholders. Arpeggio's amended and restated certificate of incorporation, as it will appear if all amendments to its certificate of incorporation are approved, is annexed as Annex B hereto. The stock option plan is annexed as Annex C hereto.

Arpeggio is holding a special meeting of its stockholders to obtain these approvals. This proxy statement contains important information about the proposed merger, the other proposals and the special meeting of Arpeggio stockholders. You should read it carefully.

**Your vote is important. We encourage you to vote as soon as possible after carefully reviewing this proxy statement.**

**Q. Why is Arpeggio proposing the merger?**

- A. Arpeggio was organized to effect a merger, capital stock exchange, asset acquisition or other similar business combination with an operating business. Hill is a privately-owned, independent construction management firm, providing both fee-based project management and construction claims consulting services to clients worldwide. Arpeggio believes that Hill, with its recent acquisitions, high profile and complex projects, is positioned for significant growth in present and future construction markets and believes that a business combination with Hill will provide Arpeggio stockholders with an opportunity to participate in a company with significant growth potential.

**Q. What is being voted on?**

- A. There are five proposals on which the Arpeggio stockholders are being asked to vote. The first proposal is to adopt and approve the merger agreement and the transactions contemplated thereby. We refer to this proposal as the merger proposal.

The second proposal is to approve an amendment to the certificate of incorporation to change the name of Arpeggio from Arpeggio Acquisition Corporation to Hill International, Inc. We refer to this proposal as the name change amendment.

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The third proposal is to approve an amendment to the certificate of incorporation to increase the number of authorized shares of Arpeggio common stock from 30,000,000 to 75,000,000. We refer to this proposal as the capitalization amendment.

The fourth proposal is to approve an amendment to the certificate of incorporation to remove the preamble and sections A through D, inclusive, of Article Sixth from the Certificate of Incorporation from and after the closing and to redesignate section E of Article Sixth as Article Sixth. The items being removed will no longer be operative upon consummation of the merger; therefore, this amendment is being proposed to revise the certificate of incorporation on a going-forward basis. We refer to this proposal as the Article Sixth amendment.

The fifth proposal is to approve Arpeggio's Stock Option Plan. We refer to this proposal as the stock option plan proposal.

- Q. What vote is required in order to adopt the merger proposal?**
- A. The approval of the merger will require the affirmative vote of holders of a majority of the outstanding shares of Arpeggio's common stock. If the holders of 20% or more of the shares of the common stock issued in Arpeggio's initial public offering (the "IPO") pursuant to its prospectus, dated June 24, 2004, vote against the merger and demand that Arpeggio convert their shares into a pro rata portion of Arpeggio's trust account as of the record date, then the merger will not be consummated. No vote of the holders of Arpeggio's warrants is necessary to adopt the merger proposal or other proposals and Arpeggio is not asking the warrant holders to vote on the merger proposal or the other proposals. Arpeggio will not consummate the merger transaction unless both the name change amendment and the capitalization amendment are also approved. The approvals of the Article Sixth amendment and the stock option plan proposal are not conditions to the consummation of the merger. The stock option plan has been approved by Arpeggio's Board of Directors and will be effective upon consummation of the merger, subject to stockholder approval of the plan. If the merger proposal is not approved, none of the other proposals will be presented for approval.
- Q. What vote is required in order to adopt the name change amendment?**
- A. The approval of the name change amendment will require the affirmative vote of the holders of a majority of the outstanding shares of Arpeggio's common stock. The approval of the name change amendment is a condition to the consummation of the merger.
- Q. What vote is required in order to adopt the capitalization amendment?**
- A. The approval of the capitalization amendment will require the affirmative vote of the holders of a majority of the outstanding shares of Arpeggio's common stock. The approval of the capitalization amendment is a condition to the consummation of the merger.
- Q. What vote is required in order to adopt the Article Sixth amendment?**
- A. The approval of the Article Sixth amendment will require the affirmative vote of the holders of a majority of the outstanding shares of Arpeggio's common stock. The approval of the Article Sixth amendment is not a condition to the consummation of the merger or to the effectuation of the name change amendment or the capitalization amendment.



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- Q. **What vote is required in order to adopt the stock option plan proposal?** A. The approval of the stock option plan proposal will require the affirmative vote of the holders of a majority of the shares of Arpeggio common stock represented in person or by proxy and entitled to vote at the special meeting. The approval of the stock option plan proposal is not a condition to the approval of the merger or to the effectuation of the name change amendment or the capitalization amendment.
- Q. **Why is Arpeggio proposing the stock option plan?** A. Arpeggio is proposing the stock option plan to enable it to attract, retain and reward its directors, officers, employees and consultants using equity-based incentives. The stock option plan has been approved by Arpeggio's board of directors and will be effective upon consummation of the merger, subject to stockholder approval of the plan.
- Q. **Does the Arpeggio board recommend voting in favor of the merger proposal, the name change amendment, the capitalization amendment, the Article Sixth amendment and the stock option plan proposal?** A. Yes. After careful consideration of the terms and conditions of the merger agreement, the amendments to the certificate of incorporation and the stock option plan, the board of directors of Arpeggio has determined that the merger and the transactions contemplated thereby are fair to and in the best interests of Arpeggio and its stockholders. The Arpeggio board of directors recommends that Arpeggio stockholders vote **FOR** each of (i) the merger proposal, (ii) the name change amendment, (iii) the capitalization amendment, and (iv) the Article Sixth amendment and (v) the stock option plan proposal. The members of Arpeggio's board of directors have interests in the merger that are different from, or in addition to, your interests as a stockholder. For a description of such interests, please see the section entitled *Summary of the Proxy Statement Interests of Arpeggio Directors and Officers in the Merger*.
- For a description of the factors considered by Arpeggio's board of directors in making its determination, see the section entitled *Arpeggio Board of Directors Reasons for Approval of the Merger*.
- Arpeggio has obtained an opinion from Capitalink, L.C. that the merger is fair, from a financial perspective, to the stockholders of Arpeggio. For a description of the fairness opinion and the assumptions made, matters considered and procedures followed by Capitalink in rendering such opinion, see the section entitled *Fairness Opinion*.
- Q. **What will happen in the proposed merger?** A. As a consequence of the merger, Hill will be merged with and into Arpeggio and Arpeggio will continue as the surviving corporation. Stockholders of Hill will become stockholders of Arpeggio and will own approximately 63.6% of the shares of Arpeggio common stock outstanding immediately after the merger assuming that no shares are converted into their pro rata share of the trust account.
- Q. **How do the Arpeggio insiders intend to vote their shares?** A. All of the Arpeggio insiders (including all of Arpeggio's officers and directors) have agreed to vote the shares held by them that they acquired prior to the IPO on the merger proposal in accordance with the vote of the majority of the shares of common stock issued in the IPO. They have indicated that they will vote such shares in favor of the certificate of incorporation amendments and the stock option plan proposal. In accordance with their recommendations, the Arpeggio insiders will vote any shares they acquired after the IPO for all of the proposals.

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- Q. What will Arpeggio stockholders receive in the proposed merger?**
- A. Arpeggio stockholders will receive nothing in the merger. Arpeggio stockholders will continue to hold the shares of Arpeggio common stock that they owned prior to the merger.
- Q. What will Hill security holders receive in the proposed merger?**
- A. The persons who are stockholders of Hill at the time of the merger will receive 14,500,000 shares of Arpeggio common stock as merger consideration at the closing of the merger. Of the shares to be issued to the Hill stockholders at the closing, an aggregate of 1,740,000 shares, or 12%, will be placed in escrow to secure Arpeggio's indemnity rights under the merger agreement. The escrowed shares will be taken from the Hill stockholders pro rata in accordance with their ownership. The Hill stockholders will receive up to an additional 6,600,000 shares of Arpeggio common stock, contingent upon the combined companies attaining certain Earnings Before Interest and Taxes ( EBIT ) targets. See the section entitled *Merger Consideration*.
- Q. How much of Arpeggio will existing Arpeggio stockholders own after the merger?**
- A. Immediately after the merger, if no Arpeggio stockholder demands that Arpeggio convert its shares into a pro rata portion of the trust account, then existing Arpeggio's stockholders will own approximately 36.4% of the outstanding common stock of Arpeggio. Existing Arpeggio stockholders would own less than that percentage of shares if one or more Arpeggio stockholders vote against the merger proposal and demand conversion of their shares into a pro rata portion of the trust account. The ownership percentages of existing Arpeggio stockholders will also be reduced to the extent that contingent shares are issued to the Hill stockholders as a result of the combined companies meeting specified earnings targets after the merger.
- Q. Do I have conversion rights?**
- A. If you hold shares of common stock issued in Arpeggio's IPO, then you have the right to vote against the merger proposal and demand that Arpeggio convert such shares into a pro rata portion of the trust account in which a substantial portion of the net proceeds of Arpeggio's IPO are held. We sometimes refer to these rights to vote against the merger and demand conversion of the shares into a pro rata portion of the trust account as conversion rights.
- Q. How do I exercise my conversion rights?**
- A. If you wish to exercise your conversion rights, you must affirmatively vote against the merger proposal and at the same time demand that Arpeggio convert your shares into cash. Any action that does not include an affirmative vote against the merger will prevent you from exercising your conversion rights. You may exercise your conversion rights either by checking the box on the proxy card or by submitting your request in writing to Arpeggio at the address listed at the end of this section. If you (i) initially vote for the merger proposal but then wish to vote against it and exercise your conversion rights or (ii) initially vote against the merger proposal and wish to exercise your conversion rights but do not check the box on the proxy card providing for the exercise of your conversion rights or do not send a written request to Arpeggio to exercise your conversion rights, or (iii) initially vote against the merger but later wish to vote for it, you may request Arpeggio to send you another proxy card on which you may indicate your intended vote and, if that vote is against the merger proposal, exercise your conversion rights by checking the box provided for such purpose on the proxy card. You may

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make such request by contacting Arpeggio at the phone number or address listed at the end of this section. Any corrected or changed proxy card or written demand of conversion rights may be submitted to Arpeggio at any time prior to or at the special meeting. Your vote on any proposal other than the merger proposal will have no impact on your right to seek conversion.

If, notwithstanding your negative vote, the merger is completed, then you will be entitled to receive a pro rata portion of the trust account, including any interest earned thereon through the record date. As of the record date, there was approximately \$37,231,025 in trust, so you will be entitled to convert each share of common stock that you hold into approximately \$5.48. If you exercise your conversion rights, then you will be exchanging your shares of Arpeggio common stock for cash and will no longer own these shares. You will be entitled to receive cash for these shares only if you affirmatively vote against the merger, properly demand conversion, continue to hold these shares through the closing of the merger and then tender your stock certificate.

Exercise of your conversion rights does not result in either the conversion or loss of any warrants you may own. Your warrants will continue to be outstanding and exercisable following the conversion of your common stock. However, in the event that Arpeggio does not consummate a business combination by June 30, 2006, Arpeggio will be required to liquidate and any Arpeggio warrants you may own will become worthless.

- Q. **What if I object to the proposed merger? Do I have appraisal rights?** A. Arpeggio Stockholders do not have appraisal rights in connection with the merger under applicable Delaware corporation law.
- Q. **What happens to the funds deposited in the trust account after consummation of the merger?** A. Upon consummation of the merger, Arpeggio stockholders electing to exercise their conversion rights will receive their pro rata portion of the funds in the trust account. The balance of the funds in the trust account will be paid to Arpeggio to be used for working capital and growth, including possible acquisitions.
- Q. **Who will manage Arpeggio?** A. Irvin E. Richter and David L. Richter, currently members of the board of directors of Hill, Eric S. Rosenfeld and Arnaud Ajdler, currently members of the board of directors of Arpeggio, and Brian W. Clymer, William J. Doyle and Alan S. Fellheimer will be appointed to serve on Arpeggio's board of directors after the merger. After the merger, Irvin Richter will serve as chairman and chief executive officer of Arpeggio and David Richter will serve as its president and chief operating officer. It is expected that all of Hill's other officers will continue in their positions after the merger. None of Arpeggio's current officers will continue in his position after the merger.
- Q. **What happens if the merger is not consummated?** A. Arpeggio must liquidate if it does not consummate a business combination by June 30, 2006. Therefore, if the merger is not consummated by June 30, 2006, it will be required to liquidate. In any liquidation, the funds held in the trust account, plus any interest earned thereon, together with any remaining out-of-trust net assets, will be distributed pro rata to the holders of Arpeggio's common stock acquired in Arpeggio's IPO. Holders of

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Arpeggio common stock acquired prior to the IPO, including all of Arpeggio's officers and directors, have waived any right to any liquidation distribution with respect to those shares. In a liquidation, holders of Arpeggio's outstanding warrants would not receive any value for their warrants.

- Q. When do you expect the merger to be completed?** A. It is currently anticipated that the merger will be consummated promptly following the Arpeggio special meeting on \_\_\_\_\_, 2006.

For a description of the conditions to completion of the merger, see the section entitled *Conditions to the Completion of the Merger*.

- Q. What do I need to do now?** A. Arpeggio urges you to read carefully and consider the information contained in this proxy statement, including the annexes, and to consider how the merger will affect you as a stockholder of Arpeggio. You should then vote as soon as possible in accordance with the instructions provided in this proxy statement and on the enclosed proxy card.

- Q. How do I vote?** A. If you are a holder of record of Arpeggio common stock, you may vote in person at the special meeting or by submitting a proxy for the special meeting. You may submit your proxy by completing, signing, dating and returning the enclosed proxy card in the accompanying pre-addressed postage paid envelope. If you hold your shares in street name, which means your shares are held of record by a broker, bank or nominee, you must provide the record holder of your shares with instructions on how to vote your shares.

- Q. What will happen if I abstain from voting or fail to vote?** A. An abstention or failure to vote by an Arpeggio stockholder will have the same effect as a vote against the merger, but will not have the effect of converting your shares of common stock into a pro rata portion of the trust account. An abstention or failure to vote will also have the effect of voting against the certificate of incorporation amendments. An abstention will have the effect of voting against the stock option plan proposal, but failures to vote will have no effect on the stock option plan proposal.

- Q. If my shares are held in street name, will my broker, bank or nominee automatically vote my shares for me?** A. No. Your broker, bank or nominee cannot vote your shares unless you provide instructions on how to vote in accordance with the information and procedures provided to you by your broker, bank or nominee.

- Q. Can I change my vote after I have mailed my signed proxy or direction form?** A. Yes. Send a later-dated, signed proxy card to Arpeggio's secretary at the address of Arpeggio's corporate headquarters prior to the date of the special meeting or attend the special meeting in person and vote. You also may revoke your proxy by sending a notice of revocation to Arpeggio's secretary.

- Q. Do I need to send in my stock certificates?** A. Arpeggio stockholders who do not elect to have their shares converted into a pro rata share of the trust account should not submit their stock certificates now or after the merger, because their shares will not be converted or exchanged in the merger.

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Arpeggio stockholders who elect to have their shares converted should continue to hold their shares through the closing of the merger and then tender their stock certificates to Arpeggio. See the section entitled *Special Meeting of Arpeggio Stockholders Conversion Rights*.

**Q. What should I do if I receive more than one set of voting materials?** A. You may receive more than one set of voting materials, including multiple copies of this proxy statement and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold shares. If you are a holder of record and your shares are registered in more than one name, you will receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card that you receive in order to cast a vote with respect to all of your Arpeggio shares.

**Q. What are the federal income tax consequences of the merger?** The merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code and no gain or loss will be recognized by Arpeggio as a result of the merger.

A stockholder of Arpeggio who exercises conversion rights and effects a termination of the stockholder's interest in Arpeggio will generally be required to recognize capital gain or loss upon the exchange of that stockholder's shares of common stock of Arpeggio for cash, if such shares were held as a capital asset on the date of the merger. Such gain or loss will be measured by the difference between the amount of cash received and the tax basis of that stockholder's shares of Arpeggio common stock. No gain or loss will be recognized by non-converting stockholders of Arpeggio as a result of the merger.

For a description of the material federal income tax consequences of the merger, please see the information set forth in *Material Federal Income Tax Consequences of the Merger*.

**Q. Who can help answer my questions?** A. If you have questions about the merger or if you need additional copies of the proxy statement or the enclosed proxy card you should contact:

Mr. Eric S. Rosenfeld  
Arpeggio Acquisition Corporation  
10 East 53rd Street, 35th Floor  
New York, New York 10022  
Tel: (212) 319-7676

You may also obtain additional information about Arpeggio from documents filed with the SEC by following the instructions in the section entitled *Where You Can Find More Information*.

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**SUMMARY OF THE PROXY STATEMENT**

This summary highlights selected information from this proxy statement and does not contain all of the information that is important to you. To better understand the merger, you should read this entire document carefully, including the merger agreement, as amended, attached as Annex A to this proxy statement. We encourage you to read the merger agreement carefully. It is the legal document that governs the merger and the other transactions contemplated by the merger agreement. It is also described in detail elsewhere in this proxy statement.

**The Parties**

*Arpeggio*

Arpeggio is a blank check company organized as a corporation under the laws of the State of Delaware on April 2, 2004. It was formed to effect a merger, capital stock exchange, asset acquisition or other similar business combination with an operating business. On June 30, 2004, it consummated an IPO of its equity securities from which it derived net proceeds of approximately \$36,772,000. Approximately \$35,352,000 of the net proceeds of the IPO were placed in a trust account. Such funds, with the interest earned thereon, will be released to Arpeggio upon consummation of the merger, less any amount payable to Arpeggio stockholders that vote against the merger and elect to exercise their conversion rights.

The remainder of the net proceeds of the IPO, or approximately \$1,420,000, has been and will be used by Arpeggio to pay the expenses incurred in its pursuit of a business combination. As of April 5, 2006, Arpeggio had spent approximately \$1,300,000 of that amount. Other than its IPO and the pursuit of a business combination, Arpeggio has not engaged in any business to date. If Arpeggio does not consummate a business combination by June 30, 2006, then, pursuant to Article Sixth of its certificate of incorporation, Arpeggio's officers must take all actions necessary to dissolve and liquidate Arpeggio within 60 days of such date.

The Arpeggio common stock, warrants to purchase common stock and units (each unit consisting of one share of common stock and two warrants to purchase common stock) are currently quoted on the Over-the-Counter Bulletin Board (OTCBB) under the symbols APGO for the common stock, APGOW for the warrants and APGOU for the units.

The mailing address of Arpeggio's principal executive office is 10 East 53<sup>rd</sup> Street, 35<sup>th</sup> Floor, New York, New York 10022, and its telephone number is (212) 319-7676.

*Hill*

Hill is a privately-owned independent construction consulting firm headquartered in Marlton, New Jersey, that provides both fee-based project management and construction claims consulting services to clients worldwide. Hill is organized into two key operating divisions: the Project Management Group and the Construction Claims Group.

Hill was originally founded in 1976 as a Massachusetts corporation and was subsequently merged with and into Hill International, Inc., a Delaware corporation formed for the purpose of changing Hill's state of incorporation, as of September 8, 1981. The mailing address of Hill's principal executive offices is 303 Lippincott Centre, Marlton, New Jersey 08053, and its telephone number is (856) 810-6200.

*Project Management Group*

Hill's Project Management Group offers fee-based or agency construction management services to its clients, leveraging its construction claims expertise to identify potential problems, difficulties and sources of delay on a construction project before they develop into costly problems. Hill is a fee-based consultant and does not assume project completion risk. Clients are typically billed a negotiated multiplier of the actual direct cost of

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each consultant assigned to a project, and Hill is reimbursed for all out-of-pocket expenses. As construction manager, Hill has managed all phases of the construction process from pre-design through completion. Services include program management, project management, project management oversight, troubled project turnaround, staff augmentation, estimating and cost management, project labor agreements and management consulting. Since its inception, Hill has managed more than 1,000 projects at an aggregate construction cost of more than \$100 billion. The Project Management Group accounted for approximately 82% of Hill's revenue less reimbursable expenses during fiscal year 2005.

Hill has received nine Project Achievement Awards from the Construction Management Association of America honoring its performance as construction manager on various projects. *Engineering News-Record*, an industry publication, ranked Hill as the 18th largest construction management firm in the United States in its June 13, 2005 issue.

Recent project management clients include:

City of Philadelphia Division of Aviation

Dubai International Properties

Illinois State Toll Highway Authority

Liberty Property Trust

Merck & Co.

Nakheel Corporation

National Institutes of Health

New Jersey Schools Construction Corp.

New York City Department of Design and Construction

Port Authority of New York and New Jersey

Romanian Ministry of Finance

Smithsonian Institution



Sunoco

U. S. Army Corps of Engineers

U. S. Department of Energy

*Construction Claims Group*

Hill's Construction Claims Group advises clients in order to assist them in preventing or resolving claims and disputes based upon schedule delays, cost overruns and other problems on major construction projects worldwide. Hill's claims consulting services include claims preparation, analysis and review, litigation support, expert witness testimony, cost and damages assessment and delay/disruption analysis. Clients are typically billed based on an hourly rate for each consultant assigned to the project and Hill is reimbursed for its out-of-pocket expenses. The Construction Claims Group accounted for approximately 18% of Hill's revenue less reimbursable expenses during fiscal year 2005.

Hill has helped resolve over 5,000 disputes involving claims in excess of \$50 billion. Hill's claims consulting clients include participants on all sides of a construction project, including owners, contractors, subcontractors, architects, engineers, attorneys, lenders and insurance companies.

Hill has been involved in resolving construction claims for many major construction projects worldwide, including for the Channel Tunnel connecting the United Kingdom and France and the Petronas Twin Towers in Kuala Lumpur, Malaysia.

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Recent construction claims clients include:

Abu Dhabi Public Works Dept.

Bear Stearns

Bechtel Group

Bombardier Transportation

Dubai Dept. of Civil Aviation

General Electric Co.

Honeywell

Lexington Insurance Co.

U.S. Federal Bureau of Prisons

U. S. General Services Administration

**The Merger**

The merger agreement provides for a business combination transaction by means of a merger of Hill into Arpeggio. This will be accomplished through an exchange of all the issued and outstanding shares of capital stock of Hill for shares of common stock of Arpeggio. A total of 1,740,000 shares of Arpeggio common stock, representing 12% of the 14,500,000 shares of Arpeggio common stock to be issued to the Hill stockholders as merger consideration at the closing, will be placed in escrow to provide the sole remedy for Arpeggio's rights to indemnity set forth in the merger agreement. The escrowed shares will be taken from all the Hill stockholders, pro rata in accordance with their ownership.

Arpeggio and Hill plan to complete the merger promptly after the Arpeggio special meeting, provided that:

Arpeggio's stockholders have approved the merger proposal, the name change amendment and capitalization amendment;

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holders of 20% or more of the shares of common stock issued in Arpeggio's IPO have not voted against the merger proposal and demanded conversion of their shares into cash; and

the other conditions specified in the merger agreement have been satisfied or waived.

### **Arpeggio's Recommendations to Stockholders; Reasons for the Merger**

After careful consideration of the terms and conditions of the merger agreement, the certificate of incorporation amendments and the stock option plan, the board of directors of Arpeggio has determined that the merger and the transactions contemplated thereby, each certificate of incorporation amendment and the stock option plan are fair to and in the best interests of Arpeggio and its stockholders. In reaching its decision with respect to the merger and the transactions contemplated thereby, the board of directors of Arpeggio reviewed various industry and financial data and the due diligence and evaluation materials provided by Hill in order to determine that the consideration to be paid to the Hill stockholders was reasonable. Further, Arpeggio has received an opinion from Capitalink that, in its opinion, the merger and the transactions contemplated thereby are fair to Arpeggio's stockholders from a financial point of view. Accordingly, Arpeggio's board of directors recommends that Arpeggio stockholders vote:

**FOR** the merger proposal;

**FOR** the name change amendment;

**FOR** the capitalization amendment;

**FOR** the Article Sixth amendment; and

**FOR** the stock option plan proposal.

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### **The Certificate of Incorporation Amendments**

The amendments to Arpeggio's certificate of incorporation are being proposed, upon consummation of the merger, to change Arpeggio's name, increase the number of shares of common stock it is authorized to issue, and eliminate certain provisions which are applicable to Arpeggio only prior to its completion of a business combination. As a result of the amendments, after the merger, Arpeggio will be named Hill International, Inc., the number of shares of common stock it will be authorized to issue will be increased from 30 million to 75 million and Article Sixth of its certificate of incorporation will address only its classified board of directors, with existing provisions that relate to it as a blank check company being deleted.

### **The Proposed Arpeggio 2006 Employee Stock Option Plan**

The Arpeggio 2006 Employee Stock Option Plan reserves 1,140,000 shares of Arpeggio common stock for issuance in accordance with the plan's terms. The purpose of the plan is to create incentives designed to motivate our employees to significantly contribute toward our growth and profitability, to provide Arpeggio executives, directors and other employees, and persons who, by their position, ability and diligence are able to make important contributions to our growth and profitability, with an incentive to assist us in achieving our long-term corporate objectives, to attract and retain qualified executives and other employees, and to provide such persons with an opportunity to acquire an equity interest in Arpeggio. The plan is attached as Annex C to this proxy statement. We encourage you to read the plan in its entirety.

### **Management of Arpeggio and Hill**

As a result of the merger, Hill will be merged into Arpeggio and will no longer survive as a corporate entity. Arpeggio will continue its existence as the surviving corporation. After the consummation of the merger, the board of directors of Arpeggio will consist of Irvin E. Richter, Eric S. Rosenfeld, and William J. Doyle (each in the class to stand for election in 2007), David L. Richter and Alan S. Fellheimer (in the class to stand for election in 2008), and Arnaud Ajdler and Brian W. Clymer (in the class to stand for election in 2009). Messrs. Irvin E. Richter and David L. Richter are currently directors of Hill and along with Messrs. Clymer, Doyle and Fellheimer are designees of the Signing Stockholders under the voting agreement. Messrs. Ajdler and Rosenfeld are currently directors of Arpeggio and are their own designees under the voting agreement.

After the consummation of the merger, the primary executive officers of Arpeggio will be Irvin E. Richter, chairman and chief executive officer, and David L. Richter, president and chief operating officer, who now hold such positions with Hill. It is expected that Hill's other officers will continue in similar positions with Arpeggio after the merger. None of Arpeggio's current officers will continue in his position after the merger.

### **Voting Agreement**

Upon consummation of the merger, the Signing Stockholders, on the one hand, and Messrs. Rosenfeld and Ajdler, on the other hand, which groups together will own approximately 69% of Arpeggio's outstanding stock, and Arpeggio will enter into a voting agreement. The voting agreement will require each individual member of a group to vote for the designees of the other group as directors of Arpeggio until immediately following the election that will be held in 2007. Arpeggio will be obligated to provide for its board of directors to be comprised of seven members and to enable the election to the board of directors of the persons designated by the other parties to the voting agreement. The voting agreement is attached as Annex E hereto. We encourage you to read the voting agreement in its entirety.

**Arpeggio Inside Stockholders**

On the record date, directors and executive officers of Arpeggio and their affiliates (the Arpeggio Inside Stockholders ) beneficially owned and were entitled to vote 1,500,000 shares, or approximately 18.1% of Arpeggio s outstanding common stock. These shares were issued to the Arpeggio Inside Stockholders prior to

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Arpeggio's IPO. In connection with its IPO, Arpeggio and EarlyBirdCapital, Inc., the managing underwriter of the IPO, entered into agreements with each of the Arpeggio Inside Stockholders pursuant to which each Arpeggio Inside Stockholder agreed to vote these shares of Arpeggio common stock on the merger proposal in accordance with the majority of the votes cast by the holders of shares issued in connection with the IPO. The Arpeggio Inside Stockholders also agreed, in connection with the IPO, to place these shares in escrow until June 24, 2007.

**Merger Consideration**

The holders of the outstanding shares of common stock of Hill immediately before the merger will receive from Arpeggio 14,500,000 shares of Arpeggio common stock at the closing of the merger. Immediately following the Merger, the Hill stockholders will own approximately 63.6% of the total issued and outstanding Arpeggio common stock, assuming that no Arpeggio stockholders seek conversion of their Arpeggio stock into their pro rata share of the trust account. Of the 14,500,000 shares to be issued to the Hill stockholders, an aggregate of 1,740,000 shares, or 12%, taken pro rata from all the Hill stockholders, will be placed in escrow to secure Arpeggio's indemnity rights under the merger agreement. For a description of the Escrow Agreement, please see the section entitled "Summary of the Proxy Statement Escrow Agreement Indemnification of Arpeggio."

The merger agreement also provides for the Hill stockholders to receive up to an additional 6,600,000 shares of Arpeggio common stock, contingent upon the combined companies attaining the following Earnings before Interest and Taxes (EBIT) targets:

<u>Fiscal Year Ending 12/31</u>	<u>Earnings Before Interest and Taxes</u>	<u>Contingent Shares</u>
2006	\$ 9.9 million	2.3 million
2007	\$ 13.5 million	2.3 million
2008	\$ 18.4 million	1.0 million
2009	\$ 24.9 million	1.0 million

**Fairness Opinion**

Pursuant to an engagement letter dated November 23, 2005, we engaged Capitalink, L.C. to render an opinion that our merger with Hill on the terms and conditions set forth in the merger agreement is fair to our stockholders from a financial perspective and that the fair market value of Hill is at least equal to 80% of our net assets. Capitalink is an investment banking firm that, as part of its investment banking business, regularly is engaged in the evaluation of businesses and their securities in connection with mergers, acquisitions, corporate restructuring, private placements and for other purposes. Our board of directors determined to use the services of Capitalink because it is a recognized investment banking firm that has substantial experience in similar matters. The engagement letter provides that we will pay Capitalink a fee of \$75,000 (which has been paid) and will reimburse Capitalink for its reasonable out-of-pocket expenses, including attorneys' fees. We have also agreed to indemnify Capitalink against certain liabilities that may arise out of the rendering of the opinion.

Capitalink delivered its written opinion to our board of directors on December 4, 2005, which stated that, as of such date, and based upon and subject to the assumptions made, matters considered, and limitations on its review as set forth in the opinion, (i) the consideration to be paid by us in the merger is fair to our stockholders from a financial point of view, and (ii) the fair market value of Hill is at least equal to 80% of our net assets. The amount of such consideration was determined pursuant to negotiations between us and Hill and not pursuant to recommendations of Capitalink. The full text of Capitalink's written opinion, attached hereto as Annex D, is incorporated by reference into this proxy statement. You are urged to read the Capitalink opinion carefully and in its entirety for a description of the assumptions made, matters considered, procedures

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followed and limitations on the review undertaken by Capitalink in rendering its opinion. The summary of the Capitalink opinion set forth in this proxy statement is qualified in its entirety by reference to the full text of the opinion. Capitalink's opinion is addressed to our board of directors only and does not constitute a recommendation to any of our stockholders as to how such stockholders should vote with respect to the merger proposal and the transactions contemplated thereby.

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### **Escrow Agreement Indemnification of Arpeggio**

As the sole remedy for the obligation of the stockholders of Hill to indemnify and hold harmless Arpeggio for any damages, whether as a result of any third party claim or otherwise, and which arise as a result of or in connection with the breach of representations and warranties and agreements and covenants of Hill, at the closing, 12% (an aggregate of 1,740,000) of the 14,500,000 shares of Arpeggio common stock to be issued to the Hill stockholders as merger consideration upon consummation of the merger will be deposited in escrow. The escrowed shares will be taken from all the Hill stockholders, pro rata in accordance with their ownership. Of the shares placed in escrow, five-sixths will be available for the satisfaction of all indemnification claims other than those relating to taxes and one-sixth will be available solely for the satisfaction of tax indemnification claims. Any indemnification payments shall be paid solely from the shares placed in escrow or, at the election of a holder of the escrow shares, in cash paid by such holder in substitution for such shares. Claims for indemnification may be asserted by Arpeggio once the damages exceed \$500,000 and are indemnifiable to the extent that damages exceed that amount. However, claims with respect to taxes and certain other matters are not subject to such threshold. The shares available for indemnification claims other than those relating to taxes, less any of the shares applied in satisfaction of a claim for indemnification and the shares related to a claim for indemnification that is then unresolved, will be released on the first business day following the date that is 30 days after the date on which Arpeggio files its Report on Form 10-K pursuant to the Exchange Act of 1934, as amended, for its 2006 fiscal year, to such persons in the same proportions as initially deposited in escrow. Shares still in escrow on December 30, 2010, will be released on the next business day, even if claims to which they relate are not then resolved. No action is required for such persons to receive the shares released from escrow. For purposes of satisfying an indemnification claim, shares of Arpeggio common stock will be valued at the average reported last sales price for the ten trading days ending on the last day prior to the day that the claim is paid. The escrow agreement is attached as Annex F hereto. We encourage you to read the escrow agreement in its entirety.

The determination to assert a claim for indemnification by Arpeggio against the escrow shares will be made by Eric S. Rosenfeld, who is a current member of Arpeggio's board of directors. Irvin E. Richter has been designated under the merger agreement to represent the interests of the Hill stockholders with respect to claims for indemnification by Arpeggio against such shares.

### **Lock-Up Agreements**

At the closing of the merger, the Signing Stockholders will enter into lock-up agreements that provide that they not sell or otherwise transfer any of the shares of common stock of Arpeggio that they receive in the merger until December 31, 2007, subject to certain exceptions, including the right to use their shares to secure margin loans not to exceed 20% of the value of the shares at the time the loans are made. The lock-up agreements are to be entered into to ensure that the shares of Arpeggio received by the Signing Stockholders in the merger will not offer the potential to impact upon the market price during the period the restrictions apply.

### **Date, Time and Place of Special Meeting of Arpeggio's Stockholders**

The special meeting of the stockholders of Arpeggio will be held at 10:00 a.m., eastern time, on \_\_\_\_\_, 2006, at the offices of Graubard Miller, our counsel, at The Chrysler Building, 405 Lexington Avenue, 19<sup>th</sup> Floor, New York, New York, 10174 to consider and vote upon the merger proposal, the name change amendment, the capitalization amendment, the Article Sixth amendment and the stock option plan proposal.

### **Voting Power; Record Date**



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You will be entitled to vote or direct votes to be cast at the special meeting if you owned shares of Arpeggio common stock at the close of business on May 16, 2006, which is the record date for the special meeting. You will have one vote for each share of Arpeggio common stock you owned at the close of business on the record date. On the record date, there were 8,300,000 shares of Arpeggio common stock outstanding. Arpeggio warrants do not have voting rights.

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### **Approval of the Hill Stockholders**

The Signing Stockholders, who held approximately 99% of the outstanding shares of Hill capital stock at the time the merger agreement was signed, approved the merger and the transactions contemplated thereby by consent action. Accordingly, no further action by the Hill stockholders is needed to approve the merger.

### **Quorum and Vote of Arpeggio Stockholders**

A quorum of Arpeggio stockholders is necessary to hold a valid meeting. A quorum will be present at the Arpeggio special meeting if a majority of the outstanding shares entitled to vote at the meeting are represented in person or by proxy. Abstentions and broker non-votes will count as present for the purposes of establishing a quorum.

The approval of the merger proposal will require the affirmative vote of the holders of a majority of the outstanding shares of Arpeggio common stock on the record date. The merger will not be consummated if the holders of 20% or more of the common stock issued in Arpeggio's IPO (1,360,000 shares or more) exercise their conversion rights.

The approval of the name change amendment will require the affirmative vote of the holders of a majority of the outstanding shares of Arpeggio common stock on the record date.

The approval of the capitalization amendment will require the affirmative vote of the holders of a majority of the outstanding shares of Arpeggio common stock on the record date.

The approval of the Article Sixth amendment will require the affirmative vote of the holders of a majority of the outstanding shares of Arpeggio common stock on the record date.

The approval of the stock option plan proposal will require the affirmative vote of the holders of a majority of the shares of Arpeggio common stock represented in person or by proxy and entitled to vote at the meeting.

Arpeggio's certificate of incorporation requires the favorable vote of holders of a majority of its outstanding common stock for the approval of the merger proposal. The Delaware General Corporation Law requires the same vote for the approval of the name change amendment, the capitalization amendment and the Article Sixth amendment. Under Arpeggio's bylaws, matters not addressed by its certificate of incorporation or state law, including the stock option proposal, must be approved by the vote of holders of a majority of its common stock represented in person or by proxy and eligible to vote on the proposal at the special meeting. A consequence of the difference in these voting requirements is that the vote of holders of fewer shares is required for the approval of the stock option proposal than for the approval of the other matters being presented at the special meeting.

Abstentions will have the same effect as a vote AGAINST the merger proposal and the proposals to amend the certificate of incorporation and the stock option plan. Broker non-votes, while considered present for the purposes of establishing a quorum, will have the effect of votes against the merger proposal and the proposals to amend the certificate of incorporation, but will have no effect on the stock option plan proposal. Please note that you cannot seek conversion of your shares unless you affirmatively vote against the merger.

**Relation of Proposals**

The merger will not be consummated unless each of the name change amendment and the capitalization amendment is approved and neither of the name change amendment nor the capitalization amendment will be presented to the meeting for adoption unless the merger proposal is approved. The approvals of the Article Sixth amendment and the stock option plan proposal are not conditions to the consummation of the merger or to the adoption of either of the name change amendment or the capitalization amendment but, if the merger proposal is not approved, neither will be presented at the meeting for adoption. The stock option plan has been approved by Arpeggio's Board of Directors and will take effect upon consummation of the merger, subject to stockholder approval of the stock option plan proposal.

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### **Conversion Rights**

Pursuant to Arpeggio's certificate of incorporation, a holder of shares of Arpeggio's common stock issued in its IPO may, if the stockholder affirmatively votes against the merger, demand that Arpeggio convert such shares into cash. Demand may be made by checking the box on the proxy card provided for that purpose and returning the proxy card in accordance with the instructions provided. Demand may also be made in any other writing that clearly states that conversion is demanded and is delivered so that it is received by Arpeggio at any time up to the stockholder meeting. If properly demanded, Arpeggio will convert each share of common stock into a pro rata portion of the trust account as of the record date. This would amount to approximately \$ \_\_\_\_\_ per share of Arpeggio's common stock. An improperly made demand for conversion may be remedied at any time until the stockholder meeting. If you exercise your conversion rights, then you will be exchanging your shares of Arpeggio common stock for cash and will no longer own the shares. You will be entitled to receive cash for these shares only if you affirmatively vote against the merger, properly demand conversion, continue to hold these shares through the effective time of the merger and then tender your stock certificate to Arpeggio. If the merger is not completed, these shares will not be converted into cash. However, if we are unable to complete the merger or another business combination by June 30, 2006, we will be forced to liquidate and all public stockholders will receive at least the amount they would have received if they sought conversion of their shares and we did consummate the merger.

The merger will not be consummated if the holders of 20% or more of the common stock issued in Arpeggio's IPO (1,360,000 shares or more) exercise their conversion rights.

### **Appraisal Rights**

Arpeggio stockholders do not have appraisal rights in connection with the merger.

### **Proxies**

Proxies may be solicited by mail, telephone or in person. We have engaged Mackenzie Partners, Inc. to assist us in the solicitation of proxies.

If you grant a proxy, you may still vote your shares in person if you revoke your proxy at or before the special meeting.

### **Interests of Arpeggio Directors and Officers in the Merger**

When you consider the recommendation of Arpeggio's board of directors in favor of adoption of the merger proposal, you should keep in mind that Arpeggio's executive officers and members of Arpeggio's board have interests in the merger transaction that are different from, or in addition to, your interests as a stockholder. These interests include, among other things:

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if the merger is not approved and Arpeggio is unable to complete another business combination by June 30, 2006, Arpeggio will be required to liquidate. In such event, the 1,500,000 shares of common stock held by Arpeggio's officers and directors that were acquired prior to the IPO for an aggregate purchase price of \$25,000, will be worthless because Arpeggio's initial stockholders are not entitled to receive any liquidation proceeds with respect to such shares. Such shares had an aggregate market value of \$9,150,000 based upon the last sale price of \$6.10 on the OTCBB on May 16, 2006, the record date.

Messrs. Rosenfeld, Schlemm and Joel Greenblatt, special advisor to Arpeggio, also purchased 1,003,300 warrants for an aggregate purchase price of \$652,145 (or \$0.65 per warrant), pursuant to a binding, written agreement between Mr. Rosenfeld and EarlyBirdCapital, Inc. entered into in connection with Arpeggio's IPO. This agreement was entered into by Mr. Rosenfeld at a time when he was not in possession of any material non-public information relating to Arpeggio. The agreement sets forth that it constitutes an irrevocable order instructing EarlyBirdCapital, as the designated broker-dealer, to purchase the warrants, without any further instructions, at prices not to exceed \$0.65 per warrant during

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the forty-trading day period commencing on the date separate trading of Arpeggio's warrants commenced, in compliance with Rule 10b5-1. Such warrants had an aggregate market value of \$1,163,828, based on the last sale price of \$1.16 on the OTCBB on May 16, 2006. All of the warrants will become worthless if the merger is not consummated (as will the remainder of the public warrants);

after the completion of the merger, Eric S. Rosenfeld and Arnaud Ajdler will serve as members of the board of directors of Arpeggio. As such, in the future each will receive any cash fees, stock options or stock awards that the Arpeggio board of directors determines to pay its non-executive directors; and

if Arpeggio liquidates prior to the consummation of a business combination, Eric S. Rosenfeld, our current chairman of the board, chief executive officer and president, will be personally liable to pay debts and obligations, if any, to vendors and other entities that are owed money by Arpeggio for services rendered or products sold to Arpeggio, or to any target business, to the extent such creditors bring claims that would otherwise require payment from moneys in the trust account. This arrangement was entered into to ensure that, in the event of liquidation, the trust account is not reduced by claims of creditors. Based on Arpeggio's estimated debts and obligations, it is not currently expected that Mr. Rosenfeld will have any exposure under this arrangement in the event of liquidation.

## **Conditions to the Closing of the Merger**

Consummation of the merger agreement and the related transactions is conditioned on the Arpeggio stockholders (i) adopting the merger proposal, (ii) approving the name change amendment, and (iii) approving the capitalization amendment. The Arpeggio stockholders will also be asked to adopt the stock option plan and to approve the removal of all of the provisions of Article Sixth of Arpeggio's certificate of incorporation other than the paragraph relating to Arpeggio's staggered board of directors. The transaction is not dependent on the approval of either of such actions. The stock option plan has been approved by our Board of Directors and will be effective upon consummation of the merger if approved by the Arpeggio stockholders. If stockholders owning 20% or more of the shares sold in the IPO vote against the transaction and exercise their right to convert their shares purchased in the IPO into a pro-rata portion of the funds held in trust by Arpeggio for the benefit of the holders of shares purchased in the IPO, then the merger cannot be consummated.

In addition, the consummation of the merger is conditioned upon the following, among other things:

no order, stay, judgment or decree being issued by any governmental authority preventing, restraining or prohibiting in whole or in part, the consummation of such transactions;

the delivery by each party to the other party of a certificate to the effect that the representations and warranties of the delivering party are true and correct in all material respects as of the closing and all covenants contained in the merger agreement have been materially complied with by the delivering party; and

Arpeggio's common stock being quoted on the OTCBB or listed for trading on Nasdaq and there being no action or proceeding pending or threatened against Arpeggio by the National Association of Securities Dealers, Inc. (NASD) to prohibit or terminate the quotation of Arpeggio's common stock on the OTCBB or the trading thereof on Nasdaq.

*Hill's Conditions to Closing of the Merger*

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The obligations of Hill to consummate the transactions contemplated by the merger agreement, in addition to the conditions described above, are conditioned upon each of the following, among other things:

there shall have been no material adverse effect with respect to Arpeggio since the date of the merger agreement;

Hill shall have received a legal opinion substantially in the form annexed to the merger agreement, which is customary for transactions of this nature, from Graubard Miller, counsel to Arpeggio; and

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Arpeggio shall have made appropriate arrangements with Continental Stock Transfer & Trust Company to have the trust account disbursed to Arpeggio immediately upon the Closing.

### *Arpeggio's Conditions to Closing of the Merger*

The obligations of Arpeggio to consummate the transactions contemplated by the merger agreement, in addition to the conditions described above in the second paragraph of this section, are conditioned upon each of the following, among other things:

there shall have been no material adverse effect with respect to Hill since the date of the merger agreement;

employment agreements between Arpeggio and each of Irvin E. Richter, David L. Richter and Stuart S. Richter shall be in full force and effect;

Arpeggio shall have received a legal opinion substantially in the form annexed to the merger agreement, which is customary for transactions of this nature, from McCarter & English, LLP, counsel to Hill;

Arpeggio shall have received comfort letters from BDO Seidman, LLP and Amper, Politziner & Mattia P.C., dated the date of distribution of this proxy statement and the date of consummation of the merger, in forms customary for transactions of this nature, confirming that certain financial data in this proxy statement, other than the numbers in the actual financial statements, are derived from the financial statements and/or accounting records of the respective company;

the voting agreement and the lock-up agreements shall be in full force and effect; and

(i) all outstanding loans to insiders from Hill shall have been repaid in full; (ii) all outstanding guaranties and similar arrangements pursuant to which Hill has guaranteed the payment or performance of any obligations of any insider to a third party shall have been terminated; and (iii) no Hill insider shall own any direct equity interests in any subsidiary of Hill or in any other person that utilizes the name Hill International.

### **Termination, Amendment and Waiver**

The merger agreement will terminate if the merger has not been consummated by June 30, 2006. In addition, the merger agreement may be terminated at any time, but not later than the closing, as follows:

by mutual written consent of Arpeggio and Hill;

by either party if a governmental entity shall have issued an order, decree or ruling or taken any other action, in any case having the effect of permanently restraining, enjoining or otherwise prohibiting the merger, which order, decree, ruling or other action is final and nonappealable;



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by either party if the other party has breached any of its covenants or representations and warranties in any material respect and has not cured its breach within 30 days of the notice of an intent to terminate, provided that the terminating party is itself not in breach;

by either party if, at the Arpeggio stockholders' meeting, the merger agreement and the transactions contemplated thereby shall fail to be approved and adopted by the affirmative vote of the holders of a majority of Arpeggio's outstanding common stock; or

by either party if the holders of 20% or more of the shares issued in Arpeggio's IPO (1,360,000 shares or more) exercise their conversion rights.

The merger agreement does not specifically address the rights of a party in the event of a refusal or wrongful failure of the other party to consummate the merger. In such event, the non-wrongful party would be entitled to assert its legal rights for breach of contract against the wrongful party.

If permitted under applicable law, either Hill or Arpeggio may waive any inaccuracies in the representations and warranties made to such party contained in the merger agreement and waive compliance with any

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agreements or conditions for its benefit contained in the merger agreement. We cannot assure you that any or all of the conditions will be satisfied or waived. However, the condition that the holders of fewer than 20% of the shares of Arpeggio common stock issued in its IPO demand conversion cannot be waived.

## **Quotation or Listing**

Arpeggio's outstanding common stock, warrants and units are quoted on the OTCBB. Arpeggio and Hill will use their reasonable best efforts to obtain the listing for trading on Nasdaq of Arpeggio common stock, warrants and units. In the event Arpeggio's common stock, warrants and units are listed on Nasdaq at the time of the closing of the merger, the symbols will change to ones determined by the board of directors of Arpeggio and Nasdaq that are reasonably representative of the corporate name or business of Arpeggio. If the listing on Nasdaq is not approved, it is expected that Arpeggio's common stock, warrants and units will continue to be quoted on the OTCBB.

## **Tax Consequences of the Merger**

Arpeggio has received an opinion from its counsel, Graubard Miller, that, for federal income tax purposes, the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code and no gain or loss will be recognized by Arpeggio as a result of the merger.

Arpeggio has also received an opinion of its counsel that:

A stockholder of Arpeggio who exercises conversion rights and effects a termination of the stockholder's interest in Arpeggio will generally be required to recognize capital gain or loss upon the exchange of that stockholder's shares of common stock of Arpeggio for cash, if such shares were held as a capital asset on the date of the merger. Such gain or loss will be measured by the difference between the amount of cash received and the tax basis of that stockholder's shares of Arpeggio common stock; and

No gain or loss will be recognized by non-converting stockholders of Arpeggio.

For a description of the material federal income tax consequences of the merger, please see the information set forth in *Material Federal Income Tax Consequences of the Merger*.

## **Accounting Treatment**

The merger will be accounted for under the purchase method of accounting as a reverse acquisition in accordance with accounting principles generally accepted in the United States of America for accounting and financial reporting purposes. Under this method of accounting, Arpeggio will be treated as the acquired company for financial reporting purposes. In accordance with guidance applicable to these circumstances, the merger will be considered to be a capital transaction in substance. Accordingly, for accounting purposes, the merger will be treated as the equivalent of Hill issuing stock for the net monetary assets of Arpeggio, accompanied by a recapitalization. The net monetary assets of Arpeggio

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will be stated at their fair value, essentially equivalent to historical costs, with no goodwill or other intangible assets recorded. The retained earnings of Hill will be carried forward after the merger. Operations prior to the merger will be those of Hill.

### **Regulatory Matters**

The merger and the transactions contemplated by the merger agreement are not subject to any additional federal or state regulatory requirement or approval, including the Hart-Scott-Rodino Antitrust Improvements Act of 1976, or HSR Act, except for filings with the State of Delaware necessary to effectuate the transactions contemplated by the merger agreement.

### **Risk Factors**

In evaluating the merger proposal, the name change amendment, the capitalization amendment, the Article Sixth amendment and the stock option plan proposal, you should carefully read this proxy statement and especially consider the factors discussed in the section entitled *Risk Factors*.

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**SELECTED SUMMARY HISTORICAL AND PRO FORMA CONSOLIDATED FINANCIAL  
INFORMATION**

We are providing the following selected financial information to assist you in your analysis of the financial aspects of the merger. Hill's consolidated balance sheet data as of December 31, 2005 and January 1, 2005 and the consolidated statement of operations data for the years then ended and for the year ended December 27, 2003 are derived from Hill's consolidated financial statements audited by Amper, Politziner, & Mattia, P.C., independent registered public accountants, which are included elsewhere in this proxy statement. Hill's consolidated balance sheet data as of December 27, 2003, December 28, 2002 and December 31, 2001 and the statement of operations data for the years ended December 28, 2002 and December 31, 2001 are derived from Hill's audited consolidated financial statements, which are not included in this proxy statement.

Hill's consolidated balance sheet as of April 1, 2006 and the consolidated statements of operating data for the three months ended April 1, 2006 and April 2, 2005 are derived from Hill's unaudited interim consolidated financial statements which are included elsewhere in this proxy statement. In the opinion of Hill's management, the unaudited interim financial statements include all adjustments (consisting of normal recurring adjustments) that are necessary for a fair presentation of such consolidated financial statements.

The Arpeggio historical financial data are derived from the Arpeggio financial statements included elsewhere in this proxy statement.

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The selected financial information of Hill and Arpeggio is only a summary and should be read in conjunction with each company's historical consolidated financial statements and related notes and Management's Discussion and Analysis of Financial Condition and Results of Operations contained elsewhere herein. The historical results included below and elsewhere in this proxy statement may not be indicative of the future performance of Hill, Arpeggio or the combined company resulting from the merger.

**Hill's Summary of Selected Financial Data**

(In thousands, except per share data)

	Years Ended					Three Months Ended	
	December 31, 2005	January 1, 2005	December 27, 2003	December 28, 2002	December 31, 2001	April 1, 2006	April 2, 2005
<b>Income Statement Data:</b>							
Revenue	\$ 112,229	\$ 84,107	\$ 78,731	\$ 73,090	\$ 68,776	\$ 36,808	\$ 25,388
Reimbursable expenses	32,121	21,068	22,619	24,966	30,963	11,457	7,175
Revenue, less reimbursable expenses	80,108	63,039	56,112	48,124	37,813	25,351	18,213
Direct expenses	43,276	34,365	29,004	23,931	19,346	13,962	9,813
Gross profit	36,832	28,674	27,108	24,193	18,467	11,389	8,400
Selling, general and administrative expenses	31,861	29,231	27,428	23,681	17,135	9,676	7,448
Equity in affiliate	685	458				(66)	(245)
Operating income (loss)	5,656	(99)	(320)	512	1,332	1,779	1,197
Interest expense, net	(669)	(597)	(562)	(483)	(298)	190	131
Income (loss) before provision for income tax	4,987	(696)	(882)	29	1,034	1,589	1,066
Provision (benefit) for income tax	1,845	(272)	(353)	12	473	355	405
Net income (loss)	\$ 3,142	\$ (424)	\$ (529)	\$ 17	\$ 561	\$ 1,234	\$ 661
Net income (loss) per share							
Basic	\$ 0.52	\$ (0.07)	\$ (0.09)	\$ 0.00	\$ 0.09	\$ 0.20	\$ 0.11
Diluted	\$ 0.44	\$ (0.07)	\$ (0.09)	\$ 0.00	\$ 0.09	\$ 0.16	\$ 0.09
As of							
	December 31, 2005	January 1, 2005	December 27, 2003	December 28, 2002	December 31, 2001	April 1, 2006	
<b>Balance Sheet Data:</b>							
Total assets	\$ 40,723	\$ 33,331	\$ 28,057	\$ 23,149	\$ 21,404	\$ 51,317	
	\$ 32	\$ 9,576	\$ 9,345	\$ 4,170	\$ 3,169	\$ 11	

Total long-term debt and capital lease obligations, net of current maturities							
Stockholders' equity	\$ 6,159	\$ 2,041	\$ 2,458	\$ 3,326	\$ 3,093	\$ 7,179	

**Arpeggio's Selected Historical Financial Information**

(in thousands, except per share data)

	For the Period From April 2, 2004 (Inception) to December 31, 2004	Year Ended December 31, 2005	Three months ended March 31, 2006	For the Period From April 2, 2004 (Inception) to March 31, 2006
Revenue	\$	\$	\$	\$
Interest income	297	1,042	367	1,706
Net income	71	284	167	522
Accretion of Trust Fund related to common stock subject to possible conversion	(58)	(205)	(73)	(336)
Net income attributable to common stockholders	13	79	94	186
Net income per share	0.01	0.03	.01	

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	As of December 31, 2004	As of December 31, 2005	As of March 31, 2006
Total assets (including US Government Securities deposited in Trust Fund)	\$ 36,903	\$ 37,342	\$ 37,540
Common stock subject to possible conversion	7,125	7,330	\$ 7,402
Stockholders' equity	29,743	29,822	\$ 29,917

**Selected Unaudited Pro Forma Combined Financial Information of Arpeggio and Hill**

The merger will be accounted for as a reverse acquisition under the purchase method of accounting. Hill will be treated as the continuing reporting entity for accounting purposes. The assets and liabilities of Arpeggio will be recorded, as of the completion of the merger, at fair value, which is considered to approximate historical cost and added to those of Hill. Since Arpeggio had no operations, the merger has been accounted for as a recapitalization of Hill. For a more detailed description of purchase accounting, see *The Merger Proposal Anticipated Accounting Treatment*.

We have presented below the unaudited pro forma combined financial information that reflects the merger as a recapitalization of Hill. The following selected unaudited pro forma combined financial information has been derived from, and should be read in conjunction with, the unaudited pro forma combined balance sheet and related notes thereto included elsewhere in this proxy statement.

## Pro Forma Condensed Consolidated Statements of Operations Data

	Three months ended April 1, 2006	Twelve months ended December 31, 2005
(U.S.\$ in thousands, except share and per share amounts)		
Revenue	\$ 36,808	\$ 112,229
Profit from operations	1,685	5,175
Net income	1,401	3,426
Basic and diluted net income per share	\$ 0.06	\$ 0.15
Shares used in computation of basic and diluted net income per share	22,800,000	22,800,000

	At April 1, 2006	
	Assuming No Conversions (1)	Assuming Maximum Conversions (2)
Total assets	\$ 87,702	\$ 80,300
Long-term debt	\$ 11,709	\$ 11,709
Other current and long-term liabilities	32,495	32,495

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Common stock subject to conversion		
Stockholders' equity	43,498	36,096
	<u>          </u>	<u>          </u>
	\$ 87,702	\$ 80,300
	<u>          </u>	<u>          </u>

Notes:

- (1) Assumes that no Arpeggio stockholders seek conversion of their Arpeggio stock into pro rata shares of the trust account.
- (2) Assumes that 1,359,320 shares of Arpeggio common stock were converted into their pro rata share of the trust account.

**Comparative Per Share Data**

The following table sets forth historical information of Hill and Arpeggio and unaudited pro forma combined per share information for Hill and Arpeggio after giving effect to the merger, assuming both no conversions and maximum conversions by Arpeggio stockholders. You should read this information in conjunction with the selected



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historical financial information, included elsewhere in this proxy statement. The unaudited Hill and Arpeggio pro forma combined per share information is derived from, and should be read in conjunction with, the unaudited pro forma condensed balance sheets and related notes included elsewhere in this proxy statement.

The unaudited pro forma combined book value per share information below does not purport to represent what the value of Hill and Arpeggio would have been had the companies been combined.

	In thousands, except per share data		
	Hill	Arpeggio	Combined Company
<b>Number of shares of common stock outstanding upon consummation of merger:</b>			
Assuming no conversions	14,500	8,300	22,800
Assuming maximum conversions	14,500	6,941	21,441
Book value historical at April 1, 2006	\$ 7,171	\$ 29,912	
<b>Book value pro forma April 1, 2006</b>			
Assuming no conversions			\$ 43,498
Assuming maximum conversions			\$ 36,096
<b>Book value per share pro forma December 31, 2005</b>			
Assuming no conversions			\$ 1.91
Assuming maximum conversions			\$ 1.68

**Market Price and Dividend Data for Arpeggio Securities**

Arpeggio consummated its IPO on June 30, 2004. In the IPO, Arpeggio sold 6,800,000 units, including 800,000 units that were subject to the underwriters' over allotment option. Each unit consists of one share of the Company's common stock and two redeemable common stock purchase warrants, each to purchase one share of Arpeggio's common stock. Arpeggio common stock, warrants and units are quoted on the OTCBB under the symbols APGO, APGOW and APGOU, respectively. Arpeggio's units commenced public trading on June 25, 2004, and its common stock and warrants commenced separate public trading on July 7, 2004. The closing price for each share of common stock, warrant and unit of Arpeggio on December 2, 2005, the last trading day before announcement of the execution of the merger agreement, as amended, was \$5.31, \$0.54 and \$6.45, respectively. For a description of the closing prices for each share of common stock, warrant and unit of Arpeggio through May 16, 2006, the record date, please see the section entitled "Price Range of Arpeggio Securities and Dividends."

Arpeggio and Hill will use their reasonable efforts to obtain the listing for trading on Nasdaq of Arpeggio common stock, warrants and units. In the event Arpeggio's common stock, warrants and units are listed on Nasdaq at the time of the closing of the merger, the symbols will change to ones determined by Arpeggio and Nasdaq that are reasonably representative of the corporate name or business of Arpeggio. Arpeggio's management anticipates that the Nasdaq listing will be concurrent with the consummation of the merger. If the listing on Nasdaq is not approved, it is expected that the common stock, warrants and units will continue to be quoted on the OTCBB.

**Holder**

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As of May 16, 2006, there was one holder of record of the units, eight holders of record of the common stock and one holder of record of the warrants. Arpeggio believes the beneficial holders of the units, common stock and warrants to be in excess of 400 persons each.

### **Dividends**

Arpeggio has not paid any cash dividends on its common stock to date and does not intend to pay dividends prior to the completion of the merger. It is the present intention of the board of directors to retain all earnings, if any, for use in the business operations, and accordingly, the board does not anticipate declaring any dividends in the foreseeable future. The payment of any dividends subsequent to the merger will be within the discretion of the then board of directors and will be contingent upon revenues and earnings, if any, capital requirements and general financial condition subsequent to completion of a business combination.

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**RISK FACTORS**

*You should carefully consider the following risk factors, together with all of the other information included in this proxy statement, before you decide whether to vote or instruct your vote to be cast to adopt the merger proposal.*

**Risks Relating to Our Business and Operations Following the Merger with Hill**

The value of your investment in Arpeggio following consummation of the merger will be subject to the significant risks inherent in the construction management and claims consulting business. You should carefully consider the risks and uncertainties described below and other information included in this proxy statement. If any of the events described below occur, Arpeggio's post-merger business and financial results could be adversely affected in a material way. This could cause the trading price of our common stock to decline, perhaps significantly, and you therefore may lose all or part of your investment.

***Hill has had operating losses in two of its past three fiscal years.***

Hill has not had a consistent record of operating profits. During the fiscal years ended January 1, 2005 and December 27, 2003, Hill reported net losses of approximately \$424,000, and approximately \$529,000, respectively. Due to Hill's history of operating losses in the fiscal years ended January 1, 2005 and December 27, 2003, it will be difficult for you to evaluate the combined company's prospects for future earnings based on past performance. Hill can not provide any assurance that it will be profitable in its 2006 fiscal year or any fiscal year in the future. If Hill fails to achieve profitability following the merger, the value of your investment would be negatively impacted.

***Hill depends on long-term government contracts, many of which are funded on an annual basis. If appropriations are not made in subsequent years of a multiple-year contract, Hill will not realize all of its potential revenue and profit from that project.***

A majority of Hill's revenues is derived from contracts with agencies and departments of national, state and local governments, as well as foreign governments. During the fiscal years ended December 27, 2003, January 1, 2005 and December 31, 2005, approximately 67.4%, 74.5% and 69.2%, respectively, of Hill's revenues were derived from contracts with government entities.

Most government contracts are subject to the continuing availability of legislative appropriation. Legislatures typically appropriate funds for a given program on a year-by-year basis, even though contract performance may take more than one year. As a result, at the beginning of a program, the related contract is only partially funded, and additional funding is normally committed only as appropriations are made in each subsequent fiscal year. These appropriations, and the timing of payment of appropriated amounts, may be influenced by, among other things, the state of the economy, competing priorities for appropriation, the timing and amount of tax receipts and the overall level of government expenditures. If appropriations are not made in subsequent years on government contracts, then Hill will not realize all of its potential revenue and profit from that contract.

*Because Hill depends on government contracts for a significant portion of its revenue, Hill's inability to win profitable government contracts could harm its operations and adversely affect its net income.*

Revenues from federal government contracts and state and local government contracts represented approximately 15.8% and 39.4%, respectively, of Hill's revenues during fiscal year 2005 and revenues from foreign government contracts represented approximately 14.0% of such annual revenues. Hill's inability to win profitable government contracts could harm its operations and adversely affect its net income. Government contracts are typically awarded through a heavily regulated procurement process. Some government contracts are

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awarded to multiple competitors, causing increases in overall competition and pricing pressure. The competition and pricing pressure, in turn, may require Hill to make sustained post-award efforts to reduce costs in order to realize revenues under these contracts. If Hill is not successful in reducing the amount of costs it anticipates, its profitability on these contracts may be negatively impacted. Also, some of Hill's federal government contracts require U.S. government security clearances. If Hill or certain of its personnel were to lose these security clearances, Hill's ability to continue performance of these contracts or to win new contracts requiring a clearance may be negatively impacted.

***Hill depends on contracts that may be terminated by Hill's clients, which may affect its ability to recognize all of its potential revenue and profit from the project.***

Substantially all of Hill's contracts are subject to termination by the client either at its convenience or upon the default of Hill. If one of Hill's clients terminates a contract at its convenience, then Hill typically is able to recover only costs incurred or committed, settlement expenses and profit on work completed prior to termination, which could prevent Hill from recognizing all of its potential revenue and profit from that contract. For example, during the quarter ended March 31, 2006, terminations and modifications of some of our contracts resulted in a reduction of our backlog by approximately \$14.5 million, or approximately 5.2% of our total backlog as of December 31, 2005. If one of Hill's clients terminates the contract due to Hill's default, Hill could be liable for excess costs incurred by the client in re-procuring services from another source, as well as other costs.

***Hill's contracts with governmental agencies are subject to audit, which could result in adjustments to reimbursable contract costs or, if Hill is charged with wrongdoing, possible temporary or permanent suspension from participating in government programs.***

Hill's books and records are subject to audit by the various governmental agencies it serves and by their representatives. These audits can result in adjustments to reimbursable contract costs and allocated overhead. In addition, if as a result of an audit, Hill or one of its subsidiaries is charged with wrongdoing or the government agency determines that Hill or one of its subsidiaries is otherwise no longer eligible for federal contracts, then Hill or, as applicable, that subsidiary, could be temporarily suspended or, in the event of convictions or civil judgments, could be prohibited from bidding on and receiving future government contracts for a period of time. Furthermore, as a U.S. government contractor, Hill is subject to an increased risk of investigations, criminal prosecution, civil fraud, whistleblower lawsuits and other legal actions and liabilities to which non-government contractors are not, the results of which could have a material adverse effect on Hill's operations.

***Hill submits change orders to its customers for work it performs beyond the scope of some of its contracts. If Hill's customers do not approve these change orders, its net income and results of operations could be adversely impacted.***

Hill typically submits change orders under some of its contracts for payment of work performed beyond the initial contractual requirements. The applicable customers may not approve or may contest these change orders and Hill cannot assure you that these claims will be approved in whole, in part or at all. If these claims are not approved, Hill's net income and results of operations could be adversely impacted.

***Hill's business and operating results could be adversely affected by losses under fixed-price contracts.***

Hill sometimes enters into fixed-price contracts that require it to either perform all work under the contract for a specified lump-sum or to perform an estimated number of units of work at an agreed price per unit, with the total payment determined by the actual number of units performed. In Hill's 2005 fiscal year, \$10,874,475 of Hill's revenue, or approximately 9.7% of Hill's total revenue for fiscal 2005, was derived

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from fixed-price contracts. Fixed-price contracts expose Hill to a number of risks not inherent in cost-plus contracts, including underestimation of costs, ambiguities in specifications, unforeseen costs or difficulties, delays beyond Hill's control, failures of subcontractors to perform and economic or other changes that may occur during the contract period. Losses under fixed-price contracts could have a material adverse effect on Hill's business.

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***Hill's backlog of uncompleted projects under contract or awarded is subject to unexpected adjustments and cancellations, including future appropriations by the applicable contracting government agency, and is, therefore, an uncertain indicator of its future revenues and profits.***

At December 31, 2005, Hill's backlog of uncompleted projects under contract or awarded was approximately \$281 million. Neither we nor Hill's management can assure you that the revenues attributed to uncompleted projects under contract will be realized or, if realized, will result in profits. For example, during the quarter ended March 31, 2006, terminations and modifications of some of our contracts resulted in a reduction of our backlog by approximately \$14.5 million, or approximately 5.2% of our total backlog as of December 31, 2005. Many projects may remain in Hill's backlog for an extended period of time because of the size or long-term nature of the contract. In addition, from time to time projects are scaled back or cancelled. These types of backlog reductions adversely affect the revenue and profit that Hill ultimately receives from contracts reflected in its backlog. Included in Hill's backlog is the maximum amount of all indefinite delivery/indefinite quantity (ID/IQ), or task order, contracts, or a lesser amount if Hill does not reasonably expect to be issued task orders for the maximum amount of such contracts. Neither we nor Hill's management can provide any assurance that Hill will in fact be awarded the maximum amount of such contracts.

***Hill is dependent upon its key personnel.***

Hill is dependent upon the efforts of its executive officers, particularly Irvin Richter. Mr. Richter has served as Hill's only Chief Executive Officer since its founding in 1976, and the loss of Mr. Richter's services could have an adverse effect on Hill's operations. On or prior to the consummation of the merger, Hill and Mr. Richter intend to enter into an employment agreement for a term of three years, commencing on the effective date of the merger. Hill maintains key-man life insurance coverage for Mr. Richter.

***Hill's ability to grow and compete in its industry will be harmed if it does not retain the continued service of its key management, sales and technical personnel and identify, hire and retain additional qualified personnel.***

There is intense competition for qualified management, sales and technical personnel in the industry sectors in which Hill competes. Hill may not be able to continue to attract and retain qualified personnel who are necessary for the development of its business or to replace qualified personnel. Any growth Hill experiences is expected to place increased demands on its resources and will likely require the addition of personnel and the development of additional expertise by existing personnel. Also, some of Hill's personnel hold security clearance levels required to obtain government projects and, if Hill were to lose some or all of these personnel, they may be difficult to replace. Loss of the services of, or failure to recruit, key personnel could limit Hill's ability to complete existing projects successfully and to compete for new projects.

***Hill's dependence on subcontractors, partners and specialists could adversely affect its business.***

Hill relies on third-party subcontractors as well as third-party strategic partners and specialists to complete its projects. To the extent that Hill cannot engage such subcontractors, partners or specialists or cannot engage them on a competitive basis, its ability to complete a project in a timely fashion or at a profit may be impaired. If Hill is unable to engage appropriate strategic partners or specialists in some instances, it could lose the ability to win some contracts. In addition, if a subcontractor or specialist is unable to deliver its services according to the negotiated terms for any reason, including the deterioration of its financial condition or over-commitment of its resources, Hill may be required to purchase the services from another source at a higher price. This may reduce the profit to be realized or result in a loss on a project for which the services were needed.

*If Hill's partners fail to perform their contractual obligations on a project, Hill could be exposed to legal liability, loss of reputation or reduced profits.*

Hill sometimes enters into subcontracts and other contractual arrangements with outside partners to jointly bid on and execute a particular project. The success of these joint projects depends on the satisfactory



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performance of the contractual obligations of Hill's partners. If any of its partners fails to satisfactorily perform its contractual obligations, Hill may be required to make additional investments and provide additional services to complete the project. If Hill is unable to adequately address its partner's performance issues, then its client could terminate the joint project, exposing Hill to legal liability, loss of reputation or reduced profits.

***Hill's services expose it to significant risks of liability and its insurance policies may not provide adequate coverage.***

Hill's services involve significant risks of professional and other liabilities that may substantially exceed the fees that it derives from its services. In addition, Hill sometimes contractually assumes liability under indemnification agreements. Hill cannot predict the magnitude of potential liabilities from the operation of its business.

Hill currently maintains comprehensive general liability, umbrella and professional liability insurance policies. Professional liability policies are claims-made policies. Thus, only claims made during the term of the policy are covered. Additionally, Hill's insurance policies may not protect it against potential liability due to various exclusions and retentions. Partially or completely uninsured claims, if successful and of significant magnitude, could have a material adverse effect on Hill's business.

Also, the terrorist attacks that occurred on September 11, 2001 have had a material adverse effect on the insurance industry as a whole. Consequently, along with its competition, Hill has experienced, and expects to continue to experience, a significant increase in its insurance premiums.

***International operations expose Hill to legal, political and economic risks in different countries and currency exchange rate fluctuations could adversely affect its financial results.***

During the fiscal years ending December 27, 2003, January 1, 2005 and December 31, 2005, revenues attributable to Hill's international operations were 21.9%, 28.1% and 34.6%, respectively. Hill's management expects the percentage of revenues attributable to its international operations to increase. There are risks inherent in doing business internationally, including:

lack of developed legal systems to enforce contractual rights;

greater risk of uncollectible accounts and longer collections cycles;

currency exchange rate fluctuations;

imposition of governmental controls;

political and economic instability;

changes in U.S. and other national government policies affecting the markets for Hill's services;

changes in regulatory practices, tariffs and taxes;

potential non-compliance with a wide variety of non-U.S. laws and regulations; and

general economic and political conditions in these foreign markets.

Any of these factors could have a material adverse effect on Hill's business, results of operations or financial condition.

***Changes to the laws of the foreign countries in which Hill operates may adversely affect its international operations.***

Hill has contracts to perform services for projects located in a number of foreign countries, including, among others, the United Kingdom, Romania, Macedonia, Serbia, Croatia, Latvia, Turkey, Iraq, Afghanistan,

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Kuwait, Bahrain, Qatar, Egypt, Senegal, Morocco and the United Arab Emirates. Hill expects to have additional similar contracts in the future. In addition, Hill has offices in eleven foreign countries. The laws and regulations in the countries in which Hill is working on projects or in which it has offices might change in a manner that negatively impacts Hill's business. Such changes could have a material adverse effect on Hill's business.

*Hill's business sometimes requires its employees to travel to and work in high security risk countries, which may result in employee injury, repatriation costs or other unforeseen costs.*

Many of Hill's employees often travel to and work in high security risk countries around the world that are undergoing or that may undergo political, social and economic upheavals resulting in war, civil unrest, criminal activity or acts of terrorism. For example, Hill has employees working in Iraq, a high security risk country with substantial civil unrest and acts of terrorism. As a result, Hill may be subject to costs related to employee injury, repatriation or other unforeseen circumstances.

*Hill has acquired and may continue to acquire businesses as strategic opportunities arise and may be unable to realize the anticipated benefits of those acquisitions.*

Since 1998, Hill has acquired seven companies and its strategy is to continue to expand and diversify its operations with additional acquisitions as strategic opportunities arise. Some of the risks that may affect Hill's ability to realize any anticipated benefits from companies that it acquires include:

unexpected losses of key personnel or clients of the acquired business;

difficulties arising from the increasing scope, geographic diversity and complexity of its operations;

diversion of management's attention from other business concerns; and

adverse effects on existing business relationships with clients.

In addition, managing the growth of Hill's operations will require Hill to continually improve its operational, financial and human resources management systems and other internal systems and controls. If Hill is unable to manage any growth effectively or to successfully integrate any acquisitions, that could have a material adverse effect on Hill's business.

## **Risks Related to the Merger**

*There will be a substantial number of shares of Arpeggio's common stock available for sale in the future that may increase the volume of common stock available for sale in the open market and may cause a decline in the market price of our common stock.*

The consideration to be issued in the merger to the Hill stockholders will include 14,500,000 shares of Arpeggio common stock that will be issued at the closing and up to an additional 6,600,000 shares that may be issued if certain earnings targets are met subsequent to the closing. These shares will be restricted and cannot be sold publicly until the expiration of the restricted period under the lock-up agreements (December 31, 2007) and under Rule 144 promulgated under the Securities Act of 1933. However, upon expiration of the restricted period, the presence of such additional shares eligible for trading in the public market may have an adverse effect on the market price of our common stock.

*Our outstanding warrants may be exercised in the future, which would increase the number of shares eligible for future resale in the public market and result in dilution to our stockholders. This might have an adverse effect on the market price of the common stock.*

Outstanding redeemable warrants to purchase an aggregate of 13,600,000 shares of common stock issued in the IPO will become exercisable after the consummation of the merger. These will be exercised only if the \$5.00 per share exercise price is below the market price of our common stock. To the extent they are exercised,

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additional shares of our common stock will be issued, which will result in dilution to our stockholders and increase the number of shares eligible for resale in the public market. Sales of substantial numbers of such shares in the public market could adversely affect the market price of such shares.

*Our working capital will be reduced if Arpeggio stockholders exercise their right to convert their shares into cash. This would reduce our cash reserve after the merger.*

Pursuant to our certificate of incorporation, holders of shares issued in our IPO may vote against the merger and demand that we convert their shares into a pro rata share of the trust account where a substantial portion of the net proceeds of the IPO are held. We and Hill will not consummate the merger if holders of 1,360,000 or more shares of common stock issued in our IPO exercise these conversion rights. To the extent the merger is consummated and holders have demanded to so convert their shares, there will be a corresponding reduction in the amount of funds available to the combined company following the merger. As of May 16, 2006, the record date, assuming the merger proposal is adopted, the maximum amount of funds that could be disbursed to our stockholders upon the exercise of their conversion rights is approximately \$7,446,205, or approximately 20% of the funds then held in the trust account. Any payment upon exercise of conversion rights will reduce our cash after the merger, which may limit our ability to implement our business plan.

*If Arpeggio stockholders fail to vote or abstain from voting on the merger proposal, they may not exercise their conversion rights to convert their shares of common stock of Arpeggio into a pro rata portion of the trust account as of the record date.*

Arpeggio stockholders holding shares of Arpeggio stock issued in our IPO who affirmatively vote against the merger proposal may, at the same time, demand that we convert their shares into a pro rata portion of the trust account as of the record date. Arpeggio stockholders who seek to exercise this conversion right must affirmatively vote against the merger. Any Arpeggio stockholder who fails to vote or who abstains from voting on the merger proposal may not exercise his conversion rights and will not receive a pro rata portion of the trust account for conversion of his shares.

*If we are unable to obtain a listing of our securities on Nasdaq or any stock exchange, it may be more difficult for our stockholders to sell their securities.*

Arpeggio's units, common stock and warrants are currently traded in the over-the-counter market and quoted on the OTCBB. We have applied for listing on Nasdaq. Generally, Nasdaq requires that a company applying for listing on the Nasdaq SmallCap Market have stockholders' equity of not less than \$5.0 million or a market value of listed securities of \$50 million or net income from continuing operations of not less than \$750,000, at least 1,000,000 publicly held shares, and a minimum bid price of \$4.00 with over 300 round lot stockholders. There is no assurance that such listing will be obtained and listing is not a condition to closing the merger. If we are unable to obtain a listing or approval of trading of our securities on Nasdaq, then it may be more difficult for stockholders to sell their securities.

*Our current directors and executive officers own shares of common stock and warrants and have other interests in the merger that are different from yours. If the merger is not approved the securities held by them will become worthless. Consequently, they may have a conflict of interest in determining whether particular changes to the business combination with Hill or waivers of the terms thereof are appropriate.*

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All of our officers and directors own stock in Arpeggio, which they purchased prior to our IPO. Additionally, such persons (including our special advisor) purchased 1,010,500 warrants in the aftermarket after our IPO. Our executives and directors are not entitled to receive any of the cash proceeds that may be distributed upon our liquidation with respect to shares they acquired prior to our IPO. Therefore, if the merger is not approved and we are forced to liquidate, such shares held by our officers and directors will be worthless, as will the warrants, which cannot be sold by them prior to the consummation of the merger. Also, after the completion

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of the merger, Eric S. Rosenfeld and Arnaud Ajdler will serve as members of the board of directors of Arpeggio. As such, in the future each may receive certain cash fees and stock awards that the Arpeggio board of directors may determine to pay its non-executive directors. In addition, if Arpeggio liquidates prior to the consummation of a business combination, Eric S. Rosenfeld, our current chairman of the board, chief executive officer and president, will be personally liable to pay debts and obligations, if any, to vendors and other entities that are owed money by Arpeggio for services rendered or products sold to Arpeggio, or to any target business, to the extent such creditors bring claims that would otherwise require payment from moneys in the trust account.

These personal and financial interests of our directors and officers may have influenced their decision to approve our business combination with Hill. In considering the recommendations of our board of directors to vote for and our special advisor to support the merger proposal and other proposals, you should consider these interests. Additionally, the exercise of our directors' and officers' discretion in agreeing to changes or waivers in the terms of the business combination may result in a conflict of interest when determining whether such changes or waivers are appropriate and in our stockholders' best interest.

***Voting control by our executive officers, directors and other affiliates may limit your ability to influence the outcome of director elections and other matters requiring stockholder approval.***

Upon consummation of the merger, the persons who are parties to the voting agreement (Irvin Richter, David Richter, Brady Richter, Eric Rosenfeld and Arnaud Ajdler) will own approximately 63.6% of our voting stock. These persons have agreed to vote for each other's designees to our board of directors through director elections in 2007. Accordingly, they will be able to control the election of directors and, therefore, our policies and direction during the term of the voting agreement. This concentration of ownership and voting agreement could have the effect of delaying or preventing a change in our control or discouraging a potential acquirer from attempting to obtain control of us, which in turn could have a material adverse effect on the market price of our common stock or prevent our stockholders from realizing a premium over the market price for their shares of common stock.

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**FORWARD-LOOKING STATEMENTS**

We believe that some of the information in this proxy statement constitutes forward-looking statements within the definition of the Private Securities Litigation Reform Act of 1995. However, the safe-harbor provisions of that act do not apply to statements made in this proxy statement. You can identify these statements by forward-looking words such as may, expect, anticipate, contemplate, believe, estimate, and continue or similar words. You should read statements that contain these words carefully because they:

discuss future expectations;

contain projections of future results of operations or financial condition; or

state other forward-looking information.

We believe it is important to communicate our expectations to our stockholders. However, there may be events in the future that we are not able to predict accurately or over which we have no control. The risk factors and cautionary language discussed in this proxy statement provide examples of risks, uncertainties and events that may cause actual results to differ materially from the expectations described by us or Hill in such forward-looking statements, including among other things:

the number and percentage of our stockholders voting against the merger proposal and seeking conversion;

outcomes of government reviews, inquiries, investigations and related litigation;

continued compliance with government regulations;

legislation or regulatory environments, requirements or changes adversely affecting the business in which Hill is engaged;

fluctuations in customer demand;

management of rapid growth;

general economic conditions;

Hill's business strategy and plans; and

the results of future financing efforts.



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You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this proxy statement.

All forward-looking statements included herein attributable to any of us, Hill or any person acting on either party's behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Except to the extent required by applicable laws and regulations, Arpeggio and Hill undertake no obligations to update these forward-looking statements to reflect events or circumstances after the date of this proxy statement or to reflect the occurrence of unanticipated events.

Before you grant your proxy or instruct how your vote should be cast or vote on the adoption of the merger agreement, you should be aware that the occurrence of the events described in the "Risk Factors" section and elsewhere in this proxy statement could have a material adverse effect on Arpeggio and/or Hill.

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**SPECIAL MEETING OF ARPEGGIO STOCKHOLDERS**

**General**

We are furnishing this proxy statement to Arpeggio stockholders as part of the solicitation of proxies by our board of directors for use at the special meeting of Arpeggio stockholders to be held on \_\_\_\_\_, 2006, and at any adjournment or postponement thereof. This proxy statement is first being furnished to our stockholders on or about \_\_\_\_\_, 2006 in connection with the vote on the proposed merger, the certificate of incorporation amendments and stock option plan. This document provides you with the information we believe you should know to be able to vote or instruct your vote to be cast at the special meeting.

**Date, Time and Place**

The special meeting of stockholders will be held on \_\_\_\_\_, 2006, at \_\_\_\_\_ a.m., eastern standard time at the offices of Graubard Miller, our counsel, The Chrysler Building, 405 Lexington Avenue, 19<sup>th</sup> Floor, New York, New York 10174.

**Purpose of the Arpeggio Special Meeting**

At the special meeting, we are asking holders of Arpeggio common stock to:

approve the merger agreement and the transactions contemplated thereby (merger proposal);

approve an amendment to our certificate of incorporation to change our name from Arpeggio Acquisition Corporation to Hill International, Inc. (name change amendment);

approve an amendment to our certificate of incorporation to increase the number of authorized shares of our common stock from 30,000,000 to 75,000,000 (capitalization amendment);

approve an amendment to our certificate of incorporation to remove the preamble and sections A through D, inclusive, of Article Sixth from the certificate of incorporation from and after the closing of the merger, as these provisions will no longer be applicable to us, and to redesignate section E of Article Sixth, which relates to the staggered board, as Article Sixth (Article Sixth amendment); and

approve the adoption of the Employee Stock Option Plan (stock option plan proposal).

**Recommendation of Arpeggio Board of Directors**

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Our board of directors:

has unanimously determined that each of the merger proposal, the name change amendment, the capitalization amendment, the Article Sixth amendment and the stock option plan proposal is fair to and in the best interests of us and our stockholders;

has unanimously approved the merger proposal, the name change amendment, the capitalization amendment, the Article Sixth amendment and the stock option plan proposal;

unanimously recommends that our common stockholders vote FOR the merger proposal;

unanimously recommends that our common stockholders vote FOR the proposal to adopt the name change amendment;

unanimously recommends that our common stockholders vote FOR the proposal to adopt the capitalization amendment;

unanimously recommends that our common stockholders vote FOR the proposal to adopt the Article Sixth amendment; and

unanimously recommends that our common stockholders vote FOR the proposal to approve the stock option plan proposal.

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### **Record Date; Who is Entitled to Vote**

We have fixed the close of business on May 16, 2006, as the record date for determining Arpeggio stockholders entitled to notice of and to attend and vote at the special meeting. As of the close of business on May 16, 2006, there were 8,300,000 shares of our common stock outstanding and entitled to vote. Each share of our common stock is entitled to one vote per share at the special meeting.

Pursuant to agreements with us, the 1,500,000 shares of our common stock held by stockholders who purchased their shares of common stock prior to our IPO will be voted on the merger proposal in accordance with the majority of the votes cast at the special meeting.

### **Quorum**

The presence, in person or by proxy, of a majority of all the outstanding shares of common stock constitutes a quorum at the special meeting.

### **Abstentions and Broker Non-Votes**

Proxies that are marked abstain and proxies relating to street name shares that are returned to us but marked by brokers as not voted will be treated as shares present for purposes of determining the presence of a quorum on all matters. The latter will not be treated as shares entitled to vote on the matter as to which authority to vote is withheld by the broker. If you do not give the broker voting instructions, under the rules of the NASD, your broker may not vote your shares on the merger proposal, the name change amendment, the capitalization amendment, the Article Sixth amendment and the stock option plan proposal. Since a stockholder must affirmatively vote against the merger proposal to have conversion rights, individuals who fail to vote or who abstain from voting may not exercise their conversion rights. Beneficial holders of shares held in street name that are voted against the merger may exercise their conversion rights. See the information set forth in *Special Meeting of Arpeggio Stockholders Conversion Rights*.

### **Vote of Our Stockholders Required**

The approval of the adoption of the merger, the name change amendment, the capitalization amendment and the Article Sixth amendment will require the affirmative vote of the holders of a majority of Arpeggio common stock outstanding on the record date. Because each of these proposals requires the affirmative vote of a majority of the shares of common stock outstanding and entitled to vote, abstentions and shares not entitled to vote because of a broker non-vote will have the same effect as a vote against these proposals; however, you cannot seek conversion unless you affirmatively vote against the merger proposal.

In order to consummate the merger, each of the name change amendment and the capitalization amendment proposals must be approved by the stockholders. For both of the name change amendment and the capitalization amendment to be implemented, the merger proposal must be approved by the stockholders.

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The approval of the stock option plan proposal will require the affirmative vote of the holders of a majority of our common stock represented and entitled to vote at the meeting. Abstentions are deemed entitled to vote on the proposal. Therefore, they have the same effect as a vote against the proposal. Broker non-votes are not deemed entitled to vote on the proposal and, therefore, they will have no effect on the vote on the proposal.

### **Voting Your Shares**

Each share of Arpeggio common stock that you own in your name entitles you to one vote. Your proxy card shows the number of shares of our common stock that you own.

There are two ways to vote your shares of Arpeggio common stock at the special meeting:

*You can vote by signing and returning the enclosed proxy card. If you vote by proxy card, your proxy, whose name is listed on the proxy card, will vote your shares as you instruct on the proxy card. If you*

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sign and return the proxy card but do not give instructions on how to vote your shares, your shares will be voted as recommended by our board **FOR** the adoption of the merger proposal, the name change amendment, the capitalization amendment, the Article Sixth amendment and the stock option plan proposal.

*You can attend the special meeting and vote in person.* We will give you a ballot when you arrive. However, if your shares are held in the name of your broker, bank or another nominee, you must get a proxy from the broker, bank or other nominee. That is the only way we can be sure that the broker, bank or nominee has not already voted your shares.

**IF YOU DO NOT VOTE YOUR SHARES OF OUR COMMON STOCK IN ANY OF THE WAYS DESCRIBED ABOVE, IT WILL HAVE THE SAME EFFECT AS A VOTE AGAINST THE ADOPTION OF THE MERGER PROPOSAL, BUT WILL NOT HAVE THE EFFECT OF A DEMAND OF CONVERSION OF YOUR SHARES INTO A PRO RATA SHARE OF THE TRUST ACCOUNT IN WHICH A SUBSTANTIAL PORTION OF THE PROCEEDS OF OUR IPO ARE HELD.**

## **Revoking Your Proxy**

If you give a proxy, you may revoke it at any time before it is exercised by doing any one of the following:

you may send another proxy card with a later date;

you may notify Eric S. Rosenfeld, our chairman, chief executive officer and president, in writing before the special meeting that you have revoked your proxy; or

you may attend the special meeting, revoke your proxy, and vote in person, as indicated above.

## **Who Can Answer Your Questions About Voting Your Shares**

If you have any questions about how to vote or direct a vote in respect of your shares of our common stock, you may call Mackenzie Partners, Inc., our proxy solicitor, at (800) 322-2885 or Eric S. Rosenfeld, our chairman, chief executive officer and president, at (212) 319-7676.

## **No Additional Matters May Be Presented at the Special Meeting**

This special meeting has been called only to consider the adoption of the merger proposal, the name change amendment, the capitalization amendment, the Article Sixth amendment and the stock option plan proposal. Under our by-laws, other than procedural matters incident to the conduct of the meeting, no other matters may be considered at the special meeting if they are not included in the notice of the meeting.

## **Conversion Rights**

Any of our stockholders holding shares of Arpeggio common stock issued in our IPO who affirmatively votes against the merger proposal may, at the same time, demand that we convert his shares into a pro rata portion of the trust account as of the record date. If demand is made and the merger is consummated, we will convert these shares into a pro rata portion of funds held in a trust account plus interest, as of the record date. Arpeggio stockholders who seek to exercise this conversion right must affirmatively vote against the merger. Abstentions and broker non-votes do not satisfy this requirement.

The last sale price of our common stock on May 16, 2006 (the record date) was \$6.10 and the per-share, pro-rata cash held in the trust account on that date was approximately \$37,231,025. Prior to exercising conversion rights, our stockholders should verify the market price of our common stock as they may receive higher proceeds from the sale of their common stock in the public market than from exercising their conversion rights if the market price per share is higher than the conversion price.

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If the holders of at least 1,360,000 or more shares of common stock issued in our IPO (an amount equal to 20% or more of those shares), vote against the merger and demand conversion of their shares, we will not be able to consummate the merger.

If you exercise your conversion rights, then you will be exchanging your shares of our common stock for cash and will no longer own those shares. You will be entitled to receive cash for these shares only if you affirmatively vote against the merger, properly demand conversion, continue to hold those shares through the effective time of the merger and then tender your stock certificate to us. If you hold the shares in street name, you will have to coordinate with your broker to have your shares certificated.

## **Appraisal Rights**

Stockholders of Arpeggio do not have appraisal rights in connection with the merger.

## **Proxy Solicitation Costs**

We are soliciting proxies on behalf of our board of directors. This solicitation is being made by mail but also may be made by telephone or in person. We and our directors, officers and employees may also solicit proxies in person, by telephone or by other electronic means.

We have engaged Mackenzie Partners, Inc. to assist in the proxy solicitation process. We will pay Mackenzie Partners, Inc. a fee of \$4,000 plus reasonable out-of-pocket charges and a flat fee of \$3.50 per outbound proxy solicitation call. Such costs will be paid with non-trust account funds.

We will ask banks, brokers and other institutions, nominees and fiduciaries to forward our proxy materials to their principals and to obtain their authority to execute proxies and voting instructions. We will reimburse them for their reasonable expenses.

## **Arpeggio Inside Stockholders**

At the close of business on the record date, Eric S. Rosenfeld, Arnaud Ajdler, Leonard B. Schlemm, Jon Bauer, Colin D. Watson and James G. Dinan, who we collectively refer to as the Arpeggio Inside Stockholders, beneficially owned and were entitled to vote 1,500,000 shares or approximately 18.1% of the then outstanding shares of our common stock, which includes all of the shares held by our directors and executive officers and their affiliates. Eric S. Rosenfeld is currently chairman of our board of directors and our chief executive officer and president, Arnaud Ajdler is currently our chief financial officer, secretary and a director, and Messrs. Schlemm, Bauer, Watson and Dinan are currently directors. All of the Arpeggio Inside Stockholders agreed to vote the 1,500,000 shares they purchased prior to our IPO on the merger proposal in accordance with the majority of the votes cast by the holders of shares issued in our IPO. The Arpeggio Inside Stockholders also agreed, in connection with the IPO, to place these shares in escrow until June 24, 2007.





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**THE MERGER PROPOSAL**

The discussion in this document of the merger and the principal terms of the merger agreement, dated as of December 5, 2005, as amended, by and among Arpeggio, Hill International, Inc. and the stockholders of Hill holding approximately 99% of the then outstanding shares of Hill is subject to, and is qualified in its entirety by reference to, the merger agreement. A copy of the merger agreement, as amended, is attached as Annex A to this proxy statement and is incorporated in this proxy statement by reference.

**General Description of the Merger**

Pursuant to the merger agreement, Hill will merge with and into Arpeggio. The separate corporate existence of Hill shall cease. Arpeggio will be renamed Hill International, Inc. after completion of the merger. Holders of all the issued and outstanding shares of common stock of Hill will receive 14,500,000 shares of Arpeggio common stock at the closing. Immediately after the completion of the merger, the Hill stockholders will own approximately 63.6% of Arpeggio's common stock, assuming that no Arpeggio stockholders seek conversion of their Arpeggio stock into their pro rata share of the trust account. The merger agreement also provides for the Hill stockholders to receive up to an additional 6,600,000 shares of Arpeggio common stock, contingent upon the combined companies attaining certain EBIT targets.

**Background of the Merger**

The terms of the merger agreement are the result of arm's-length negotiations between representatives of Arpeggio and Hill. The following is a brief discussion of the background of these negotiations, the merger agreement and related transactions.

Arpeggio was formed on April 2, 2004 to effect a merger, capital stock exchange, asset acquisition or other similar business combination with an operating business. Arpeggio completed its IPO on June 30, 2004, raising net proceeds of approximately \$36,772,000. Of these net proceeds, \$35,352,000 was placed in a trust account immediately following the IPO and, in accordance with Arpeggio's certificate of incorporation, will be released either upon the consummation of a business combination or upon the liquidation of Arpeggio. Arpeggio must liquidate unless it has consummated a business combination by June 30, 2006. As of September 30, 2005, approximately \$36,357,327 was held in deposit in the trust account.

Promptly following Arpeggio's IPO, we contacted several investment bankers, private equity firms, consulting firms, legal and accounting firms, as well as numerous other business relationships. Through these efforts, we identified and reviewed information with respect to more than 75 target companies, including a number that were Canada-based. Four of these companies, including one from Canada, were provided with letters of intent:

In September 2004, we commenced discussions with a Canadian provider of telecommunication network software solutions that led to us issuing a letter of intent. This company had revenue in excess of \$30 million in its most recent fiscal year. The parties were unable to agree upon the value of the target and discussions terminated in October 2004.

In October 2004, we presented a letter of intent to a United States marketing consulting firm that focused on accelerating growth for its clients and that had revenues in excess of \$65 million in its most recent fiscal year. Negotiations with this company terminated

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because of inability of the parties to agree on the value of the target.

In July 2005, we issued a letter of intent to a United States medical diagnostics company in the development stage that was waiting Food and Drug Administration approval of a Pap smear test that included a number of automated functions not offered by competing technologies. Issues of timing, deal structure and valuation led to the termination of negotiations.

In September 2005, we presented a letter of intent to a United States manufacturer of silicon growth furnaces for use in the solar energy industry. The Company had revenue in excess of \$30 million during its last twelve month period. This company thereafter decided that it was not yet ready to be a publicly-owned company and negotiations were terminated.

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On September 29, 2005, Hill entered into an Engagement Letter with Morgan Joseph & Co., Inc. ( Morgan Joseph ) whereby Hill engaged Morgan Joseph to serve as its exclusive financial advisor in connection with the possible sale of Hill or a possible equity financing by Hill. Two of the investment bankers at Morgan Joseph who were involved with the Hill engagement were Messrs. Scott Isherwood and David Boris. Hill's management and Mr. Isherwood discussed the possibility of raising equity through a public offering or private placement, the possibility of obtaining commercial financing and the possibility of a sale of Hill.

During the initial discussions among himself and senior members of Hill's management team, Mr. Isherwood described to Hill's management the possibility of a merger with a specified purpose acquisition company ( SPAC ). Hill's management was not previously aware of SPACs. Hill's management considered and evaluated the possibility of a merger with a SPAC, as well as the possibility of raising equity through a public offering or private placement and the possibility of a sale of Hill. Among the factors that Hill's management considered were: the expectations of potential investors in any equity financing, the foreseeable timeframe for any equity financing, the effect on Hill's balance sheet of the various capital raising transactions considered, and the benefit to Hill and its business of the current management continuing to maintain control of Hill. Hill's management believed that the possibility of a merger with a SPAC represented the best possible solution for Hill's capital needs.

Subsequently, Mr. Isherwood consulted with Mr. Boris as to potential SPACs that would be a suitable merger partner for Hill. Mr. Boris had previously worked for Eric Rosenfeld, our chairman and CEO, at Oppenheimer & Co. in the late 1980s, where Mr. Rosenfeld was a Managing Director and Mr. Boris was a Senior Vice President. Mr. Boris had maintained contact over the years with his former colleague, and in the fall of 2005 Mr. Boris knew that Mr. Rosenfeld was the chief executive officer of Arpeggio and that Arpeggio was a SPAC looking for an acquisition. In October 2005, Arpeggio was introduced to Hill by Messrs. Isherwood and Boris. Prior to this introduction, none of our directors or officers was familiar with Hill. On October 19, 2005, a confidentiality agreement was executed and Arpeggio received a Confidential Executive Summary prepared by Morgan Joseph. On October 21, 2005, Mr. Rosenfeld, our Chairman and CEO, and Mr. Sgro, an employee of Crescendo Advisors II LLC (an investment firm of which Eric Rosenfeld is the president and chief executive officer), met in Arpeggio's offices with Mr. David L. Richter, President and COO of Hill, Mr. Isherwood and Mr. Boris as well as Mr. Clarke and Mr. Taylor, two other investment bankers at Morgan Joseph. Mr. Ajdler, one of our directors and CFO, participated in the meeting by telephone. Both Arpeggio and Hill described their respective companies and answered questions for the other party. Following this meeting, Mr. Rosenfeld had a phone conversation with Mr. Isherwood during which he gave an oral indication of interest in Hill.

On October 28, 2005, Messrs. Rosenfeld, Ajdler and Sgro met with Mr. Irvin Richter, Chairman and CEO of Hill, Mr. David Richter and Mr. Isherwood at Hill's headquarters in Marlton, New Jersey. During this meeting, Messrs. Irvin and David Richter described Hill's business and provided additional information regarding Hill and its prospects. Messrs. Rosenfeld, Ajdler and Sgro asked numerous questions regarding the business. Arpeggio and Hill also discussed the valuation parameters of a potential transaction. Subsequent to this meeting, Arpeggio sent a preliminary term sheet to Hill. After that, Messrs. Rosenfeld, Ajdler and Sgro had several conversations with Mr. Isherwood and Mr. Clarke regarding the term sheet.

On November 3, 2005, we held a telephonic meeting of our board of directors to approve our Quarterly Report on Form 10-Q for the quarter ended September 30, 2005 and to review Arpeggio's discussions with various companies. Messrs. Rosenfeld, Ajdler, Watson, Bauer and Schlemm, constituting five out of our six directors, were present at the meeting. During the meeting, the directors discussed a number of potential target businesses, including Hill. Messrs. Rosenfeld and Ajdler described the potential Hill transaction in detail at this meeting. The board also discussed the following companies:

A U.S. based designer and manufacturer of small aircraft for civil and government markets. The company was expecting minimal revenue in 2005 with a backlog in excess of \$500 million.

A rapidly growing U.S. based staffing company that was expecting revenue around \$40 million in 2005.



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A Canadian company which serves as a contract manufacturer of packaging products for the personal care and over-the-counter pharmaceutical products. With approximately \$120 million in sales expected for fiscal year 2005, this company is an industry leader in the North American market.

On November 11, 2005, Mr. Rosenfeld and Mr. Ajdler had a telephonic conversation with Messrs. Irvin and David Richter regarding the valuation of Hill. On November 12, 2005, Mr. Rosenfeld had another telephonic conversation with Mr. Irvin Richter regarding valuation. On November 12, 2005 a letter of intent was sent to Hill. Over the next few days, there were a number of conversations among Hill, Arpeggio and Morgan Joseph. During the course of these conversations, the final merger consideration was agreed to. On November 16, 2005, we entered into a letter of intent with Hill.

On the day the letter of intent was executed, we delivered to Hill an extensive due diligence request list. We also hired BDO Seidman, LLP, to assist us with accounting and tax due diligence. Our attorneys began to compile and to review the due diligence materials received from Hill. Simultaneously, we worked with our counsel to prepare a first draft of the merger agreement. We also retained Capitalink to render an opinion that the consideration to be paid in the merger is fair to our stockholders and to opine that the fair market value of Hill is at least 80% of our net assets.

On November 21, 2005, Messrs. Rosenfeld, Ajdler and Sgro spent the day at Hill's headquarters to continue their due diligence. Mr. Sgro, in his capacity as an employee of Crescendo Advisors II LLC, assisted Arpeggio in the identification of and due diligence on potential acquisition targets. Neither Mr. Sgro nor Crescendo Advisors II LLC received any additional compensation from Arpeggio for these efforts. Messrs. Ajdler and Sgro, as well as our representative from BDO Seidman, LLP, also visited Hill's headquarters on November 22, 2005. During these two days, we met with the key senior managers of Hill. Mr. Clarke was present on November 21, 2005. During this visit, we delivered the first draft of the merger agreement to Hill, which resulted in additional discussions and negotiations of various aspects of the proposed business combination. Succeeding drafts of the transaction documents were prepared in response to comments and suggestions of the parties and their counsel, with management and counsel for both companies engaging in numerous telephonic conferences and negotiating sessions. Included in the various transaction documents were an Escrow Agreement, Voting Agreement, Lock-Up Agreement, and Employment Agreements for Messrs. Irvin Richter, David Richter and Stuart Richter.

On November 25, 2005, we held a telephonic meeting of our board of directors to discuss the proposed business combination with Hill. Messrs. Rosenfeld, Ajdler, Watson, Bauer and Schlemm, constituting five out of our six directors, were present at the meeting. Joel Greenblatt, our special advisor was also present by invitation. Prior to the meeting, the executed letter of intent as well as financial, operational and descriptive information about Hill was sent to the directors and to Mr. Greenblatt. Messrs. Rosenfeld and Ajdler described Hill and the deal structure and a discussion among the directors and our special advisor ensued. On November 30, 2005, we held a telephonic meeting of our board of directors to further discuss the proposed business combination with Hill and to update the board members as to the status of the negotiations. Messrs. Rosenfeld, Ajdler, Watson, Bauer, Dinan and Schlemm, constituting all of our directors, were present at the meeting. Copies of the most recent drafts of the significant transaction documents were delivered to the directors in connection with their consideration of the proposed business combination with Hill, including the merger agreement, escrow agreement, voting agreement, lock-up agreement and the employment agreements for Messrs. Irvin Richter, David Richter and Stuart Richter.

On December 4, 2005, another telephonic meeting of the board of directors was held. All directors attended, as did, by invitation, Joel Greenblatt, our special advisor, Noah Scouler of Graubard Miller, and representatives of Capitalink. Prior to the meeting, copies of the most recent drafts of the significant transaction documents, in substantially final form, were delivered to the directors and Mr. Greenblatt. Messrs. Salpeter, Cassel and Wai of Capitalink made a presentation regarding the fairness of the consideration to be paid in the merger. Mr. Salpeter advised the board that it was the opinion of Capitalink that the consideration to be paid in the merger was fair to our stockholders from a financial point of view, and that the fair market value of Hill is at least 80% of our net assets. Mr. Salpeter and Wai detailed for the board the analysis performed by Capitalink and made a presentation



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concerning how Capitalink had arrived at its opinion. Mr. Salpeter and Wai discussed at length with our board the different analyses used to determine whether or not the merger consideration to be paid by us was fair from a financial point of view to our stockholders, as well as to determine the fair market value of Hill. After considerable review and discussion, the merger agreement and related documents were unanimously approved, subject to final negotiations and modifications, and the board and our special advisor determined to recommend the approval of the merger agreement. For a more detailed description of the Capitalink fairness opinion, see the section entitled *The Merger Proposal Fairness Opinion*.

The merger agreement was signed on December 5, 2005. Immediately thereafter, Arpeggio issued a press release and filed a Current Report on Form 8-K announcing the execution of the merger agreement and discussing the terms of the merger agreement.

The merger agreement was amended on December 30, 2005 to amend the voting agreement to fix the number of directors to be designated by the Signing Stockholders and Messrs. Rosenfeld and Ajdler at seven and to amend Schedule 5.2 to the merger agreement to reflect such change. The merger agreement was further amended on April 6, 2006, to revise the form of voting agreement to refer to Messrs. Clymer, Doyle and Fellheimer as designees of the Signing Stockholders and specify the classes for which the directors are to be elected and also to amend Schedule 5.2 to the merger agreement to reflect the designation of Messrs. Clymer, Doyle and Fellheimer.

### **Arpeggio's Board of Directors Reasons for the Approval of the Merger**

The final agreed-upon consideration in the merger agreement was determined by several factors. Arpeggio's board of directors reviewed various industry and financial data, including certain valuation analyses and metrics compiled by members of the board in order to determine that the consideration to be paid to Hill was reasonable and that the merger was in the best interests of Arpeggio's stockholders.

Arpeggio conducted a due diligence review of Hill that included an industry analysis, a description of Hill's existing business model, a valuation analysis and financial projections in order to enable the board of directors to ascertain the reasonableness of this range of consideration. During its negotiations with Hill, Arpeggio did not receive services from any financial advisor because its officers and directors believe that their experience and backgrounds, together with the experience and background of Arpeggio's special advisor, Joel Greenblatt, were sufficient to enable them to make the necessary analyses and determinations.

Arpeggio's management, including members of its board of directors, has long and diverse experience in both operational management and investment and financial management and analysis and, in its opinion, is suitably qualified to conduct the due diligence and other investigations and analyses required in connection with Arpeggio's search for a merger partner. Eric Rosenfeld, Arpeggio's chairman and chief executive officer, has been a board member of ten other companies in a number of industries, in addition to extensive experience in the investment industry and as a private investor. Arnaud Ajdler, Arpeggio's chief financial officer, has extensive experience as an investment analyst, investment banker and management consultant. Colin D. Watson has held top executive positions in a number of industrial and communications companies, including companies in the aerospace and cable industries. Other members of the board and our special advisor are experienced in the investment, securities and capital management industries. More detailed descriptions of the experience of Messrs. Rosenfeld and Ajdler are included in the section of this proxy statement entitled *Directors and Executive Officers of Arpeggio Following the Merger*.

The Arpeggio board of directors concluded that the merger agreement with Hill is in the best interests of Arpeggio's stockholders. The Arpeggio board of directors obtained a fairness opinion prior to approving the merger agreement.



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In our Registration Statement on Form S-1 dated June 24, 2004 and the amendments thereto, we state that we intended to focus on target businesses in both the United States and Canada that may provide significant opportunities for growth. Since Arpeggio is acquiring a United States company, the proposed benefits we referred to in our Registration Statement on Form S-1 regarding target businesses in Canada (including a lack of competition for business combinations compared to the United States, the immaturity of the Canadian private

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equity market compared to the United States, attractive valuations for target business and strong economic factors such as low inflation and interest rates) may not necessarily be applicable.

The Arpeggio board of directors considered a wide variety of factors in connection with its evaluation of the merger. In light of the complexity of those factors, the Arpeggio board of directors did not consider it practicable to, nor did it attempt to, quantify or otherwise assign relative weights to the specific factors it considered in reaching its decision. In addition, individual members of the Arpeggio board may have given different weight to different factors.

In considering the merger, the Arpeggio board of directors gave considerable weight to the following factors:

### *Hill's record of growth and expansion and high potential for future growth*

Important criteria to Arpeggio's board of directors in identifying an acquisition target were that the company has established business operations, that it was generating current revenues, and that it has what the board believes to be a potential to experience rapid growth. Arpeggio's board of directors believes that Hill has in place the infrastructure for strong business operations both domestically and internationally to achieve growth both organically and through acquisitions. Recent investments in infrastructure should allow Hill to grow both organically and through acquisitions with minimal additional overhead. Since 1998, Hill has completed seven acquisitions, three of which involved project management firms and four of which were focused on construction claims, located in the United States and the United Kingdom. The board's belief in Hill's growth potential is based on Hill's historical growth rate as well as Hill's backlog growth. Hill has grown net revenues from \$38 million in 2001 to \$80 million in 2005, an annualized growth rate of 20.6%. Hill's backlog has expanded from \$57 million on December 31, 2001 to \$281 million on December 31, 2005, an annualized growth rate of 49%. The board also believes that this increased level of net revenue will lead to higher profit. Arpeggio's board believes that Hill's successful integration of these firms demonstrates its ability to add value through acquisitions. Furthermore, Hill intends to continue its growth through additional acquisitions and Arpeggio's significant cash resources could be used for such purpose. For a description of Hill's post merger plans for additional acquisitions, please see the section entitled "Business of Hill-Acquisitions."

### *The experience of Hill's management*

Another important criteria to Arpeggio's board of directors in identifying an acquisition target was that the company have a seasoned management team with specialized knowledge of the markets within which it operates and the ability to lead a company in a rapidly changing environment. Arpeggio's board of directors believes that Hill's management has significant experience in the construction management and construction claims industry. Mr. Irvin E. Richter has more than 30 years of experience advising clients regarding construction contracts and claims and Mr. David L. Richter has over 10 years experience at Hill. Many of its operating managers have long tenure with Hill or otherwise in the construction management industry.

### *Hill's ability to execute its business plan after the merger using its own available cash resources since part of the cash held in our trust account may be used to pay Arpeggio's public stockholders who vote against the merger and exercise their conversion rights*

Arpeggio's board of directors considered the risk that the current public stockholders of Arpeggio would vote against the merger and demand to convert their shares for cash upon consummation of the merger, thereby reducing the amount of cash available to Arpeggio following the merger or cause a condition of the merger agreement not to be met. Arpeggio's board of directors deemed this risk to be no worse with regard to Hill

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than it would be for other target companies and believes that Hill will still be able to implement its business plan, even if the full amount of the funds deposited in the trust account is not available at closing.

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In addition to the above factors, Arpeggio's board also considered the following:

### *Financial condition and results of operations*

Hill's revenue, operating profit and return on capital were all reviewed in absolute terms and also in relation to other companies in the construction management industry and were felt by the members of the board to be favorable both in absolute terms and in comparison. The board and management of Arpeggio paid particular interest to Hill's operating income margins, which have expanded from negative 0.6% to positive 7.1% from 2003 to 2005. Members of the board and management believe that this margin expansion is reflective of the operating leverage in Hill's business model and will help drive greater profitability as revenues continue to expand. Arpeggio was also impressed by the company's growth. Net revenue rose from \$56 million to \$80 million from 2003 and 2005, an annualized growth rate of 19.5%. The board was also impressed by Hill's backlog which it believes is indicative of the health of the company and an indication of future net revenue growth. The board believes that the net revenue growth potential coupled with expanding operating profit margins will lead to high operating profits which will reward Arpeggio stockholders.

### *Valuation*

The board considered the value of Hill in relation to its growth potential and found it to be attractive when compared to other companies in the construction management industry. The board looked at comparable companies such as Jacobs Engineering Group Inc., Washington Group International Inc., Fluor Corp., Shaw Group Inc., and Tetra Tech Inc. The board believes that these companies are comparable to Hill International (because of their significant involvement in project management) and provide a representative sample of comparable companies. Based on the valuation of these comparable companies, the board was able to calculate the expected initial valuation of Hill International in the public market. In addition, the board relied upon a discounted cash flow analysis prepared by Arpeggio's management team. Based on these two analyses (comparable companies and discounted cash flows) and the board's significant transaction experience, the board agreed upon and negotiated terms which it felt were in the best interest of Arpeggio's stockholders.

### *Favorable industry dynamics*

The board determined that positive long term capital spending trends, such as the growing demand for construction services, in part from companies that previously provided such services internally, and world events, such as the \$286 billion public infrastructure construction bill recently enacted by the United States, the needs for reconstruction after major natural disasters such as Hurricane Katrina, and growth in other parts of the world, such as the Middle East, made a position in the construction management industry desirable.

### *Competitive position and acceptance of its services*

Hill's reputation in its industry and among its clients and its work on high profile projects were considered by the board to be favorable factors in concluding that its competitive position was strong.

*High barriers to entry*

Entry into the construction management industry requires a large cadre of highly experienced personnel, which is not readily available to a potential entrant without the expenditure of significant time and money.

*Regulatory environment of the industry*

The board reviewed the regulatory environment of Hill's business and concluded that no unusually burdensome regulatory requirements were involved and that Hill had satisfactory compliance procedures in place.

*Costs associated with effecting the business combination*

The board determined that the costs associated with effecting the merger with Hill would be of the same order of magnitude as would be encountered with most other business combinations. A favorable factor was that

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Hill's financial statements were audited (in accordance with practices applicable to private companies) by a reputable and experienced accounting firm and that Hill had satisfactory procedures in place to obtain and prepare the financial information required for the preparation of the proxy statement.

### **Satisfaction of 80% Test**

It is a requirement that any business acquired by Arpeggio have a fair market value equal to at least 80% of Arpeggio's net assets at the time of acquisition, which assets shall include the amount in the trust account. Based on the financial analysis of Hill generally used to approve the transaction, including a comparison of comparable companies and a discounted cash flow analysis, the Arpeggio board of directors determined that this requirement was met. The board determined that consideration being paid in the merger, which amount was negotiated at arms-length, was fair to and in the best interests of Arpeggio and its stockholders and appropriately reflected Hill's value. In reaching this determination, the board concluded that it was appropriate to base such valuation on factors such as Hill's historical growth rate and its potential for future growth in revenues and profits and its historical and projected return on capital. It recognized that Hill's net assets were less than \$8.0 million but concluded that valuing its business on the financial factors was more appropriate in the circumstances as the type of business that Hill is engaged in is not asset-intensive. The Arpeggio board of directors believes because of the financial skills and background of several of its members, it was qualified to conclude that the acquisition of Hill met this requirement. However, Arpeggio has also received an opinion from Capitalink that the 80% test has been met.

### **Interests of Arpeggio's directors and officers in the merger**

In considering the recommendation of the board of directors of Arpeggio to vote for the proposals to approve the merger agreement, the certificate of incorporation amendments and the equity stock plan proposal, you should be aware that certain members of the Arpeggio board have agreements or arrangements that provide them with interests in the merger that differ from, or are in addition to, those of Arpeggio stockholders generally. In particular:

if the merger or another business combination is not consummated by June 30, 2006, Arpeggio will be liquidated. In such event, the 1,500,000 shares of common stock held by Arpeggio's directors and officers that were acquired before the IPO, for an aggregate purchase price of \$25,000, would be worthless because Arpeggio's directors and officers are not entitled to receive any of the liquidation proceeds with respect to such shares. Such shares had an aggregate market value of \$9,150,000 based upon the last sale price of \$6.10 on the OTCBB on May 16, 2006, the record date.

The Arpeggio officers, directors and special advisor have also purchased 1,003,300 warrants in the public market, for an aggregate purchase price of \$652,145, (or \$0.65 per warrant) pursuant to a binding written agreement between Mr. Rosenfeld and EarlyBirdCapital, Inc. entered into in connection with Arpeggio's IPO. This agreement was entered into by Mr. Rosenfeld at a time when he was not in possession of any material non-public information relating to Arpeggio. The agreement sets forth that it constitutes an irrevocable order instructing EarlyBirdCapital, as the designated broker-dealer, to purchase the warrants, without any further instructions, at prices not to exceed \$0.65 per warrant during the forty-trading day period commencing on the date separate trading of Arpeggio's warrants commenced, in compliance with Rule 10b5-1. Such warrants had an aggregate market value of \$1,163,828, based on the last sale price of \$1.16 on the OTCBB on May 16, 2006. All of the warrants will become worthless if the merger is not consummated (as will the remainder of the public warrants);

the transactions contemplated by the merger agreement provide that Eric S. Rosenfeld will be a director of Arpeggio (in the class to stand for reelection in 2007) and Arnaud Ajdler will be a director of Arpeggio (in the class to stand for reelection in 2009). As such, in the future each will receive any cash fees, stock options or stock awards that the Arpeggio board of directors determines to pay to its non-executive directors; and



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if Arpeggio liquidates prior to the consummation of a business combination, Eric S. Rosenfeld, Arpeggio's chairman, chief executive officer and president, will be personally liable to pay debts and obligations to vendors and other entities that are owed money by Arpeggio for services rendered or products sold to Arpeggio, or to any target business, to the extent such creditors bring claims that would otherwise require payment from moneys in the trust account. Based on Arpeggio's estimated debts and obligations, it is not currently expected that Mr. Rosenfeld will have any exposure under this arrangement in the event of a liquidation.

## **Recommendation of Arpeggio's Board of Directors**

After careful consideration of the matters described above, particularly Hill's record of growth and expansion and high potential for future growth and profitability and the experience of Hill's management, for a merger consideration that was considered to be fair, Arpeggio's board of directors determined unanimously that each of the merger proposal, the name change amendment, the capitalization amendment, the Article Sixth amendment and the stock option plan proposal is fair to and in the best interests of Arpeggio and its stockholders. Arpeggio's board of directors has approved and declared advisable the merger proposal, the name change amendment, the capitalization amendment, the Article Sixth amendment and the stock option plan proposal and unanimously recommends that you vote or give instructions to vote **FOR** each of the proposals to adopt the merger proposal, the name change amendment, the capitalization amendment, the Article Sixth amendment and the stock option plan proposal. Mr. Greenblatt, our special advisor, also supported the proposals.

The foregoing discussion of the information and factors considered by the Arpeggio board of directors is not meant to be exhaustive, but includes the material information and factors considered by the Arpeggio board of directors.

## **Fairness Opinion**

In connection with its determination to approve the merger, Arpeggio's board of directors engaged Capitalink, L.C. to provide it with a fairness opinion as to whether (i) the merger consideration to be paid by Arpeggio is fair, from a financial point of view, to Arpeggio's stockholders and (ii) the fair market value of Hill is at least equal to 80% of Arpeggio's net assets. Capitalink, which was founded in 1998 and is headquartered in Coral Gables, Florida, provides publicly and privately held businesses and emerging growth companies with a broad range of investment banking and advisory services. As part of its business, Capitalink regularly is engaged in the evaluation of businesses and their securities in connection with mergers, acquisitions, corporate restructurings, private placements, and for other purposes. Arpeggio selected Capitalink on the basis of Capitalink's experience, recommendations from other companies that had engaged Capitalink for similar purposes, its ability to do the research and provide the fairness opinion within the required timeframe and the competitiveness of its fee, which was specified by Capitalink in its proposal to the board. Capitalink does not beneficially own any interest in either Arpeggio or Hill, has never provided either company with any other services and does not expect or contemplate any additional services or compensation.

Arpeggio has paid Capitalink a fee of \$75,000 in connection with the preparation and issuance of its opinion and has reimbursed Capitalink \$532 for out-of-pocket expenses. In addition, we have also agreed to indemnify and hold Capitalink, its officers, directors, principals, employees, affiliates, and members, and their successors and assigns, harmless from and against any and all loss, claim, damage, liability, deficiencies, actions, suits, proceedings, costs and legal expenses (collectively the "Losses") or expense whatsoever (including, but not limited to, reasonable legal fees and other expenses and reasonable disbursements incurred in connection with investigating, preparing to defend or defending any action, suit or proceeding, including any inquiry or investigation, commenced or threatened, or any claim whatsoever, or in appearing or preparing for appearance as witness in any proceeding, including any pretrial proceeding such as a deposition) arising out of, based upon, or in any way related or attributed to, (i) any breach of a representation, or warranty made by us in our agreement with Capitalink; or (ii) any activities or services performed under that agreement by Capitalink, unless such Losses were the result of the intentional misconduct or gross negligence of Capitalink.





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Capitalink made a presentation to our board of directors on December 4, 2005 and subsequently delivered its written opinion to the board of directors, which stated that, as of December 4, 2005, and based upon and subject to the assumptions made, matters considered and limitations on its review as set forth in the opinion, (i) the merger consideration is fair, from a financial point of view, to our stockholders, and (ii) the fair market value of Hill is at least equal to 80% of our net assets. The amount of the merger consideration was determined pursuant to negotiations between us and Hill and not pursuant to recommendations of Capitalink.

The full text of the written opinion of Capitalink is attached as Annex D and is incorporated by reference into this proxy statement. You are urged to read the Capitalink opinion carefully and in its entirety for a description of the assumptions made, matters considered, procedures followed and limitations on the review undertaken by Capitalink in rendering its opinion. The summary of the Capitalink opinion set forth in this proxy statement is qualified in its entirety by reference to the full text of the opinion. The Capitalink opinion is not intended to be and does not constitute a recommendation to you as to how you should vote or proceed with respect to the merger. Capitalink was not requested to opine as to, and the opinion does not in any manner address, the relative merits of the merger as compared to any alternative business strategy that might exist for us, our underlying business decision to proceed with or effect the merger and other alternatives to the merger that might exist for us. Capitalink has consented to the use of its opinion in this proxy statement.

In arriving at its opinion, Capitalink took into account an assessment of general economic, market and financial conditions, as well as its experience in connection with similar transactions and securities valuations generally. In so doing, among other things, Capitalink:

Reviewed the merger agreement.

Reviewed publicly available financial information and other data with respect to Arpeggio, including the Annual Report on Form 10-KSB for the year ended December 31, 2004, the Quarterly Report on Form 10-QSB for the nine months ended September 30, 2005 and the Registration Statement on Form S-1 filed on April 23, 2004, and amendments thereto.

Reviewed financial and other information with respect to Hill, including the audited financial statements for the 52/53 week fiscal periods ended nearest to December 31, 2002, 2003 and 2004, the unaudited financial statements for the 39 weeks ended nearest to September 30, 2004 and 2005, and other financial information and projections prepared by Hill management.

Considered the historical financial results and present financial condition of both Arpeggio and Hill.

Reviewed certain publicly available information concerning the trading of, and the market for, the common stock of Arpeggio.

Reviewed and analyzed the indicated value range of the merger consideration.

Reviewed and analyzed the free cash flows of Hill and prepared a discounted cash flow analysis.

Reviewed and analyzed certain financial characteristics of companies that were deemed to have characteristics comparable to Hill.

Reviewed and analyzed certain financial characteristics of target companies in transactions where such target company was deemed to have characteristics comparable to that of Hill.

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Reviewed and compared the net asset value of Arpeggio to the indicated fair market value of Hill.

Capitalink also performed such other analyses and examinations as it deemed appropriate and held discussions with Arpeggio and Hill management in relation to certain financial and operating information furnished to Capitalink, including financial analyses with respect to their respective businesses and operations.

In arriving at its opinion, Capitalink relied upon and assumed the accuracy and completeness of all of the financial and other information that was used without assuming any responsibility for any independent verification of any such information. Further, Capitalink relied upon the assurances of Arpeggio and Hill

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management that they were not aware of any facts or circumstances that would make any such information inaccurate or misleading. With respect to the financial information and projections utilized, Capitalink assumed that such information has been reasonably prepared on a basis reflecting the best currently available estimates and judgments, and that such information provides a reasonable basis upon which it could make an analysis and form an opinion. The projections were solely used in connection with the rendering of Capitalink's fairness opinion. Investors should not place reliance upon such projections, as they are not necessarily an indication of what our revenues and profit margins will be in the future. The projections used by Capitalink were prepared by Hill management and are not to be interpreted as projections of future performance (or guidance) by Arpeggio.

Capitalink did not make a physical inspection of the properties and facilities of Arpeggio and Hill and did not make or obtain any evaluations or appraisals of either company's assets and liabilities (contingent or otherwise). In addition, Capitalink did not attempt to confirm whether Arpeggio and Hill had good title to their respective assets. Capitalink assumed that the merger will be consummated in a manner that complies in all respects with the applicable provisions of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and all other applicable federal and state statutes, rules and regulations. Capitalink assumed that the merger will be consummated substantially in accordance with the terms set forth in the merger agreement, without any further amendments thereto, and that any amendments, revisions or waivers thereto will not be detrimental to the stockholders of Arpeggio. In addition, based upon discussions with Arpeggio management, Capitalink assumed that the merger will qualify as a reorganization under Section 368(a) of the Internal Revenue Code.

Capitalink's opinion is necessarily based upon market, economic and other conditions as they existed on, and could be evaluated as of, December 4, 2005. Accordingly, although subsequent developments may affect its opinion, Capitalink has not assumed any obligation to update, review or reaffirm its opinion.

In connection with rendering its opinion, Capitalink performed certain financial, comparative and other analyses as summarized below. Each of the analyses conducted by Capitalink was carried out to provide a different perspective on the merger and to enhance the total mix of information available. Capitalink did not form a conclusion as to whether any individual analysis, considered in isolation, supported or failed to support an opinion as to the fairness, from a financial point of view, of the merger consideration to Arpeggio's stockholders. Further, the summary of Capitalink's analyses described below is not a complete description of the analyses underlying Capitalink's opinion. The preparation of a fairness opinion is a complex process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. In arriving at its opinion, Capitalink made qualitative judgments as to the relevance of each analysis and factor that it considered. In addition, Capitalink may have given various analyses more or less weight than other analyses and may have deemed various assumptions more or less probable than other assumptions, so that the range of valuations resulting from any particular analysis described above should not be taken to be Capitalink's view of the value of Hill's assets. The estimates contained in Capitalink's analyses and the ranges of valuations resulting from any particular analysis are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than suggested by such analyses. In addition, analyses relating to the value of businesses or assets neither purports to be appraisals nor do they necessarily reflect the prices at which businesses or assets may actually be sold. Accordingly, Capitalink's analyses and estimates are inherently subject to substantial uncertainty. Capitalink believes that its analyses must be considered as a whole and that selecting portions of its analyses or the factors it considered, without considering all analyses and factors collectively, could create an incomplete and misleading view of the process underlying the analyses performed by Capitalink in connection with the preparation of its opinion.

The analyses performed were prepared solely as part of Capitalink's analysis of the fairness, from a financial point of view, of the merger consideration to our stockholders, and were provided to our board of directors in connection with the delivery of Capitalink's opinion. The opinion of Capitalink was just one of the many factors taken into account by our board of directors in making its determination to approve the merger, including those described elsewhere in this proxy statement.

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### *Hill Financial Review*

Capitalink undertook a review of Hill's historical financial data in order to understand and interpret its operating and financial performance and strength. Capitalink noted the following:

Hill's net revenue (i.e., revenue after reimbursable expenses) ranged from \$48.1 million in fiscal year (FY) 2002, to approximately \$75.2 million for the latest twelve month (LTM) period ended September 30, 2005. The compound average annual growth rate (CAGR), which represents the average growth rate per year, for net revenue over this period was approximately 17.6%.

While the Company had completed six acquisitions since 1998, approximately 90% of its growth has been organic as a result of overall growth in the engineering and construction sector both domestically and overseas and the increase in project outsourcing by major corporations.

That there were certain one-time legal expenses in FY2003 and FY2004 that effected historical EBITDA, (defined as earnings before interest, taxes, depreciation and amortization). By removing these items, from historical EBITDA, Capitalink was able to provide a clearer portrayal of Hill's underlying historical operating earnings and financial performance without the effects of one-time or unusual revenue or expenses that were not expected to reoccur in the future. Such calculation was not in accordance with Generally Accepted Accounting Principles.

EBITDA margins (calculated as a percentage of revenues) while fluctuating from FY2002 to FY2004 were on the increase in the LTM period, reaching their highest level over the review period. The increase in margins is attributable to improved efficiencies within the organization in addition to economies of scale benefits as revenue continues to increase.

As of October 1, 2005, Hill had approximately \$9.3 million in total debt, primarily relating to its debt revolver. Hill management expects this loan to be repaid after completion of the merger.

Over the review period, the 12-month backlog has significantly increased from approximately \$46.5 million as of December 31, 2002, to approximately \$86.1 million as of October 1, 2005. Capitalink noted that net revenue as a percentage of the prior year backlog ranged from 139.6% in FY2002 to approximately 125.1% for the LTM period ended October 1, 2005.

### *Merger Consideration Analysis*

The merger consideration consists of the immediate issuance of 14.5 million shares of our common stock and up to 6.6 million additional shares of our common stock to be paid in the future (and contingent on Hill achieving certain EBIT targets). Capitalink utilized this range of shares issued (of between 14.5 million and 21.1 million shares) in determining the range of indicated value of the merger consideration.

Capitalink determined an indicated value of our common stock by using Arpeggio management's estimation of the liquidation value per share as of March 31, 2006 of approximately \$5.45. Based on these assumptions, Capitalink arrived at an indicated value range for the merger consideration of approximately \$79.0 million (14.5 million shares multiplied by \$5.45) to approximately \$115.0 million (21.1 million shares multiplied by \$5.45).

*Valuation Overview*

Based upon a review of the historical and projected financial data and certain other qualitative data for Hill, Capitalink utilized several valuation methodologies and analyses to determine ranges of values. Capitalink utilized the discounted cash flow, the comparable company and the comparable transaction analyses (all of which are discussed in more detail hereinafter) to derive an indicated equity value of Hill.

Based upon the low and high range of the analyses, Capitalink determined a range of indicated equity value of approximately \$79.0 million to approximately \$134.0 million. Capitalink noted that the low end of the range is a more representative of Hill's indicated value if it does not meet its projections, and the high end of the range is more representative of Hill's value if it does achieve its projections.

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Capitalink noted that the Hill indicated equity value range of approximately \$79.0 million to approximately \$134.0 million is wider than the merger consideration range of approximately \$79.0 million to approximately \$115.0 million.

### *Discounted Cash Flow Analysis*

A discounted cash flow analysis estimates value based upon a company's projected future free cash flow discounted at a rate reflecting risks inherent in its business and capital structure. Unlevered free cash flow represents the amount of cash generated and available for principal, interest and dividend payments after providing for ongoing business operations.

While the discounted cash flow analysis is the most scientific of the methodologies used, it is dependent on projections that were prepared by, and are based on assumptions by, Hill management and is further dependent on numerous industry-specific and macroeconomic factors.

Capitalink utilized the forecasts provided by Hill management, which project strong growth in net revenues from FY2004 to FY2008. The projections assume net revenue growth of 25.0% each year, of which between 15-20% will be from organic growth, and 5-10% will be from future acquisitions. Capitalink noted that the organic growth rate of 15-20% is in line with Hill's historical net revenue CAGR of 17.6% between FY2002 (net revenue of \$48.2 million) and LTM period ended September 30, 2005 (net revenue of \$75.4 million). The balance of growth in net revenue of 5-10% is based on assumed acquisitions made each year, for which cash outlays of approximately \$2.4 million, \$3.0 million and \$3.8 million in each of 2006, 2007 and 2008, respectively, are assumed.

The projection of 5-10% annual acquisition growth was made by Hill's management. Hill's management assumed that Hill would complete an equity financing, would enjoy higher profitability and would have significantly more capital available for acquisitions than in prior years, all of which made it reasonable to project that its future growth would be higher than its historical growth. Thus, Hill's management assumed that the rate of growth from acquisitions would increase in the years following a capital raising transaction. In addition, Hill's management assumed that integration of recent acquisitions into Hill would enable the newly-acquired parts of the business to grow at a faster rate because those divisions of the business would enjoy the benefits of being part of a larger, better capitalized company.

In addition, Hill's projections assume that its earnings before interest and taxes ( EBIT ) margins (as a percentage of net revenue) will expand from 8.4% in the LTM period to 12.1% by fiscal year 2008. The gradual increase in EBIT margins is in line with the continual increase in net revenue for Hill, combined with economies of scale efficiencies. The economies of scale efficiencies are expected because of the disproportionate relationship between Hill's revenue growth and its general and administrative expenses. Hill projects that its revenue growth will exceed the growth in its general and administrative expenses, because the increase in general and administrative expenses that has accompanied Hill's historic revenue growth has been proportionately lower than the corresponding revenue growth. For example, Hill's office expenses and administrative payroll do not increase proportionately with revenue. In addition, Hill's legal, accounting and marketing expenses, which are also part of its general and administrative expenses, also do not grow proportionately with increases in revenue growth.

The above projections were solely used in connection with the rendering of Capitalink's fairness opinion. Investors should not place reliance upon such projections, as they are not necessarily an indication of what our revenues and profit margins will be in the future. The projections used by Capitalink were prepared by Hill management and are not to be interpreted as projections of future performance (or guidance) by Arpeggio.

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In order to arrive at a present value, Capitalink utilized discount rates ranging from 14.5% to 15.5%. This was based on an estimated weighted average cost of capital ( WACC ) of 15.2% (based on Hill 's estimated weighted average cost of debt of 7.5% and a 16.1% estimated cost of equity). The cost of equity calculation was derived utilizing the Ibbotson build up method utilizing appropriate industry risk and size premiums and a company specific risk factor of 2.0%, reflecting the risk of continuing to generate 25% net revenue growth and increasing margins throughout the projection period.



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Capitalink presented a range of terminal values at the end of the forecast period by applying a range of terminal exit multiples based on revenue and EBITDA as well as using long term perpetual growth rates.

Utilizing terminal revenue multiples of between 1.10 times and 1.30 times, terminal EBITDA multiples of between 9.0 times and 11.0 times, and long-term perpetual growth rates of between 8.0% and 9.0%, Capitalink calculated a range of indicated enterprise values.

The total enterprise values above were then decreased by Hill's net debt of approximately \$9.6 million (which includes approximately \$9.3 million in interest bearing debt and approximately negative \$0.3 million in cash balances as of October 1, 2005), to derive an indicated equity value range of approximately \$101.1 million to \$134.3 million.

### *Comparable Company Analysis*

A selected comparable company analysis reviews the trading multiples of publicly traded companies that are similar to Hill with respect to business and revenue model, operating sector, size, and target customer base.

Because of the difficulty of finding publicly listed companies that are involved in both the construction management and claims consulting businesses, Capitalink examined two sets of comparable companies:

**Construction Management** Publicly listed companies that are involved in the management of construction projects and/or the provision of construction engineering services (the **Project Comparable Companies** ).

**Claims Consulting** Publicly listed companies that are involved in the provision of litigation consulting and arbitration services (the **Claims Comparable Companies** ), and, together with the **Project Comparable Companies**, the **Comparable Companies** ).

### **Project Comparable Companies**

Capitalink located five Project Comparable Companies including Jacobs Engineering Group, URS Corp., Washington Group International, Perini Corporation and Sweco AB. All of these companies are comparable to the construction management division of Hill with respect to industry sector and operating model. However, no company is identical or perfectly comparable to Hill. All of these companies are much larger than Hill and most provide other ancillary services such as architectural services, operations and maintenance services and construction services. Capitalink did not find any smaller comparable companies to analyze. The LTM revenue for the Project Comparable Companies ranged from approximately \$407.7 million to approximately \$5.6 billion, compared with approximately \$75.2 million for Hill.

Hill was more profitable than all of the Project Comparable Companies with respect to EBITDA margins. The LTM EBITDA margin for Hill was 9.6%, compared with a range of 3.4% to 9.1% for the Project Comparable Companies. Hill management also estimates a steady increase in Hill's margin to 11.2% in FY2006. This estimate is based on the assumption that Hill's net revenue would grow in 2006 by 25%. In projecting that rate of net revenue growth, Hill assumed that it would accomplish a capital raising transaction which would enable it to achieve its revenue growth by financing its receivables, in addition to other benefits of the transaction. The estimate was not specifically based on, and did not

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specifically assume, that Hill would receive the proceeds from the Arpeggio trust account (or from the trust account of any other SPAC), or that Hill would be able to include any interest on those proceeds in its income.

Capitalink obtained broker consensus earnings estimates from Reuters with respect to projected revenue, EBITDA and EPS, for each of the Project Comparable Companies for which data was available. Compared to the Project Comparable Companies, Hill is in the top end of the range with approximately 30.2% and 33.3% projected growth for EBITDA and net income, respectively for FY2006 (based on projected EBITDA and net income of approximately \$8.6 million and \$5.9 million, respectively, as provided by Hill management).

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In comparison, the Project Comparable Companies projected mean EBITDA and net income growth was 15.3% and 17.3%, respectively.

Multiples utilizing share price, market value and enterprise value were used in the analyses.

Capitalink generated a number of multiples worth noting with respect to the Project Comparable Companies:

The share price to CY2005 EPS multiple ranged from 18.8 times to 26.9 times with a mean of 23.3 times.

The share price to CY2006 EPS multiple ranged from 17.3 times to 21.7 times, with a mean of 19.8 times.

The enterprise value to CY2005 EBITDA multiple ranged from 9.6 times to 12.4 times, with a mean of 11.0 times.

The enterprise value to CY2006 EBITDA multiple ranged from 8.8 times to 11.1 times, with a mean of 9.6 times.

### Claims Comparable Companies

Capitalink located three Claims Comparable Companies including FTI Consulting, Navigant Consulting and Charles Taylor Consulting. All of these companies are comparable to the claims consulting division of Hill with respect to industry sector and operating model. However, no company is identical or perfectly comparable to Hill. All of these companies are much larger than Hill and all of them provide other ancillary consulting services such as economic and corporate finance consulting services. Capitalink did not find any smaller comparable companies to analyze. The LTM revenue for the Claims Comparable Companies ranged from approximately \$108.5 million to approximately \$554.3 million, compared with approximately \$75.2 million for all of Hill.

The Claims Comparable Companies were more profitable than Hill with respect to EBITDA margins. The LTM EBITDA margin for Hill was 9.6%, compared with a range of 19.5% to 23.9% for the Claims Comparable Companies.

Utilizing brokerage consensus estimates, Capitalink noted that Hill's projected growth for FY 2006 (30.2% EBITDA and 33.3% net income growth) is higher than that of the Claims Comparable Companies. In comparison, the Claims Comparable Companies projected mean EBITDA and net income growth were 13.3% and 15.7%, respectively.

Capitalink generated a number of multiples worth noting with respect to the Claims Comparable Companies:

The share price to CY2005 EPS multiple ranged from 20.7 times to 20.9 times with a mean of 20.8 times.

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The share price to CY2006 EPS multiple ranged from 17.4 times to 18.6 times, with a mean of 18.0 times.

The enterprise value to CY2005 EBITDA multiple ranged from 9.0 times to 10.2 times, with a mean of 9.6 times.

The enterprise value to CY2006 EBITDA multiple ranged from 7.8 times to 9.2 times, with a mean of 8.5 times.

Capitalink also reviewed the historical multiples generated for the Comparable Companies, and noted that the mean enterprise value to LTM EBITDA multiple over the last ten years was 9.1 times. Capitalink also noted that most of the Comparable Companies were trading close to their 12-month share price highs, and many, including Jacobs Engineering Group, Inc., URS Corp., Perini Corp., FTI Consulting and Navigant Consulting, have made recent acquisitions and/or recently raised additional capital.

Capitalink selected an appropriate multiple range for Hill by examining the range provided by the Comparable Companies and taking into account certain company-specific factors. Capitalink expects Hill to be

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valued slightly above the average of the EBITDA and EPS multiples because of its higher historical and projected earnings growth and significant backlog, offset by its smaller size and limited range of services.

Based on the above factors, Capitalink applied a selected multiple range to Hill's CY2005 and CY2006 net income and EBITDA to determine a range of indicated equity and enterprise values. Capitalink deducted net debt of approximately \$9.6 million to derive an indicated equity value range of approximately \$96.8 million to approximately \$109.4 million for Hill.

None of the Comparable Companies has characteristics identical to Hill. An analysis of publicly traded comparable companies is not mathematical; rather it involves complex consideration and judgments concerning differences in financial and operating characteristics of the Comparable Companies and other factors that could affect the public trading of the Comparable Companies.

### *Comparable Transaction Analysis*

A comparable transaction analysis is based on a review of merger, acquisition and asset purchase transactions involving target companies that are in industries related to Hill. The comparable transaction analysis generally provides the widest range of value due to the varying importance of an acquisition to a buyer (i.e., a strategic buyer willing to pay more than a financial buyer) in addition to the potential differences in the transaction process (i.e., competitiveness among potential buyers).

Because of the difficulty of finding transactions involving targets that are involved in both the construction management and claims consulting businesses, Capitalink examined two sets of comparable transactions:

Construction Management Transactions involving target companies that are involved in the management of construction projects and/or the provision of construction engineering services (the Project Comparable Transactions).

Claims Consulting Transactions involving target companies that are involved in the provision of litigation consulting and arbitration services (the Claims Comparable Transactions), and, together with the Project Comparable Transactions, the Comparable Transactions).

Based on the information disclosed with respect to the targets in each of the Comparable Transactions, Capitalink calculated and compared total enterprise value as a multiple of LTM revenue and LTM EBITDA.

### Project Comparable Transactions

Capitalink located five Project Comparable Transactions announced since January 2003 and for which detailed financial information was available. The Project Comparable Transactions are comparable to the construction management division of Hill with respect to industry sector and operating model. The Project Comparable Transactions were as follows:

**Target**

Keith Companies, Inc.  
The Cube Corporation  
Schoor DePalma, Inc.  
Babtie Group Ltd.  
The Benham Companies, Inc.

**Acquiror**

Stantec, Inc.  
VT Griffin Services, Inc.  
Trivest Partners, LP  
Jacobs Engineering Group  
Management Group

Capitalink noted the following with respect to the multiples generated:

The enterprise value to LTM revenue multiple ranged from 0.23 times to 1.49 times, with a mean of 0.66 times.

The enterprise value to LTM EBITDA multiple ranged from 7.5 times to 9.4 times, with a mean of 8.4 times.

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Claims Comparable Transactions

Capitalink located two Claims Comparable Transactions announced since January 2003 and for which detailed financial information was available. The Claims Comparable Transactions are comparable to the claims consulting division of Hill with respect to industry sector and operating model. The Claims Comparable Transactions were as follows:

**Target**

ERP Group  
A.W. Hutchison & Associates, Inc.

**Acquiror**

Bridgepoint Capital  
Navigant Consulting, Inc.

Capitalink noted the following with respect to the multiples generated:

The enterprise value to LTM revenue multiple ranged from 1.43 times to 1.86 times, with a mean of 1.64 times.

The enterprise value to LTM EBITDA multiple ranged from 6.2 times to 14.1 times, with a mean of 10.1 times.

Capitalink expects Hill to be valued above the average of the Comparable Transactions, due to its recent historical earnings growth and significant projected future growth.

Based on the above factors, Capitalink applied a selected multiple range to Hill's LTM revenue and LTM EBITDA to determine a range of indicated enterprise values. Capitalink then deducted net debt of approximately \$9.6 million to derive an indicated equity value range of approximately \$79.0 million to approximately \$97.5 million.

None of the target companies in the Comparable Transactions has characteristics identical to Hill. Accordingly, an analysis of comparable business combinations is not mathematical; rather it involves complex considerations and judgments concerning differences in financial and operating characteristics of the target companies in the Comparable Transactions and other factors that could affect the respective acquisition values.

*80% Test*

Arpeggio's initial business combination must be with a target business whose fair market value is at least equal to 80% of Arpeggio's net assets at the time of such acquisition.

Capitalink reviewed and estimated Arpeggio's net assets at the close of the merger in comparison to Hill's indicated range of fair market value. For the purposes of this analysis, Capitalink assumed (i) that Hill's fair market value is equivalent to its equity value; and (ii) that Arpeggio's net

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asset value is its stockholders' equity as of September 30, 2005. Since 80% of Arpeggio's net asset value is approximately \$37.4 million and the range of equity value of Hill is approximately \$79.0 million to \$134.0 million, Capitalink determined that the 80% test was met.

### *Capitalink Opinion*

Based on the information and analyses set forth above, Capitalink delivered its written opinion to our board of directors, which stated that, as of December 4, 2005, based upon and subject to the assumptions made, matters considered, and limitations on its review as set forth in the opinion, (i) the merger consideration is fair, from a financial point of view, to our stockholders, and (ii) the fair market value of Hill is at least equal to 80% of our net assets.

### **Material Federal Income Tax Consequences of the Merger**

The following section is a summary of the opinion of Graubard Miller, counsel to Arpeggio, regarding material United States federal income tax consequences of the merger to holders of Arpeggio common stock.



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This discussion addresses only those Arpeggio security holders that hold their securities as a capital asset within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the Code), and does not address all the United States federal income tax consequences that may be relevant to particular holders in light of their individual circumstances or to holders that are subject to special rules, such as:

financial institutions;

investors in pass-through entities;

tax-exempt organizations;

dealers in securities or currencies;

traders in securities that elect to use a mark to market method of accounting;

persons who hold Arpeggio common stock as part of a straddle, hedge, constructive sale or conversion transaction; and

persons who are not citizens or residents of the United States.

The Graubard Miller opinion is based upon the Code, applicable treasury regulations thereunder, published rulings and court decisions, all as currently in effect as of the date hereof, and all of which are subject to change, possibly with retroactive effect. Tax considerations under state, local and foreign laws, or federal laws other than those pertaining to the income tax, are not addressed.

Neither Arpeggio nor Hill intends to request any ruling from the Internal Revenue Service as to the United States federal income tax consequences of the merger.

It is the opinion of Graubard Miller that no gain or loss will be recognized by Arpeggio or by the stockholders of Arpeggio if their conversion rights are not exercised. The tax opinion issued to Arpeggio by Graubard Miller, is attached to this proxy as Annex J. Graubard Miller has consented to the use of its opinion in this proxy statement.

*Tax Consequences of the Merger to Arpeggio stockholders*

No gain or loss will be recognized by stockholders of Arpeggio if their conversion rights are not exercised.

A stockholder of Arpeggio who exercises conversion rights and effects a termination of the stockholder's interest in Arpeggio will generally be required to recognize gain or loss upon the exchange of that stockholder's shares of common stock of Arpeggio for cash. Such gain or loss will be

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measured by the difference between the amount of cash received and the tax basis of that stockholder's shares of Arpeggio common stock. This gain or loss will generally be a capital gain or loss if such shares were held as a capital asset on the date of the merger and will be a long-term capital gain or loss if the holding period for the share of Arpeggio common stock is more than one year.

### *Tax Consequences of the Merger Generally to Arpeggio*

No gain or loss will be recognized by Arpeggio as a result of the merger.

This discussion is intended to provide only a general summary of the material United States federal income tax consequences of the merger, and is not a complete analysis or description of all potential United States federal tax consequences of the merger. This discussion does not address tax consequences which may vary with, or are contingent on, your individual circumstances. In addition, the discussion does not address any non-income tax or any foreign, state or local tax consequences of the merger. Accordingly, you are strongly urged to consult with your tax advisor to determine the particular United States federal, state, local or foreign income or other tax consequences to you of the merger.

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**Anticipated Accounting Treatment**

The merger will be accounted for under the purchase method of accounting as a reverse acquisition in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) for accounting and financial reporting purposes. Under this method of accounting, Arpeggio will be treated as the acquired company for financial reporting purposes. In accordance with guidance applicable to these circumstances, the merger will be considered to be a capital transaction in substance. Accordingly, for accounting purposes, the merger will be treated as the equivalent of Hill issuing stock for the net monetary assets of Arpeggio, accompanied by a recapitalization. The net monetary assets of Arpeggio will be stated at their fair value, essentially equivalent to historical costs, with no goodwill or other intangible assets recorded. The retained earnings of Hill will be carried forward after the merger. Operations prior to the merger will be those of Hill.

**Regulatory Matters**

The merger and the transactions contemplated by the merger agreement are not subject to any additional federal or state regulatory requirement or approval, including the Hart-Scott-Rodino Antitrust Improvements Act of 1976, or HSR Act, except for filings with the State of Delaware necessary to effectuate the transactions contemplated by the merger proposal.

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**THE MERGER AGREEMENT**

The following summary of the material provisions of the merger agreement is qualified by reference to the complete text of the merger agreement, as amended, a copy of which is attached as Annex A to this proxy statement and is incorporated by reference. All stockholders are encouraged to read the merger agreement in its entirety for a more complete description of the terms and conditions of the merger.

**General; Structure of Merger**

On December 5, 2005, Arpeggio entered into a merger agreement with Hill and the stockholders of Hill holding approximately 99% of the then outstanding shares of Hill. Hill will effectuate the merger by merging with and into Arpeggio. Arpeggio will be the surviving corporation in the merger through an exchange of all the issued and outstanding shares of capital stock of Hill for shares of common stock of Arpeggio. Since the time the merger agreement was signed, a number of Hill employees exercised stock options and have become stockholders of Hill. It is expected that other Hill employees will exercise stock options prior to or simultaneously with the closing of the merger. These option exercises will not have any effect on the consummation of the merger.

The merger agreement was amended on December 30, 2005 and April 6, 2004 to amend the voting agreement to fix the number of directors to be designated by the Signing Stockholders and Messrs. Rosenfeld and Ajdler at seven and to amend Schedule 5.2 to the Merger Agreement to reflect such change.

The Signing Stockholders approved and adopted the merger agreement, as amended, and the transactions contemplated thereby by virtue of the execution of the merger agreement and the amendment. Accordingly, no further action is required to be taken by Hill stockholders to approve the merger.

**Closing and Effective Time of the Merger**

The closing of the merger will take place promptly following the satisfaction of the conditions described below under *The Merger Agreement Conditions to the Closing of the Merger*, unless Arpeggio and Hill agree in writing to another time. The merger is expected to be consummated in the second quarter of 2006.

**Name; Headquarters; Stock Symbols**

After completion of the merger:

the name of Arpeggio will be Hill International, Inc.;

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the corporate headquarters and principal executive offices will be located at 303 Lippincott Centre, Marlton, New Jersey 08053, which is Hill's corporate headquarters; and

Arpeggio and Hill will cause the common stock, warrants and units outstanding prior to the merger, which are quoted on the OTCBB, to continue being quoted on the OTCBB or listed on Nasdaq. In the event Arpeggio's common stock, warrants and units are quoted on Nasdaq at the time of the closing, the symbols will change to ones determined by the board of directors and the trading medium that are reasonably representative of the corporate name or business of Arpeggio.

### **Merger Consideration**

Pursuant to the merger agreement, the holders of securities of Hill outstanding immediately before the merger will receive, in exchange for such securities, 14,500,000 shares of Arpeggio common stock at the closing. Immediately following the merger, the Hill stockholders will own approximately 63.6% of the total issued and outstanding Arpeggio common stock, assuming that no Arpeggio stockholders seek conversion of their Arpeggio stock into their pro rata share of the trust account.

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The merger agreement also provides for the Hill stockholders to receive up to an additional 6,600,000 shares of Arpeggio common stock, contingent upon the combined companies attaining the following EBIT targets:

<u>Fiscal Year Ending 12/31</u>	<u>Earnings Before Interest and Taxes</u>	<u>Contingent Shares</u>
2006	\$ 9.9 million	2.3 million
2007	\$ 13.5 million	2.3 million
2008	\$ 18.4 million	1.0 million
2009	\$ 24.9 million	1.0 million

**Escrow Agreement**

Of the 14,500,000 shares to be issued to the Hill stockholders as merger consideration at the closing, an aggregate of 1,740,000 shares, or 12%, will be placed in escrow to secure the indemnity rights of Arpeggio under the merger agreement and will be governed by the terms of an escrow agreement. The escrow agreement is attached as Annex F hereto. We encourage you to read the escrow agreement in its entirety. The escrowed shares will be taken from all the Hill stockholders, pro rata in accordance with their ownership.

**Lock-Up Agreements**

A condition to the closing of the merger is that the Signing Stockholders shall have entered into lock-up agreements that provide that they not sell or otherwise transfer any of the shares of common stock of Arpeggio that they receive in the merger until December 31, 2007, subject to certain exceptions, including the right to use their shares to secure margin loans not to exceed 20% of the value of the shares at the time the loans are made.

**Employment Agreements**

A condition to the closing of the merger agreement is that Irvin E. Richter, Hill's current chairman and chief executive officer, David L. Richter, Hill's current president and chief operating officer, and Stuart S. Richter, one of Hill's current senior vice presidents, shall enter into employment agreements with Arpeggio upon the consummation of the merger. Copies of each form of employment agreement are attached as Annex G, H and I hereto. For a summary of the employment agreements, see the section entitled *Employment Agreements*. We encourage you to read the employment agreements in their entirety.

**Election of Directors; Voting Agreement**

A condition to the closing of the merger is that the Signing Stockholders, on the one hand, and Messrs. Rosenfeld and Ajdler, on the other hand, shall enter into a voting agreement pursuant to which they agree to vote for the other's designees to Arpeggio's board of directors through the election in 2008 as follows:

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in the class to stand for reelection in 2007 Irvin E. Richter, Eric S. Rosenfeld, and William J. Doyle;

in the class to stand for reelection in 2008 David L. Richter and Alan S. Fellheimer;

in the class to stand for reelection in 2009 Arnaud Ajdler and Brian W. Clymer.

Pursuant to the merger agreement, upon consummation of the merger, the directors of Arpeggio shall be Irvin E. Richter, David L. Richter, Eric S. Rosenfeld, Arnaud Ajdler and three other persons designated by Hill. Under the voting agreement, the Signing Stockholders will designate five directors and Messrs. Rosenfeld and Ajdler will designate two directors. Irvin E. Richter, David L. Richter, currently directors of Hill, and Brian W. Clymer, William J. Doyle and Alan S. Fellheimer will be the initial designees of the Signing Stockholders. Messrs. Rosenfeld and Ajdler, currently directors of Arpeggio, will be their own initial designees. The voting agreement is attached as Annex E hereto. We encourage you to read the voting agreement in its entirety.

Arpeggio's directors do not currently receive any cash compensation for their services as members of the board of directors. However, in the future, non-employee directors may receive certain cash fees and stock awards that the Arpeggio board of directors may determine to pay.

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**Representations and Warranties**

The merger agreement contains representations and warranties of each of Hill and Arpeggio relating, among other things, to:

proper corporate organization and similar corporate matters;

subsidiaries;

capital structure of each constituent company;

the authorization, performance and enforceability of the merger agreement;

no conflict; required filings and consents;

licenses and permits;

taxes;

financial information and absence of undisclosed liabilities;

holding of leases and ownership of other properties, including intellectual property;

restrictions on business activities;

contracts;

title to properties;

environmental matters;

absence of certain changes;

litigation;



employee benefit plans; and

labor matters.

The Signing Stockholders have represented and warranted, among other things, as to their accredited investor status.

### **Covenants**

Arpeggio and Hill have each agreed to take such actions as are necessary, proper or advisable to consummate the merger. They have also agreed, subject to certain exceptions, to continue to operate their respective businesses in the ordinary course prior to the closing and not to take the following actions without the prior written consent of the other party:

waive any stock repurchase rights, accelerate, amend or (except as specifically provided for in the merger agreement) change the period of exercisability of options or restricted stock, or reprice options granted under any employee, consultant, director or other stock plans or authorize cash payments in exchange for any options granted under any of such plans;

grant any severance or termination pay to any officer or employee except pursuant to applicable law, written agreements outstanding, or policies existing on the date of the merger agreement and as previously or concurrently disclosed in writing or made available to the other party, or adopt any new severance plan, or amend or modify or alter in any manner any severance plan, agreement or arrangement;

transfer or license to any person or otherwise extend, amend or modify any material rights to any intellectual property of Hill or Arpeggio, as applicable, or enter into grants to transfer or license to any person future patent rights, other than in the ordinary course of business consistent with past practices provided that in no event will Hill or Arpeggio license on an exclusive basis or sell any intellectual property of Hill or Arpeggio, as applicable;

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declare, set aside or pay any dividends on or make any other distributions (whether in cash, stock, equity securities or property) in respect of any capital stock or split, combine or reclassify any capital stock or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for any capital stock;

purchase, redeem or otherwise acquire, directly or indirectly, any shares of capital stock of Hill and Arpeggio, as applicable, including repurchases of unvested shares at cost in connection with the termination of the relationship with any employee or consultant pursuant to stock option or purchase agreements in effect on the date hereof;

issue, deliver, sell, authorize, pledge or otherwise encumber, or agree to any of the foregoing with respect to, any shares of capital stock or any securities convertible into or exchangeable for shares of capital stock, or subscriptions, rights, warrants or options to acquire any shares of capital stock or any securities convertible into or exchangeable for shares of capital stock, or enter into other agreements or commitments of any character obligating it to issue any such shares or convertible or exchangeable securities;

amend its certificate of incorporation or bylaws;

acquire or agree to acquire by merging or consolidating with, or by purchasing any equity interest in or a portion of the assets of, or by any other manner, any business or any corporation, partnership, association or other business organization or division thereof, or otherwise acquire or agree to acquire any assets which are material, individually or in the aggregate, to the business of Arpeggio or Hill, as applicable to the extent that the aggregate consideration to be paid with respect thereto is in excess of \$1,000,000, or enter into any joint ventures, strategic partnerships or alliances or other arrangements that provide for exclusivity of territory or otherwise restrict such party's ability to compete or to offer or sell any products or services;

sell, lease, license, encumber or otherwise dispose of any properties or assets, except (i) sales of inventory in the ordinary course of business consistent with past practice, and (ii) the sale, lease or disposition (other than through licensing) of property or assets that are not material, individually or in the aggregate, to the business of such party;

incur any indebtedness for borrowed money in excess of \$1,000,000 in the aggregate or guarantee any such indebtedness of another person, issue or sell any debt securities or options, warrants, calls or other rights to acquire any debt securities of Arpeggio or Hill, as applicable, enter into any "keep well" or other agreement to maintain any financial statement condition or enter into any arrangement having the economic effect of any of the foregoing;

adopt or amend any employee benefit plan, policy or arrangement, any employee merger or employee stock option plan, or enter into any employment contract or collective bargaining agreement (other than offer letters and letter agreements entered into in the ordinary course of business consistent with past practice with employees who are terminable "at will"), pay any special bonus or special remuneration to any director or employee, or increase the salaries or wage rates or fringe benefits (including rights to severance or indemnification) of its directors, officers, employees or consultants, except in the ordinary course of business consistent with past practices;

pay, discharge, settle or satisfy any claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), or litigation (whether or not commenced prior to the date of this Agreement) other than the payment, discharge, settlement or satisfaction, in the ordinary course of business consistent with past practices or in accordance with their terms, or liabilities previously disclosed in financial statements to the other party in connection with the merger agreement or incurred since the date of such financial statements, or waive the benefits of, agree to modify in any manner, terminate, release any person from or knowingly fail to enforce any confidentiality or similar agreement to which Hill is a party or of which Hill is a beneficiary or to which Arpeggio is a party or of which Arpeggio is a beneficiary, as applicable;

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except in the ordinary course of business consistent with past practices, modify, amend or terminate any material contract of Hill or Arpeggio, as applicable, or waive, delay the exercise of, release or assign any material rights or assign any material rights or claims thereunder;

except as required by U.S. GAAP, revalue any of its assets or make any change in accounting methods, principles or practices;

except in the ordinary course of business consistent with past practices, incur or enter into any agreement, contract or commitment requiring such party to pay in excess of \$250,000 in any 12 month period;

engage in any action that could reasonably be expected to cause the merger to fail to qualify as a reorganization under Section 368(a) of the Code;

settle any litigation to which an officer, director, stockholder or holder of derivative securities of Hill is a party or where the consideration given by Hill is other than monetary;

make or rescind any tax elections that, individually or in the aggregate, could be reasonably likely to adversely affect in any material respect the tax liability or tax attributes of such party, settle or compromise any material income tax liability or, except as required by applicable law, materially change any method of accounting for tax purposes or prepare or file any return in a manner inconsistent with past practice;

permit any person to exercise any of its discretionary rights under any plan to provide for the automatic acceleration of any outstanding options, the termination of any outstanding repurchase rights or the termination of any cancellation rights issued pursuant to such plans;

make capital expenditures except in accordance with prudent business and operational practices consistent with prior practice;

make or omit to take any action which would be reasonably anticipated to have a material adverse effect;

enter into any transaction with or distribute or advance any assets or property to any of its officers, directors, partners, stockholders or other affiliates other than the payment of salary and benefits in the ordinary course of business consistent with prior practice; or

agree in writing or otherwise agree, commit or resolve to take any of the foregoing actions.

The merger agreement also contains additional covenants of the parties, including covenants providing for:

the parties to use commercially reasonable efforts to obtain all necessary approvals from stockholders, governmental agencies and other third parties that are required for the consummation of the transactions contemplated by the merger agreement;

the protection of confidential information of the parties and, subject to the confidentiality requirements, the provision of reasonable access to information;

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Arpeggio to prepare and file this proxy statement;

the Signing Stockholders to release and forever discharge Hill and its directors, officers, employees and agents, from any and all rights, claims, demands, judgments, obligations, liabilities and damages arising out of or resulting from such Signing Stockholder's status as a holder of an equity interest in Hill, and employment, service, consulting or other similar agreement entered into with Hill prior to the consummation of the merger agreement;

Hill and the Signing Stockholders to waive their rights to make claims against Arpeggio to collect from the trust account established for the benefit of the Arpeggio stockholders who purchased their securities in Arpeggio's IPO for any moneys that may be owed to them by Arpeggio for any reason whatsoever, including breach by Arpeggio of the merger agreement or its representations and warranties therein;

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each officer and director of Hill and the Signing Stockholders to agree that he shall not, after the consummation of the merger and prior to December 31, 2007, sell, transfer or otherwise dispose of an interest in any of the shares of Arpeggio common stock he receives as a result of the merger other than as permitted pursuant to his lock-up agreement;

each Signing Stockholder, at or prior to the consummation of the merger, to (i) repay to Hill any loan by Hill to such Signing Stockholder and any other amount owed by the Signing Stockholder to Hill; (ii) cause any guaranty or similar arrangement pursuant to which Hill has guaranteed the payment or performance of any obligations of such Signing Stockholder to a third party to be terminated; and (iii) cease to own any direct equity interests in any subsidiary of Hill or in any other person that utilizes the name Hill International. Hill shall use its best efforts to enable the Signing Stockholders to accomplish the foregoing;

Arpeggio and Hill to use their reasonable best efforts to obtain the listing for trading on Nasdaq of Arpeggio common stock and warrants. If such listing is not obtainable by the closing of the merger, Arpeggio and Hill will continue to use their best efforts after closing of the merger to obtain such listing; and

Arpeggio to maintain current policies of directors and officers liability insurance with respect to claims arising from facts and events that occurred prior to the consummation of the merger for a period of six years after the consummation of the merger.

## **Conditions to Closing of the Merger**

### *General Conditions*

Consummation of the merger agreement and the related transactions is conditioned on the Arpeggio stockholders, at a meeting called for these purposes, (i) adopting the merger agreement and approving the merger, (ii) approving the change of Arpeggio's name, and (iii) approving the increase of the authorized shares of Arpeggio's common stock from 30,000,000 to 75,000,000. The Arpeggio stockholders will also be asked to adopt the stock option plan and to approve the removal of all of the provisions of Article Sixth of Arpeggio's certificate of incorporation other than the paragraph relating to Arpeggio's classified board of directors. The consummation of the merger is not dependent on the approval of either of such actions. In addition, the consummation of the transactions contemplated by the merger agreement is conditioned upon normal closing conditions in a transaction of this nature, including:

no order, stay, judgment or decree being issued by any governmental authority preventing, restraining or prohibiting in whole or in part, the consummation of such transactions;

Arpeggio's stockholders have approved the merger agreement, the name change amendment and capitalization amendment;

holders of twenty percent (20%) or more of the shares of Arpeggio common stock issued in Arpeggio's IPO and outstanding immediately before the consummation of the merger shall not have exercised their rights to convert their shares into a pro rata share of the trust account in accordance with Arpeggio's certificate of incorporation;

the delivery by each party to the other party of a certificate to the effect that the representations and warranties of the delivering party are true and correct in all material respects as of the closing and all covenants contained in the merger agreement have been materially complied with by the delivering party; and

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Arpeggio's common stock being quoted on the OTCBB or approved for listing on Nasdaq and there being no action or proceeding pending or threatened against Arpeggio by the NASD to prohibit or terminate the quotation of Arpeggio's common stock on the OTCBB or the trading thereof on Nasdaq.

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*Hill's Conditions to Closing*

The obligations of Hill to consummate the transactions contemplated by the merger agreement, in addition to the conditions described above, are conditioned upon each of the following, among other things:

there shall have been no material adverse effect with respect to Arpeggio since the date of the merger agreement;

Hill shall have received a legal opinion substantially in the form annexed to the merger agreement, which is customary for transactions of this nature, from Graubard Miller, counsel to Arpeggio; and

Arpeggio shall have made appropriate arrangements to have the trust account disbursed to Arpeggio immediately upon the Closing.

*Arpeggio's Conditions to Closing*

The obligations of Arpeggio to consummate the transactions contemplated by the merger agreement, in addition to the conditions described above in the second paragraph of this section, are conditioned upon each of the following, among other things:

there shall have been no material adverse effect with respect to Hill since the date of the merger agreement;

employment agreements between Arpeggio and Irvin E. Richter, David L. Richter, and Stuart S. Richter shall be in full force and effect;

Arpeggio shall have received a legal opinion substantially in the form annexed to the merger agreement, which is customary for transactions of this nature, from McCarter & English, LLP, counsel to Hill;

Arpeggio shall have received comfort letters from BDO Seidman, LLP and Amper, Politziner & Mattia, P.C. dated the date of distribution of this proxy statement and the date of con