

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

(Name of Registrant as Specified in Its Charter)

(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

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

14,500,000

(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)

(4) Proposed maximum aggregate value of transaction:

\$82,142,500

(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:

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

(3) Filing Party:

(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, 19th 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 53rd Street, 35th 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, 19th 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
—	—	—	—	—	—	—

Income Statement Data: