

Rodman
& Renshaw®

CAP®

Collateralized Acquisition Pool® An innovative, flexible and efficient way to obtain acquisition capital and go public.





Redefining *Acquisition*

Going Public with a CAP®

The traditional IPO path to a public listing can be tedious, costly and contingent on frequently changing market conditions. This is particularly the case for privately held middle-market companies with strategic recapitalization, acquisition or expansion plans.

The Collateralized Acquisition Pool® (CAP®) structure is an innovative financing mechanism that offers an alternate route to obtaining acquisition capital and achieving liquidity. The CAP® structure provides a streamlined process that may be faster and less costly than the traditional IPO. The CAP® structure is also an effective method for funding M&A transactions and becoming a public company.

The CAP® is a proprietary structure developed by Rodman & Renshaw, LLC and its affiliates, a full-service investment bank specializing in providing corporate finance and strategic advisory services to public and private companies.

The Benefits of the CAP® Process

The CAP® structure is an innovative, flexible, and potentially cost-efficient financing method. The management teams of private companies and portfolio companies of private equity firms can use the CAP® structure to recapitalize, acquire other businesses or implement growth strategies.

- The CAP® structure may offer a faster, less costly and more certain route to becoming a public company.
- The CAP® structure is in the form of a private placement.
- The CAP® process allows for acquisitions to be identified and purchase terms negotiated before the funds are raised, in contrast to public blind pools of capital.
- Registration and filing fees can be paid from transaction proceeds, not by management.

CAP[®] provides management teams with a streamlined and efficient way to obtain acquisition capital and go public.

Collateralized Acquisition Pool[®]—CAP[®]—is a proprietary structure created by Rodman & Renshaw, LLC to



The CAP[®] Process in Brief

The management or owners of a private company or a portfolio company of a private equity fund seek to implement an expansion strategy. The company is growing, cash-flow positive and large enough to justify being a public company. The strategy enables the company to complete one or more acquisitions over a period of months.

- Securities are issued to institutional investors.
- The securities may be debt or preferred equity convertible into common stock and warrants of a public company through an exchange or merger mechanism.
- As the acquisition is made, the resulting entity is simultaneously taken public through what is known as a Reverse Public Offering (RPO) or a Privately Placed Public Offering[™] (3PO[™]). During this process the new company is merged with an existing, but dormant, public company.
- The process of meeting with investors and securing funds can be accomplished in as little as 30 days, with registration occurring subsequent to the acquisition.

The same process can be employed by management teams seeking to create a new entity by acquiring one or more private companies. Once the transaction plan is finalized and due diligence is completed, the CAP[®] process can be implemented. The terms are flexible and adaptable to each situation, but typically management will receive a significant equity stake in the public entity that is created.

A Flexible Recapitalization Transaction Tool

The CAP[®] structure may be effectively used in the following situations:

- Private equity firms interested in exploring exit alternatives and generating portfolio liquidity.
- Privately owned companies seeking to go public.
- Management teams with proven track records looking to acquire a company or companies with significant growth potential.

Rodman & Renshaw's investment bankers welcome the opportunity to discuss confidentially whether the CAP[®] structure might fit a specific situation.

assist companies, private equity firms and independent management teams with their financing strategies.



About Rodman & Renshaw, LLC

Rodman & Renshaw, LLC is a full-service investment and merchant bank committed to fostering the long-term success of growth companies through capital raising, strategic advice, insightful research and the development of institutional support. We employ dedicated, experienced and talented professionals within our corporate finance, research and sales & trading divisions.

Rodman & Renshaw is a recognized leader in arranging private investments in small-cap and mid-cap public companies.



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