ARPEGGIO ACQUISITION CORP
Form DEFM14A
June 06, 2006
Table of Contents

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.)

Filed by the Registrant x 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))**

x 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.

x 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

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:

Table of Contents

This proxy statement is dated June 5, 2006 and is first being mailed to Arpeggio stockholders on or about June 7, 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 June 28, 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 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.

Table of Contents

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 $6.10.

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.

Table of Contents

Arpeggio Acquisition Corporation

10 East 53rd Street, 35th Floor

New York, New York 10022

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON June 28, 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 June 28, 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.

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

June 5, 2006

Table of Contents

TABLE OF CONTENTS

Table of Contents

Table of Contents

Table of Contents

ANNEXES

A. Agreement and Plan of Merger, as amended
B. Amended and Restated Certificate of Incorporation
C. Form of Arpeggio 2006 Employee Stock Option Plan
D. Fairness Opinion issued to Arpeggio
E. Form of Voting Agreement
F. Form of Escrow Agreement
G. Form of Irvin E. Richter Employment Agreement
H. Form of David L. Richter Employment Agreement
I. Form of Stuart S. Richter Employment Agreement
J. Tax opinion issued to Arpeggio

Table of Contents

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

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*.

1

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.

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.

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.

Table of Contents

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

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

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 June 28, 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.

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.*

Table of Contents

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 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.

Table of Contents

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;

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.

Table of Contents

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

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:

Fiscal Year Ending 12/31	Earnings Before Interest and Taxes	Contingent Shares
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 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.

In accordance with its engagement agreement, Capitalink s opinion is addressed solely to our board for its use in connection with its review and evaluation of the merger. It is, therefore, Capitalink s view that its duties in connection with its fairness opinion extend solely to the Company s board of directors and that it has no legal responsibilities in respect thereof to any other person or entity under the laws of the State of Florida, the laws which have been selected by Capitalink and the Company as governing the engagement letter. Capitalink would likely assert the substance of this view and the disclaimer described above as a defense to claims and allegations, if any, that might hypothetically be brought or asserted against it by any persons or entities other than the Company s board of directors with respect to the aforementioned opinion and its financial analyses thereunder. However, because no court has definitely ruled to date on the availability of this defense to a financial advisor who furnished to its client for its exclusive use a fairness opinion, this issue necessarily would have to be judicially resolved on the merits in a final and non-appealable judgment of a court of competent jurisdiction. Furthermore, there can be no assurance that such a court would apply the laws of the state of Florida to the analyses and ultimate resolution of this issue if it were to be properly briefed by the relevant litigants and presented to the court. In all cases, the hypothetical assertion or availability of such a defense would have absolutely no effect on Capitalink s rights and responsibilities under U.S. federal securities laws, or the rights and responsibilities of the Company s board of directors under applicable state law or under U.S. federal securities laws.

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.

Table of Contents

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 June 28, 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

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.

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 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.

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.

16

Table of Contents

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:

- 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 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.

Table of Contents

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

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 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.

Table of Contents

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;

- 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 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.*

Table of Contents

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 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.*

Table of Contents

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.

Table of Contents

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:							
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**
Balance Sheet Data:						
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	

22

Table of Contents

	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

Common stock subject to conversion		
Stockholders equity	43,498	36,096
	$ 87,702	$ 80,300

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 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
Number of shares of common stock outstanding upon consummation of merger:			
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	
Book value pro forma April 1, 2006			
Assuming no conversions			$ 43,498
Assuming maximum conversions			$ 36,096
Book value per share pro forma December 31, 2005			
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.

Holders

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.

Table of Contents

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 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 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.

Table of Contents

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

27

Table of Contents

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 affect 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,

Table of Contents

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, 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.

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

Table of Contents

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.

If we are unable to complete the business combination with Hill and are forced to dissolve and liquidate, third parties may bring claims against us and as a result, the proceeds held in trust could be reduced and the per-share liquidation price received by stockholders could be less than $5.48 per share.

If we are unable to complete the business combination with Hill by June 30, 2006 and are forced to dissolve and liquidate, third parties may bring claims against us. Although we have obtained waiver agreements from the vendors and service providers we have engaged and owe money to, and the prospective target businesses we have negotiated with, whereby such parties have waived any right, title, interest or claim of any kind they may have in or to any monies held in the trust fund, there is no guarantee that they will not seek recourse against the trust fund notwithstanding such agreements. Furthermore, there is no guarantee that a court will uphold the validity of such agreements. Accordingly, the proceeds held in trust could be subject to claims which could take priority over those of our public stockholders. Additionally, if we are forced to file a bankruptcy case or an involuntary bankruptcy case is filed against us which is not dismissed, the proceeds held in the trust account could be subject to applicable bankruptcy law, and may be included in our bankruptcy estate and subject to the claims of third parties with priority over the claims of our stockholders. To the extent any bankruptcy claims deplete the trust account, we cannot assure you we will be able to return to our public stockholders at least $5.48 per share.

If we do not consummate the business combination with Hill by June 30, 2006 and are forced to dissolve and liquidate, payments from the trust account to our public stockholders may be delayed.

If we do not consummate the business combination with Hill by June 30, 2006, we will dissolve and liquidate. We anticipate that, promptly after such date, the following will occur:

- our board of directors will convene and adopt a specific plan of dissolution and liquidation, which it will then vote to recommend to our stockholders; at such time it will also cause to be prepared a preliminary proxy statement setting out such plan of dissolution and liquidation as well as the board s recommendation of such plan;

- we will promptly file our preliminary proxy statement with the Securities and Exchange Commission; we anticipate filing this preliminary proxy statement by July 10, 2006;

if the Securities and Exchange Commission does not review the preliminary proxy statement, then, 10 days following the filing of such preliminary proxy statement, we will mail the definitive proxy statement to our stockholders, and 10-20 days following the mailing of such definitive proxy statement, we will convene a meeting of our stockholders, at which they will vote on our plan of dissolution and liquidation; and

Table of Contents

if the Securities and Exchange Commission does review the preliminary proxy statement, we currently estimate that we will receive their comments 30 days after the filing of such proxy statement. We would then mail the definitive proxy statement to our stockholders following the conclusion of the comment and review process (the length of which we cannot predict with any certainty, and which may be substantial) and we will convene a meeting of our stockholders at which they will vote on our plan of dissolution and liquidation.

We expect that all costs associated with the implementation and completion of our plan of dissolution and liquidation will be funded by any remaining net assets not held in the trust account, although we cannot assure you that there will be sufficient funds for such purpose. If such funds are insufficient, we anticipate that our management will advance us the funds necessary to complete such dissolution and liquidation (currently anticipated to be no more than approximately $50,000).

We will not liquidate the trust account unless and until our stockholders approve our plan of dissolution and liquidation. Accordingly, the foregoing procedures may result in substantial delays in our liquidation and the distribution to our public stockholders of the funds in our trust account and any remaining net assets as part of our plan of dissolution and liquidation.

Our stockholders may be held liable for claims by third parties against us to the extent of distributions received by them.

If we are unable to complete the business combination with Hill, we will dissolve and liquidate pursuant to Section 275 of the Delaware General Corporation Law. Under Sections 280 through 282 of the Delaware General Corporation Law, stockholders may be held liable for claims by third parties against a corporation to the extent of distributions received by them in a dissolution. Pursuant to Section 280, if the corporation complies with certain procedures intended to ensure that it makes reasonable provision for all claims against it, including a 60-day notice period during which any third-party claims can be brought against the corporation, a 90-day period during which the corporation may reject any claims brought, and an additional 150-day waiting period before any liquidating distributions are made to stockholders, any liability of stockholders with respect to a liquidating distribution is limited to the lesser of such stockholder s pro rata share of the claim or the amount distributed to the stockholder, and any liability of the stockholder would be barred after the third anniversary of the dissolution. Although we will seek stockholder approval to liquidate the trust account to our public stockholders as part of our plan of dissolution and liquidation, we will seek to conclude this process as soon as possible and as a result do not intend to comply with those procedures. Accordingly, our stockholders could potentially be liable for any claims to the extent of distributions received by them in a dissolution and any liability of our stockholders may extend beyond the third anniversary of such dissolution.

Additionally, if we are forced to file a bankruptcy case or an involuntary bankruptcy case is filed against us which is not dismissed, any distributions received by stockholders in our dissolution could be viewed under applicable debtor/creditor and/or bankruptcy laws as either a preferential transfer or a fraudulent conveyance. As a result, a bankruptcy court could seek to recover all amounts received by our stockholders in our dissolution.

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 67% 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

32

Table of Contents

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.

Table of Contents

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.

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.

Table of Contents

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 June 28, 2006, and at any adjournment or postponement thereof. This proxy statement is first being furnished to our stockholders on or about June 7, 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 June 28, 2006, at 10:00 a.m., eastern standard time at the offices of Graubard Miller, our counsel, The Chrysler Building, 405 Lexington Avenue, 19th 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

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.

Table of Contents

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.

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 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.

Table of Contents

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.

38

Table of Contents

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 May 16, 2006, the record date, approximately $37,231,025 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 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.

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 potential targets (each of which waived any right, title, interest or claim of any kind they may have had in or to any monies held in the trust account):

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.

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 Scooler 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

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.

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 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 is 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 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.

Table of Contents

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

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 Hills 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

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.

46

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.

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 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.

Table of Contents

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.

Table of Contents

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.

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.

Table of Contents

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 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).

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.

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 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	Acquiror
Keith Companies, Inc.	Stantec, Inc.
The Cube Corporation	VT Griffin Services, Inc.
Schoor DePalma, Inc.	Trivest Partners, LP
Babtie Group Ltd.	Jacobs Engineering Group
The Benham Companies, Inc.	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.

Table of Contents

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	Acquiror
ERP Group	Bridgepoint Capital
A.W. Hutchison & Associates, Inc.	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 asset value is its stockholders equity as of September 30, 2005. Since 80% of Arpeggio s net asset value is approximately $37.4 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.

Table of Contents

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 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.

Table of Contents

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.

Table of Contents

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.;

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.

57

Table of Contents

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:

Fiscal Year Ending 12/31	Earnings Before Interest and Taxes	Contingent Shares
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:

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.

Table of Contents

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;

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;

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;

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;

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

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.

Table of Contents

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 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 from the accounting records of the respective company; and
- The voting agreement and the lock-up agreements shall be in full force and effect.

Indemnification

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 in the aggregate and are indemnifiable to the extent that aggregate 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 10, 2010, will be released on the next business day, even if claims to which they relate are not then resolved. For purposes of satisfying an indemnification claim, shares of Arpeggio common

Table of Contents

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 board of directors of Arpeggio has appointed Eric Rosenfeld to take all necessary actions and make all decisions pursuant to the escrow agreement regarding Arpeggio s right to indemnification under the merger agreement. If Mr. Rosenfeld ceases to so act, the board shall appoint as a successor a person who was a director of Arpeggio prior to the closing or some other person who would qualify as an independent director of Arpeggio and who had no relationship with Hill prior to the closing. Mr. Rosenfeld, and any successor, is charged with making determinations whether Arpeggio will be entitled to indemnification, and may make a claim for indemnification by giving notice to Irvin Richter, as representative of the Hill stockholders, with a copy to the escrow agent, specifying the details of the claim. Mr. Richter, or his successor, who may be appointed by him, or by the board of Arpeggio, acting through its members who were directors of Hill prior to the closing, from among those of the former stockholders of Hill, or such other person as such members may designate, may accept the claim or dispute it. If the claim is disputed by Mr. Richter and not ultimately resolved by negotiation, it shall be determined by arbitration. Upon a claim and its value becoming established by the parties or through arbitration, it is payable from the shares placed in escrow or cash substituted therefor.

Termination

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;
- 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 stockholder meeting, the merger agreement and the transactions contemplated thereby shall fail to be approved and adopted by the affirmative vote of the holders of Arpeggio s common stock, or the holders of 20% or more of the shares issued in Arpeggio s IPO exercise their conversion rights; or
- by either party if the merger has not been consummated by June 30, 2006.

Effect of Termination

In the event of proper termination by either Arpeggio or Hill, the merger agreement will become void and have no effect, without any liability or obligation on the part of Arpeggio or Hill, except that:

the confidentiality obligations set forth in the merger agreement will survive;

the waiver by Hill and the Signing Stockholders of all rights against Arpeggio to collect from the trust account any moneys that may be owed to them by Arpeggio for any reason whatsoever, including but not limited to a breach of the merger agreement, and the acknowledgement that neither Hill nor the Signing Stockholders will seek recourse against the trust account for any reason whatsoever, will survive;

the rights of the parties to bring actions against each other for breach of the merger agreement will survive; and

the fees and expenses incurred in connection with the merger agreement and the transactions contemplated thereby will be paid by the party incurring such expenses.

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.

Fees and Expenses

All fees and expenses incurred in connection with the merger agreement and the transactions contemplated thereby will be paid by the party incurring such expenses whether or not the merger is consummated. If the merger is consummated, the fees and expenses of Hill will be paid from the working capital of the combined companies.

Hill entered into an Engagement Letter, dated September 29, 2005, with Morgan Joseph whereby Hill engaged Morgan Joseph to serve as its exclusive basis financial advisor in connection with the possible sale of Hill or a possible equity financing by Hill. Pursuant to the terms of the Engagement Letter, Hill will pay Morgan Joseph upon the closing of the merger a cash fee equal to 1.25% of the aggregate consideration payable in connection with the merger. Included in such aggregate consideration is: (i) the fair market value of the securities issued to Hill s stockholders in connection with the merger, including those held in escrow, calculated based on the public trading price of our common stock at the time of the closing of the merger (ii) the amount of Hill s long-term indebtedness continued, deferred, refinanced or otherwise paid in connection with the merger, and (iii) 75% of the present value (calculated at a 10% discount rate) of the maximum amount of contingent securities that Hill s stockholders may receive pursuant to the achievement of certain EBIT targets, with the amount of such payments calculated based upon Hill s financial projections. In addition, Hill will reimburse Morgan Joseph for its reasonable out-of-pocket expenses. Hill has also agreed to indemnify Morgan Joseph and its affiliates from and against all losses, claims, damages, liabilities or expenses related to or arising out of Hill s engagement of Morgan Joseph.

The exact amount of Morgan Joseph s fee will not be known until closing, but for purposes of the pro forma condensed consolidated balance sheet of Arpeggio and Hill, it was estimated that Morgan Joseph s fee will be $1,250,000, inclusive of estimated out-of-pocket expenses of $5,000.

Confidentiality; Access to Information

Arpeggio and Hill will afford to the other party and its financial advisors, accountants, counsel and other representatives prior to the completion of the merger reasonable access during normal business hours, upon reasonable notice, to all of their respective properties, books, records and personnel to obtain all information concerning the business, including the status of business development efforts, properties, results of operations and personnel, as each party may reasonably request. Arpeggio and Hill will maintain in confidence any non-public information received from the other party, and use such non-public information only for purposes of consummating the transactions contemplated by the merger agreement.

Amendment

The merger agreement may be amended by the parties thereto at any time by execution of an instrument in writing signed on behalf of each of the parties. The merger agreement was amended on December 30, 2005 to amend the voting agreement to fix the number of director designees at seven and to amend Schedule 5.2 to the Merger Agreement to reflect the directors of Arpeggio upon effectiveness of the merger.

Extension; Waiver

At any time prior to the closing, any party to the merger agreement may, in writing, to the extent legally allowed:

extend the time for the performance of any of the obligations or other acts of the other parties to the agreement;

waive any inaccuracies in the representations and warranties made to such party contained in the merger agreement or in any document delivered pursuant to the merger agreement; and

waive compliance with any of the agreements or conditions for the benefit of such party contained in the merger agreement.

Public Announcements

Arpeggio and Hill have agreed that, until closing or termination of the merger agreement, the parties will:

cooperate in good faith to jointly prepare all press releases and public announcements pertaining to the merger agreement and the transactions governed by it; and

not issue or otherwise make any public announcement or communication pertaining to the merger agreement or the transaction without the prior consent of the other party, which shall not be unreasonably withheld by the other party, except as may be required by applicable laws or court process.

Arbitration

Any disputes or claims arising under or in connection with merger agreement or the transactions contemplated thereunder will be resolved by binding arbitration. Arbitration will be commenced by the filing by a party of an arbitration demand with the American Arbitration Association (AAA). The arbitration will be governed and conducted by applicable AAA rules, and any award and/or decision shall be conclusive and binding on the parties. Each party consents to the exclusive jurisdiction of the federal and state courts located in the State of New York, New York County for such purpose. The arbitration shall be conducted in New York City. Each party shall pay its own fees and expenses for the arbitration, except that any costs and charges imposed by the AAA and any fees of the arbitrator shall be assessed against the losing party.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET

The following unaudited pro forma condensed consolidated balance sheet combines the historical consolidated balance sheet of Hill as of April 1, 2006 and the historical balance sheet of Arpeggio as of March 31, 2006, giving effect to the merger pursuant to the merger agreement as if the merger had been consummated on April 1, 2006 and treated as a recapitalization of Hill (a reverse merger). Because the merger is treated as a recapitalization, a pro forma statement of operations is not presented.

We are providing the following information to aid you in your analysis of the financial aspects of the merger. We derived this information from the unaudited financial statements of Hill as of April 1, 2006 and Arpeggio as of March 31, 2006. Neither Hill nor Arpeggio assumes any responsibility for the accuracy or completeness of the information provided by the other party. This information should be read together with the Hill audited and unaudited consolidated financial statements and related notes included elsewhere in this proxy statement and the Arpeggio audited financial statements included elsewhere in this proxy statement.

The following information should be read in conjunction with the pro forma condensed consolidated balance sheet:

- accompanying notes to the unaudited pro forma condensed consolidated balance sheet;
- separate historical consolidated financial statements of Hill as of December 31, 2005 and as of and for the three months ended April 1, 2006 included elsewhere in this document; and
- separate historical financial statements of Arpeggio as of December 31, 2005 and as of and for the three months ended March 31, 2006 included elsewhere in this document.

The unaudited pro forma condensed consolidated balance sheet at April 1, 2006 has been prepared using two different levels of assumptions with respect to the Arpeggio stockholders, as follows:

- assuming No Conversions: This presentation assumes that no stockholders of Arpeggio seek to convert their shares into a pro rata share of the trust account; and
- assuming Maximum Conversions: This presentation assumes stockholders of Arpeggio owning 19.99% of the stock sold in the IPO seek conversion.

The assets and liabilities of Arpeggio have been presented at their historical cost (which is considered to be the equivalent of estimated fair value) with no goodwill or other intangible assets recorded and no increment in stockholders equity.

Table of Contents

Unaudited Pro Forma Condensed Balance Sheet

Assuming No Conversions

At April 1, 2006

(In thousands)

	At April 1, 2006 Hill	At March 31, 2006 Arpeggio	Adjustments	Pro Forma
			Increase (Decrease)	
Assets				
Cash and cash equivalents	$ 1,338	$ 129	$ 37,153 (1)	$ 38,620
US Government securities held in Trust Fund		37,014	(37,014)(1)	
Accrued interest receivable, Trust Fund		17	(17)(1)	
Other current assets	38,587	33		38,620
Total current assets	39,925	37,193	122	77,240
Property and equipment, net	3,341			3,341
Other assets	7,121			7,121
Deferred acquisition costs	930	347	(1,277)(1)	
Total assets	$ 51,317	$ 37,540	$ (1,155)	$ 87,702
Liabilities and stockholders equity				
Total current liabilities, excluding current portion of long-term debt	29,317	$ 221	$ (163)(1)	$ 29,375
Long-term debt, including current portion	11,709			11,709
Common stock subject to possible conversion		7,402	(7,402)(2)	
Other long-term liabilities	3,120			3,120
Common stock	83	1	(83)(3)	1
Additional paid-in capital, net of treasury stock	1,344	29,394	(2,000)(1)	36,745
			7,402 (2)	
			605 (3)	
Retained earnings accumulated during development stage		522	(522)(3)	
Retained earnings	6,815			6,815
Accumulated other comprehensive loss	(63)			(63)
Due from stockholder	(1,008)		1,008 (1)	
Stockholders equity	7,171	29,917	6,410	43,498
Total liabilities and stockholders equity	$ 51,317	$ 37,540	$ (1,155)	$ 87,702

See notes to unaudited pro forma condensed balance sheets.

Table of Contents

Unaudited Pro Forma Condensed Balance Sheet

Assuming Maximum Conversions

At April 1, 2006

(In thousands)

	At April 1, 2006 Hill	At March 31, 2006 Arpeggio	Adjustments Increase (Decrease)	Pro Forma
Assets				
Cash and cash equivalents	$ 1,338	$ 129	$ 29,751 (4)	$ 31,218
US Government securities held in Trust Fund		37,014	(37,014)(4)	
Accrued interest receivable, Trust Fund		17	(17)(4)	
Other current assets	38,587	33		38,620
Total current assets	39,925	37,193	(7,280)	69,838
Property and equipment, net	3,341			3,341
Other assets	7,121			7,121
Deferred acquisition costs	930	347	(1,277)(4)	
Total assets	$ 51,317	$ 37,540	$ (8,557)	$ 80,300
Liabilities and stockholders equity				
Total current liabilities, excluding current portion of long-term debt	$ 29,317	$ 221	$ (163)(4)	$ 29,375
Long-term debt, including current portion	11,709			11,709
Common stock subject to possible conversion		7,402	(7,402)(4)	
Other long-term liabilities	3,120			3,120
Common stock	83	1	(83)(5)	1
Additional paid-in capital, net of treasury stock	1,344	29,394	(2,000)(4)	29,343
			605 (5)	
Retained earnings accumulated during development stage		522	(522)(5)	
Retained earnings	6,815			6,815
Accumulated other comprehensive loss	(63)			(63)
Due from stockholder	(1,008)		1,008 (4)	
Stockholders equity	7,171	29,917	(992)	36,096
Total liabilities and stockholders equity	$ 51,317	$ 37,540	$ (8,557)	$ 80,300

See notes to unaudited pro forma condensed balance sheets.

Table of Contents

Notes to Unaudited Pro Forma Consolidated Balance Sheets

(1)	17	Conversion of accrued interest receivable Trust Fund into unrestricted cash.
	37,014	Conversion of US Government securities held in Trust Fund into unrestricted cash.
	(723)	Payment of fees to investment bankers, attorneys and accountants, net of $1,277 on Hill and Arpeggio s books at April 1, 2006
	(163)	Payment of accrued acquisition costs
	1,008	Repayment from stockholder of due from stockholder
	37,153	Total adjustments to cash
	(17)	Conversion of accrued interest receivable Trust Fund into unrestricted cash.
	(37,014)	Conversion of US Government securities held in Trust Fund into unrestricted cash.
	(2,000)	Reduction of additional paid-in capital for payment of fees to investment bankers, attorneys and accountants
	1,008	Reduction of due from stockholder on repayment
	(1,277)	Reduction of deferred acquisition costs
(2)	(7,402)	Reclassification of common stock subject to possible conversion to paid-in capital.
	7,402	Reclassification of common stock subject to possible conversion to paid-in capital.
(3)	(83)	Common stock
	(522)	Transfer from earnings accumulated during development stage
	605	Additional paid-in capital
(4)	17	Conversion of accrued interest receivable Trust Fund into unrestricted cash.
	37,014	Conversion of US Government securities held in Trust Fund into unrestricted cash.
	(723)	Payment of fees to investment bankers, attorneys and accountants, net of $1,277 on Hill and Arpeggio s books at April 1, 2006
	(163)	Payment of accrued acquisition costs
	(7,402)	Conversion of dissenting shares
	1,008	Repayment from stockholder of due from stockholder
	29,751	Total adjustments to cash
	(17)	Conversion of accrued interest receivable Trust Fund into unrestricted cash.
	(37,014)	Conversion of US Government securities held in Trust Fund into unrestricted cash.
	(2,000)	Reduction of additional paid in capital for payment of fees to investment bankers, attorneys and accountants
	1,008	Reduction of due from stockholder on repayment
	(1,277)	Reduction of deferred acquisition costs
	(7,402)	Reduction of dissenting shares
(5)	(83)	Common stock
	(522)	Transfer from earnings accumulated during development stage
	605	Additional paid-in capital

Table of Contents

PRO FORMA EARNINGS (LOSS) PER SHARE

The following table sets forth unaudited pro forma combined per share ownership information of 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 summary historical financial information, included elsewhere in this proxy statement, and the historical financial statements of Hill and Arpeggio and related notes that are 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 combined balance sheets and related notes included elsewhere in this proxy statement.

	In thousands, except per share data		
	Hill	**Arpeggio**	**Combined Company**
Number of shares of common stock outstanding upon consummation of the merger:			
Assuming no conversions	14,500	8,300	22,800
Assuming maximum conversions	14,500	6,941	21,441

The audited Consolidated Statements of Operations of Hill for the years ended December 31, 2005 and January 1, 2005, presented elsewhere in this proxy, show net income of $3,142,000 and a net loss of $424,000 respectively.

The unaudited consolidated statement of operations of Hill for the three months ended April 1, 2006 shows net income of $1,234,000.

Based on the pro forma number of shares shown in the table above, in the column labeled Combined Company, Hill s pro forma earnings (loss) per share would be:

	Earnings per share
Pro forma for the year ended December 31, 2005	
Assuming no conversions	$ 0.14
Assuming maximum conversions	$ 0.15

	Earnings per share
Pro forma for the three months ended April 1, 2006	
Assuming no conversions	$ 0.05
Assuming maximum conversions	$ 0.06

Table of Contents

NAME CHANGE AMENDMENT PROPOSAL

Pursuant to the merger agreement, we are proposing to change our corporate name from Arpeggio Acquisition Corporation to Hill International, Inc. upon consummation of the merger. The merger will not be consummated unless the proposal to change our name is approved at the meeting. If the merger is not approved, the name change amendment will not be presented at the meeting.

In the judgment of our board of directors, the change of our corporate name is necessary to reflect our merger with Hill. The Hill name has been a recognized name in the construction management business for over two decades and the construction claims business for over three decades.

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.

Stockholders will not be required to exchange outstanding stock certificates for new stock certificates if the amendment is adopted.

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT OUR STOCKHOLDERS VOTE FOR THE APPROVAL OF THE NAME CHANGE AMENDMENT.

CAPITALIZATION AMENDMENT PROPOSAL

Pursuant to the merger agreement, we are proposing to increase the number of authorized shares of Arpeggio common stock from 30,000,000 to 75,000,000 upon consummation of the merger. The merger will not be consummated unless the proposal to increase our capitalization is approved at the meeting. If the merger is not approved, the capitalization amendment will not be presented at the meeting.

In the judgment of our board of directors, the increase in our capitalization is necessary and in our stockholders best interests. Currently, we have 8,300,000 shares of our common stock outstanding and we will be issuing an additional 14,500,000 shares of common stock upon consummation of the merger. Additionally, we have reserved 13,600,000 shares of common stock issuable upon exercise of warrants plus 900,000 shares of common stock issuable upon exercise of a unit purchase option issued in our IPO. We will also need to reserve 6,600,000 contingent shares that might be issued pursuant to the merger agreement based on meeting certain EBIT targets and 1,140,000 shares of common stock in connection with our stock option plan proposal discussed below. The authorization of additional shares of common stock is necessary to fully reserve for all of these shares, as indicated above, and will enable us to have the flexibility to authorize the issuance of shares of common stock in the future for financing our business, for acquiring other businesses, for forming strategic partnerships and alliances and for stock dividends and stock splits.

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.

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT OUR STOCKHOLDERS VOTE FOR THE APPROVAL OF THE CAPITALIZATION AMENDMENT.

ARTICLE SIXTH AMENDMENT PROPOSAL

Pursuant to the merger agreement, we are proposing to remove the preamble and sections A through D, inclusive, of Article Sixth of Arpeggio s certificate of incorporation and to redesignate section E of Article Sixth as Article Sixth upon consummation of the merger. If the merger is not approved, the Article Sixth amendment will not be presented at the meeting.

In the judgment of our board of directors, the Article Sixth amendment is desirable, as sections A through D relate to the operation of Arpeggio as a blank check company prior to the consummation of a business combination. Such sections will not be applicable upon consummation of the merger.

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.

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT OUR STOCKHOLDERS VOTE FOR THE APPROVAL OF THE ARTICLE SIXTH AMENDMENT.

Table of Contents

2006 EMPLOYEE STOCK OPTION PLAN PROPOSAL

Arpeggio s 2006 Employee 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.

The purpose of the stock option plan is to enable us to attract, retain, motivate and provide additional incentive to certain directors, officers, employees, consultants and advisors, whose contributions are essential to our growth and success by enabling them to participate in our long-term growth through the exercise of stock options and the ownership of our stock.

The following is a summary of the material provisions of our stock option plan and is qualified in its entirety by reference to the complete text of the plan, a copy of which is attached to this proxy statement as Appendix C.

Summary of the Stock Option Plan

Administration. The stock option plan will be administered by our board of directors. Our board of directors may delegate the administration of the stock option plan to our Compensation Committee or to another committee of the board of directors. For purposes of the following discussion, the term Administrator means the board of directors or the committee to which it delegates its authority as provided above. The Administrator has the authority, subject to the terms of the stock option plan, to determine the individuals to whom options will be granted, the times at which options will be granted and the terms and conditions of the options.

Eligibility. Options may be granted to our directors, officers, employees, consultants and advisors. Options intended to qualify, under the standards set forth in certain federal tax rules, as incentive stock options (ISOs) may be granted only to employees while actually employed by us. Non-employee directors, consultants and advisors are not entitled to receive ISOs.

Option Price. The option price for ISOs generally will be 100% of the fair market value of our common stock on the date the option is granted; however, if the participant in the stock option plan owns more than 10% of the combined voting power of Arpeggio and any subsidiary or parent corporation, the option price will be not less than 110% of the fair market value of our common stock on the date of grant. The value of our common stock (based upon exercise price times number of shares) for which ISOs first become subject to exercise during any given calendar year may not exceed $100,000. The option price for non-qualified stock options will be determined by the Administrator and may be less than, equal to or greater than the fair market value of our common stock on the date of grant. Fair market value for purposes of the stock option plan is the closing market price of our common stock as reported on the market determined by our board of directors to be the primary market for the common stock on the date of grant. In the event our common stock is not traded on a recognized market at the time of grant, the Administrator will determine fair market value.

Duration of Options. Each stock option will terminate on the date fixed by the Administrator, which will not be more than ten years after the date of grant. If the participant in the stock option plan owns more than 10% of the combined voting power of Arpeggio and any subsidiary or parent corporation, any ISO granted to such participant will terminate not more than five years after the date of grant.

Vesting. Options become exercisable when they have vested, subject to any further restrictions on exercise imposed by our board of directors in individual option agreements. The Administrator will specify the relevant vesting provisions at the time of the grant.

Exercise Period. The exercise period for options granted under the stock option plan may not exceed ten years from the date of grant.

Payment. The Administrator will determine whether exercise of options will be settled in whole or in part in cash, common stock or other securities of the Company, or other property.

Shares That May Be Issued Under the Stock Option Plan. A maximum of 1,140,000 shares of our common stock, which number may be adjusted as described below, are available for issuance pursuant to the exercise of stock options granted under the stock option plan. If any stock option terminates or is canceled for any reason without having been exercised in full, the shares of stock not issued will then become available for additional grants of options. The number of shares available under the stock option plan is subject to adjustment in the event of any stock split, stock dividend, recapitalization, spin-off or other similar action.

Estimate of Benefits. Until and unless approved by our stockholders, no grants will be made under the stock option plan. We cannot determine the benefits to be received by our directors or officers under the stock option plan or the benefits that would have been received by our directors and officers in 2005 had the plan been in effect in 2005.

Termination of and Amendments to the Stock Option Plan. The board of directors may amend the stock option plan from time to time, except that no amendment will be made without shareholder approval if such approval is necessary to comply with applicable law. No options may be granted under the stock option plan after June 30, 2016.

Income Tax Consequences. Under present law, the federal income tax treatment of stock options under the stock option plan is generally as follows:

Incentive Stock Options. For regular income tax purposes, an optionee will not realize taxable income upon either the grant of an ISO or its exercise if the optionee has been an employee of Arpeggio or a subsidiary at all times from the date of grant to a date not more than three months before the date of exercise. The difference between the fair market value of the stock at the date of exercise and the exercise price of an ISO, however, will be treated as an item of tax preference in the year of exercise for purposes of the alternative minimum tax. If the shares acquired upon an exercise of an ISO are not disposed of by the optionee within two years from the date of grant or within one year from the date of exercise, any gain realized upon a subsequent sale of the shares will be taxable as a capital gain. In that case, Arpeggio will not be entitled to a deduction in connection with the grant or the exercise of the ISO or the subsequent disposition of the shares by the optionee. The amount of gain or loss realized upon such a sale or other disposition will be measured by the difference between the amount realized and the earlier exercise price of the ISO (the optionee s basis in the stock). If the optionee disposes of the shares within two years from the date of grant of the ISO or within one year from the date of exercise of the ISO, the optionee will realize ordinary income in an amount equal to the excess of the fair market value of the shares at the date of exercise (or the amount realized on disposition, if less) over the option price, and Arpeggio will be allowed a corresponding deduction. If the amount realized on the disposition exceeds the fair market value of the shares at the date of exercise the gain on disposition in excess of the amount treated as ordinary income will be treated as capital gain. If the optionee holds the shares for more than 12 months from the date of exercise, any such gain will be a long-term capital gain.

Non-Qualified Stock Options. An optionee will not realize income upon the grant of a non-qualified stock option (NSO). Upon the exercise of a NSO granted at or above fair market value, an optionee will be required to recognize ordinary income in an amount equal to the excess of the fair market value at the date of exercise of the NSO over the option price. In the case of an option granted at below fair market value, proposed federal regulations provide that the optionee will be taxed on the spread when the option vests, unless the option is automatically exercised upon the occurrence of specific events. If the option is taxed when it vests, the optionee will also be subject to an additional 20% tax. Any compensation includable in the gross income of an employee with respect to a NSO will be subject to appropriate federal income and employment taxes. Arpeggio will be entitled to a business expense deduction in the same amount and at the same time as when the optionee recognizes compensation income. Upon a subsequent sale of the stock, any amount realized in excess of such fair market value will constitute a capital gain. If the optionee holds the shares for more than 12 months from the date of exercise, any such gain will be a long-term capital gain. In the limited circumstances in which an officer who is subject to Section 16(b) of the Securities Exchange Act of 1934, as amended (the 1934 Act) exercises a NSO, which exercise is not exempt under Section 16(b), no income is recognized for federal income tax purposes

Table of Contents

at the time of exercise unless the optionee makes an election under Section 83(b) of the Code within 30 days after the date of exercise, in which case the optionee will be subject to the tax based on the value of the shares on the date of exercise. Where such an election is not made, the optionee will recognize ordinary income on the first date that sale of such shares would not create liability under Section 16(b) of the 1934 Act (this is generally, but not necessarily, six months after the date of exercise). The ordinary income recognized by such an optionee will be the excess, if any, of the fair market value of shares on such later date over the option exercise price.

The foregoing discussion does not purport to be a complete analysis of all the potential tax consequences relevant to recipients of options or to Arpeggio or its subsidiaries. The above discussion does not take into account the effect of state and local tax laws. Moreover, no assurance can be given that legislative, administrative, regulatory or judicial changes or interpretations will not occur which could modify such analysis. In addition, an individual s particular tax status may result in different tax consequences from those described above. Therefore, any participant in the stock option plan should consult with his own tax adviser concerning the tax consequences of the grant, exercise and surrender of such options and the disposition of any stock acquired pursuant to the exercise of such options.

Recommendation and Vote Required

Approval of our incentive compensation plan will require the affirmative vote of the holders of a majority of the outstanding shares of our common stock represented in person or by proxy and entitled to vote at the meeting.

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT OUR STOCKHOLDERS VOTE FOR THE APPROVAL OF THE STOCK OPTION PLAN.

Table of Contents

OTHER INFORMATION RELATED TO ARPEGGIO

Business of Arpeggio

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. Prior to executing the merger agreement with Hill, Arpeggio s efforts were limited to organizational activities, completion of its IPO and the evaluation of possible business combinations.

Offering Proceeds Held in Trust

Arpeggio consummated its IPO on June 30, 2004. The net proceeds of the offering, after payment of underwriting discounts and expenses, were approximately $36,772,000. Of that amount, $35,352,000 was placed in the trust account and invested in government securities. The remaining proceeds have been used by Arpeggio in its pursuit of a business combination. The trust account will not be released until the earlier of the consummation of a business combination or the liquidation of Arpeggio. The trust account contained approximately $37,231,025 as of May 16, 2006, the record date. If the merger with Hill is consummated, the trust account will be released to Arpeggio, less the amounts paid to stockholders of Arpeggio who do not approve the merger and elect to convert their shares of common stock into their pro-rata share of the trust account. The released funds will be used for working capital and acquisitions by the combined entity.

Fair Market Value of Target Business

Pursuant to Arpeggio s certificate of incorporation, the initial target business that Arpeggio acquires must have a fair market value equal to at least 80% of Arpeggio s net assets at the time of such acquisition. Arpeggio s board of directors determined that this test was met in connection with its acquisition of Hill. Further, Arpeggio has received an opinion from Capitalink that this test has been met.

Stockholder Approval of Business Combination

Arpeggio will proceed with the acquisition of Hill only if a majority of all of the outstanding shares of Arpeggio is voted in favor of each of the merger, the name change amendment and the capitalization amendment. The Arpeggio Inside Stockholders have agreed to vote their common stock acquired prior to our IPO on the merger proposal in accordance with the vote of holders of a majority of the outstanding shares of Arpeggio s common stock. If the holders of 20% or more of Arpeggio s common stock vote against the merger proposal and demand that Arpeggio convert their shares into their pro rata share of the trust account, then Arpeggio will not consummate the merger. If this happens, and if Arpeggio does not consummate another business combination before June 30, 2006, it will be forced to liquidate.

Liquidation If No Business Combination

Arpeggio s certificate of incorporation provides for mandatory liquidation of Arpeggio in the event that Arpeggio does not consummate a business combination within 18 months from the date of consummation of its IPO, or 24 months from the consummation of the IPO if certain extension criteria have been satisfied. Such dates are December 30, 2005 and June 30, 2006, respectively. Arpeggio signed a letter of intent with Hill on November 16, 2005 and signed a definitive merger agreement with Hill on December 5, 2005. As a result of having signed the letter of intent, Arpeggio satisfied the extension criteria and now has until June 30, 2006 to complete the merger.

If Arpeggio does not complete the merger or another business combination by June 30, 2006, Arpeggio will be dissolved pursuant to Section 275 of the Delaware General Corporation Law. In connection with such dissolution, the expected procedures of which are set forth below, Arpeggio will distribute to all of its public stockholders, in proportion to their respective equity interests, an aggregate sum equal to the amount in the trust account, inclusive of any interest, plus any remaining net assets. Arpeggio s stockholders who obtained their Arpeggio stock prior to Arpeggio s IPO have waived their rights to participate in any liquidation distribution with respect to shares of common stock owned by them immediately prior to the IPO. There will be no distribution from the trust account with respect to Arpeggio s warrants.

We anticipate that, if we are unable to complete the business combination with Hill, the following will occur:

- our board of directors will convene and adopt a specific plan of dissolution and liquidation, which it will then vote to recommend to our stockholders; at such time it will also cause to be prepared a preliminary proxy statement setting out such plan of dissolution and liquidation as well as the board s recommendation of such plan;

- we will promptly file our preliminary proxy statement with the Securities and Exchange Commission; we anticipate filing this preliminary proxy statement by July 10, 2006;

- if the Securities and Exchange Commission does not review the preliminary proxy statement, then, 10 days following the filing of such preliminary proxy statement, we will mail the definitive proxy statement to our stockholders, and 10-20 days following the mailing of such definitive proxy statement, we will convene a meeting of our stockholders, at which they will vote on our plan of dissolution and liquidation; and

- if the Securities and Exchange Commission does review the preliminary proxy statement, we currently estimate that we will receive their comments 30 days after the filing of such proxy statement. We would then mail the definitive proxy statement to our stockholders following the conclusion of the comment and review process (the length of which we cannot predict with any certainty, and which may be substantial) and we will convene a meeting of our stockholders at which they will vote on our plan of dissolution and liquidation.

We expect that all costs associated with the implementation and completion of our plan of dissolution and liquidation will be funded by any remaining net assets not held in the trust account, although we cannot assure you that there will be sufficient funds for such purpose. If such funds are insufficient, we anticipate that our management will advance us the funds necessary to complete such dissolution and liquidation (currently anticipated to be no more than approximately $50,000).

We will not liquidate the trust account unless and until our stockholders approve our plan of dissolution and liquidation. Accordingly, the foregoing procedures may result in substantial delays in our liquidation and the distribution to our public stockholders of the funds in our trust account and any remaining net assets as part of our plan of dissolution and liquidation.

If Arpeggio were to expend all of the net proceeds of the IPO, other than the proceeds deposited in the trust account, the per-share liquidation price as of May 16, 2006 would be approximately $5.48, or $0.52 less than the per-unit offering price of $6.00 in Arpeggio s IPO. The proceeds deposited in the trust account could, however, become subject to the claims of Arpeggio s creditors and there is no assurance that the actual per-share liquidation price will not be less than $5.48, due to those claims. If Arpeggio liquidates prior to the consummation of a business combination, Eric S. Rosenfeld, chairman of the board, 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. There is no assurance, however, that he would be able to satisfy those obligations. However, because Arpeggio was obligated to have, and subsequently did have, all vendors and service providers that we engaged and owe money to, and the prospective target businesses we had negotiated with, waive any right, title, interest or claim of any kind they may have had in or to any monies held in the trust account, Arpeggio believes the likelihood of Mr. Rosenfeld having to pay any such debts and obligations is minimal. Nevertheless, we cannot assure you that the per-share distribution from the trust fund, if we liquidate, will not be less than $5.48, plus interest, then held in the trust fund due to claims of creditors.

Additionally, if we are forced to file a bankruptcy case or an involuntary bankruptcy case is filed against us which is not dismissed, the proceeds held in the trust account could be subject to applicable bankruptcy law, and may be included in our bankruptcy estate and subject to the claims of third parties with priority over the claims of our stockholders. To the extent any bankruptcy claims deplete the trust account, we cannot assure you we will be able to return to our public stockholders at least $5.48 per share.

The stockholders holding shares of Arpeggio common stock issued in the IPO will be entitled to receive funds from the trust account only in the event of Arpeggio s liquidation or if the stockholders seek to convert their respective shares into cash and the merger is actually completed. In no other circumstances shall a stockholder have any right or interest of any kind to or in the trust account.

Under Sections 280 through 282 of the Delaware General Corporation Law, stockholders may be held liable for claims by third parties against a corporation to the extent of distributions received by them in a dissolution. Pursuant to Section 280, if the corporation complies with certain procedures intended to ensure that it makes reasonable provision for all claims against it, including a 60-day notice period during which any third-party claims can be brought against the corporation, a 90-day period during which the corporation may reject any claims brought, and an additional 150-day waiting period before any liquidating distributions are made to stockholders, any liability of stockholders with respect to a liquidating distribution is limited to the lesser of such stockholder s pro rata share of the claim or the amount distributed to the stockholder, and any liability of the stockholder would be barred after the third anniversary of the dissolution. Although we will seek stockholder approval to liquidate the trust account to our public stockholders as part of our plan of dissolution and liquidation, we will seek to conclude this process as soon as possible and as a result do not intend to comply with those procedures. Because we will not be complying with the foregoing provisions, Section 281(b) of the Delaware General Corporation Law requires us to adopt a plan that will provide for our payment, based on facts known to us at such time, of (i) all existing claims, (ii) all pending claims and (iii) all claims that may be potentially brought against us within the subsequent 10 years. However, because we are a blank check company, rather than an operating company, and our operations have been limited to searching for prospective target businesses to acquire, the only likely claims to arise would be from our vendors and service providers to whom we owe money and potential target businesses, all of whom we ve received agreements waiving any right, title, interest or claim of any kind they may have in or to any monies held in the trust account. As a result, the claims that could be made against us will be significantly limited and the likelihood that any claim would result in any liability extending to the trust is remote. Nevertheless, such agreements may or may not be enforceable. As such, our stockholders could potentially be liable for any claims to the extent of distributions received by them in a dissolution and any liability of our stockholders may extend beyond the third anniversary of such dissolution.

Additionally, if we are forced to file a bankruptcy case or an involuntary bankruptcy case is filed against us which is not dismissed, any distributions received by stockholders in our dissolution could be viewed under applicable debtor/creditor and/or bankruptcy laws as either a preferential transfer or a fraudulent conveyance. As a result, a bankruptcy court could seek to recover all amounts received by our stockholders in our dissolution.

Facilities

Arpeggio maintains executive offices at 10 East 53rd Street, 35th Floor, New York, New York 10022. The cost for this space is included in a $7,500 per-month fee that Crescendo Advisors II LLC, an affiliate of Eric S. Rosenfeld, one of our current officers and directors, charges Arpeggio for general and administrative services. Arpeggio believes, based on rents and fees for similar services in the New York metropolitan area, that the fees charged by Crescendo Advisors II LLC are at least as favorable as Arpeggio could have obtained from an unaffiliated person. Arpeggio considers its current office space adequate for current operations.

Employees

Arpeggio currently has two executive officers and six directors. These individuals are not obligated to contribute any specific number of hours per week and devote only as much time as they deem necessary to our affairs. Arpeggio does not intend to have any full time employees prior to the consummation of a business combination.

80

Table of Contents

Periodic Reporting and Audited Financial Statements

Arpeggio has registered its securities under the Securities Exchange Act of 1934 and has reporting obligations, including the requirement to file annual and quarterly reports with the SEC. In accordance with the requirements of the Securities Exchange Act of 1934, Arpeggio s annual reports contain financial statements audited and reported on by Arpeggio s independent accountants. Arpeggio has filed with the Securities and Exchange Commission Forms 10-KSB covering the period ended December 31, 2004 and year ended December 31, 2005 and its most recent Forms 10-QSB covering the fiscal quarters ended March 31, 2005, June 30, 2005, September 30, 2005 and March 31, 2006.

Legal Proceedings

There are no legal proceedings pending against Arpeggio.

Plan of Operations

The following discussion should be read in conjunction with Arpeggio s financial statements and related notes thereto included elsewhere in this proxy statement.

Net Income for the three months ended March 31, 2006 of $167,241 consisted of interest income on the Trust Fund investment of $364,886, interest on cash and cash equivalents of $1,910 offset by general and administrative expenses of $22,500 for a monthly administrative services agreement, $5,916 for professional fees, $25,000 for officer liability insurance, $12,550 for travel, $105,625 for income taxes and $27,964 for other expenses (including $2,199 in Franchise Tax).

Net Income for the three months ended March 31, 2005 of $96,154 consisted of interest income on the Trust Fund investment of $194,337, interest on cash and cash equivalents of $4,358 offset by general and administrative expenses of $22,500 for a monthly administrative services agreement, $2,081 for professional fees, $21,250 for officer liability insurance, $3,179 for travel, $47,359 for income taxes and $6,171 for other expenses.

Net income of $283,957 for the fiscal year ended December 31, 2005 consisted of interest income on the trust account investment of $1,025,133, interest on cash and cash equivalents of $17,865 offset by general and administrative expenses of $90,000 for a monthly administrative services agreement, $185,149 for professional fees (including $112,400 for the due diligence of a potential target company), $92,500 expense for officer liability insurance, $26,217 for travel expenses, $277,568 for income taxes and $87,607 for other expenses (including $26,603 in franchise tax). The franchise tax and the income tax are calculated using a combination of income and capital.

Net Income of $70,426 for the period from April 2, 2004 (inception) to December 31, 2004 consisted of interest income on the trust account investment of $289,108, interest on cash and cash equivalents of $7,674 offset by general and administrative expenses of $46,750 for a monthly administrative services agreement, $10,014 for professional fees, $42,500 expense for officer liability insurance, $13,750 for travel expenses, $67,717 for income taxes and $45,625 for other expenses (including $25,853 in franchise tax). The franchise tax and the income tax are calculated using a combination of income and capital.

Net Income for the period from April 2, 2004 (inception) to March 31, 2006 of $ 521,624 consisted of interest income on the Trust Fund investment was $1,679,127, interest on cash and cash equivalents of $27,449 offset by general and administrative expenses of $159,250 for a monthly administrative services agreement, $201,079 for professional fees, $160,000 for officer liability insurance, $52,517 for travel, $450,910 for income taxes and $161,196 for other expenses (including $54,655 in franchise tax).

We consummated our initial public offering on June 30, 2004. Gross proceeds from our initial public offering, including proceeds from the exercise of the underwriters over-allotment option, were $40,800,000.

After deducting offering expenses of $1,580,000 including $1,080,000 evidencing the underwriters non-accountable expense allowance of 3% of the gross proceeds, and underwriting discounts of $2,448,000, net proceeds were $36,772,000. As of May 16, 2006, there was approximately $37,231,025 (including accrued interest) held in trust. The remaining proceeds are available to be used to provide for business, legal and accounting due diligence on prospective acquisitions and continuing general and administrative expenses.

We have used the net proceeds of our initial public offering not held in trust to identify and evaluate prospective acquisition candidates, select our target business, and structure, negotiate and consummate our business combination. At March 31, 2006, we had cash outside of the trust account of $128,619, prepaid expenses of $32,500 current liabilities of $220,968, resulting in working capital deficit of $59,849. Eric S. Rosenfeld, our chairman of the board, chief executive officer and president, has agreed that, if we are unable to complete the business combination with Hill International and are forced to liquidate, he will be personally liable to pay debts and obligations to vendors or other entities that are owed money by us for services rendered or products sold to us, or to any target business, to the extent they have claims against the funds in our trust account.

We are obligated to pay to Crescendo Advisors II LLC, an affiliate of Eric S. Rosenfeld, our chairman of the board of directors, chief executive officer and president, a monthly fee of $7,500 for general and administrative services. Through March 31, 2006, an aggregate of $159,250 has been incurred for such services. In addition, in April and May 2004, Eric S. Rosenfeld advanced an aggregate of $77,500 to us, on a non-interest bearing basis, for payment of offering expenses on our behalf. This amount was repaid in July 2004 out of proceeds of our initial public offering.

As indicated in our accompanying financial statements, such financial statements have been prepared assuming that we will continue as a going concern. As discussed elsewhere in this proxy statement, we are required to consummate a business combination by June 30, 2006. The possibility that our merger with Hill International will not be consummated raises substantial doubt about our ability to continue as a going concern, and the financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Arpeggio reimburses its officers and directors for any reasonable out-of-pocket business expenses incurred by them in connection with certain activities on Arpeggio s behalf such as identifying and investigating possible target businesses and business combinations. From Arpeggio s inception on April 2, 2004, through December 31, 2005, Arpeggio reimbursed its officers and directors in the aggregate amount of $62,360 for expenses incurred by them on its behalf, including travel, meals and entertainment and telephone.

Off-Balance Sheet Arrangements

There were no off-balance sheet arrangements during the period from April 2, 2004 (inception) through March 31, 2006, that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to Arpeggio.

Table of Contents

BUSINESS OF HILL

General

Hill provides fee-based project management and construction claims services to clients worldwide, but primarily in the United States, Europe and the Middle East. Hill s clients include the United States and other national governments and their agencies, state and local governments and agencies and the private sector. Hill was founded in 1976 and is organized into two key operating divisions: the Project Management Group and the Construction Claims Group.

In its Project Management Group, Hill provides construction management services which include program management, project management, project management oversight, troubled project turnaround, staff augmentation, estimating and cost management, project labor agreements and management consulting. In its Construction Claims Group, Hill 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.

The types of projects on which Hill has worked include, among others:

- Buildings (governmental, commercial, residential, educational, healthcare, hotels and resorts, sports and entertainment, cultural, retail, and religious)
- Transportation (rail and transit, roads and highways, airports, tunnels, bridges, and ports)
- Power
- Industrial and process
- Oil and gas
- Manufacturing
- Telecom and technology
- Environmental (hazardous waste, solid waste, water and wastewater)

Hill s business has grown principally through organic growth, although Hill has also acquired a number of project management and claims consulting businesses. Since 1998, Hill has completed seven acquisitions. See *Acquisitions,* below.

Hill maintains a website at www.hillintl.com. The information contained on Hill s website is not a part of this Proxy Statement.

Construction Industry Background

In its October 5, 2005 Engineering and Construction Sector Update, Morgan Joseph & Co., Inc. stated that the outlook for the engineering and construction sector is better now that at any time over the last several years. (Morgan Joseph is acting as financial advisor to Hill. For a discussion of its involvement in the merger, see *The Merger Proposal Background of the Merger* above) This analysis expects that the industry should benefit from positive longer-term capital spending trends, as well as some positive cyclical spending trends in several key end-market sectors, including energy, power, chemicals, civil infrastructure, and government service. According to the Morgan Joseph analysis, the damage from hurricanes in the U.S. Gulf region as well as recent legislation are expected to spur activity in the sector.

The construction management market in particular is growing rapidly. In its June 13, 2005 issue, the McGraw-Hill industry publication *Engineering News-Record* reported that, among the 100 largest U.S.-based firms, program/construction management generated $6.76 billion in fees in 2004, up 14.3% from 2003. This included domestic project fees of $5.41 billion (up 6.7% from 2003) and international project fees of $1.35 billion (up 59.7% from 2003).

Table of Contents

In addition, there are high barriers to entry for new competitors in the construction management market, including client requirements for substantial similar project experience of the firm, the firm s years of experience in business, the depth and breadth of professional resources of the firm, the firm s financial strength and the long sales cycle for construction management contracts.

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 trouble, 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 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 on behalf of project owners and developers, 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. Specific activities that Hill undertakes as part of these services includes: planning, scheduling, estimating, budgeting, design review, constructability analyses, value engineering, regulatory compliance, development of project procedures, procurement, project reporting, expediting, inspection, quality assurance/quality control, safety oversight, contract administration, change order processing, claims management, and on-site management of contractors, subcontractors and suppliers. Since its inception, Hill has managed more than 1,000 projects having an aggregate construction cost of more than $100 billion. The Project Management Group accounted for approximately 82% of Hill s revenue less reimbursable expenses, and for approximately 78% of Hill s gross profit, during fiscal year 2005.

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

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

Table of Contents

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 is retained as a claims consultant at the onset of a project, during the course of a project or upon the completion of a project, and Hill assists owners or contractors in adversarial situations as well as in situations where an amicable resolution is sought. Specific activities that Hill undertakes as part of these services includes: claims preparation, analysis and review, litigation support, strategic advisory services, cost/damages assessment, delay/disruption analysis, contract review and assessment, and expert witness testimony. 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, and for approximately 22% of Hill s gross profit, 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.

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

Clients

Hill s clients consist primarily of the United States and other national governments, state and local governments, agencies and authorities, and the private sector. The following table sets forth Hill s percentage of revenue less reimbursable expenses (RLRE) attributable to these categories of clients for each of the periods indicated:

RLRE by Client Type

	Year Ended			Three Months Ended	
	12/27 2003	**1/1 2005**	**12/31 2005**	**4/2 2005**	**4/1 2006**
U.S. Government	17.7	23.6	17.9	19.6	14.8
State and local governments, agencies and authorities	32.6	31.8	28.0	28.4	22.9
Foreign governments	10.4	18.1	16.2	15.8	15.1
Private sector	39.3	26.5	37.9	36.2	47.2

One of the Company s clients, the New Jersey Schools Construction Corporation, accounted for 8%, 11% and 7% of the RLRE during the years ended December 31, 2005, January 1, 2005 and December 27, 2003, respectively. For the three months ended April 1, 2006, one of the Company s clients, Nakheel Corporation, accounted for 16.6% of the RLRE.

The process for acquiring business from each of these categories of clients is principally the same, by participating in a competitive request-for-proposal (RFP) process, with the primary difference among clients being that the process for public sector clients is significantly more formal and complex than for private sector clients as a result of government procurement rules and regulations that govern the public-sector process.

Although a significant factor in Hill s business development consists of Hill s standing in its industry, including its existing relationships and its reputation based on its performance on completed projects, Hill s marketing department undertakes a variety of activities in order to expand Hill s exposure to potential new clients. These activities include media relations, advertising promotions, market sector initiatives and maintaining Hill s website and related web marketing. Media relations includes placing articles that feature Hill and its personnel in trade publications and other media outlets. Hill s promotions include arranging speaking engagements for Hill personnel, participation in trade shows and other promotional activities. Market sector initiatives are initiatives designed to broaden Hill s exposure to specific sectors of the construction industry, such as, for example, participating in or organizing industry seminars targeted to one sector of the industry.

Geographic Regions

Hill operates worldwide and has offices in thirteen countries. The majority of Hill s RLRE has been derived from operations in the United States. However, in the past three completed fiscal years, the percentage of Hill s RLRE derived from overseas operations has risen consistently. The following table sets forth the amount and percentage of Hill s RLRE from its operations in each of the United States, Europe and the Middle East for each of the past three completed fiscal years:

RLRE by Geographic Region

	For the Years Ended						For the Three Months ended			
	December 27, 2003		January 1, 2005		December 31, 2005		April 2, 2005		April 1, 2006	
$ (000 s)	$	%	$	%	$	%	$	%	$	%
United States	$ 44,056	78.5%	$ 45,748	72.5%	$ 47,540	59.3%	$ 12,018	66.0%	$ 12,470	50.3%
Middle East	7,245	12.9%	13,523	21.5%	24,708	30.8%	4,542	24.9%	9,655	38.1%
Europe	4,811	8.6%	3,768	6.0%	7,860	9.9%	1,653	9.1%	2,956	11.6%
Total	$ 56,112	100%	$ 63,039	100%	$ 80,108	100%	$ 18,213	100%	$ 25,351	100%

A significant trend in the distribution of Hill s RLRE in recent years has been the increase of RLRE attributable to the Middle East. Hill s marketing efforts in the Middle East have been the same as the efforts it undertakes elsewhere in the world. Specifically, Hill competes for new assignments by developing client relationships, submitting technical and price proposals in response to RFPs, and by continuing to build its reputation by successfully completing its projects one after another. Growth in Hill s RLRE in the Middle East has been strong because there has been a significant increase in construction activity in a number of the countries in the Middle East (including the United Arab Emirates, Qatar, Kuwait, Bahrain and Oman) where Hill does business. In addition, reconstruction efforts funded by the United States government in Iraq and Afghanistan have led to other additional contracts for Hill.

Contracts

The price provisions of the contracts Hill undertakes can be grouped into three broad categories: cost-plus, time and materials and fixed-price. The majority of Hill s contracts are of the cost-plus type.

Table of Contents

Cost-plus contracts provide for reimbursement of costs and overhead incurred by Hill plus a predetermined fee. Under some cost-plus contracts, Hill s fee may be based on quality, schedule and other performance factors.

Doing business with governments, including the United States government, is complex and requires the ability to comply with intricate regulations and satisfy periodic audits. Hill believes that the ability to understand these requirements and to successfully conduct business with government agencies is a barrier to entry for smaller, less experienced competitors.

For the year ended December 31, 2005, RLRE from federal government contracts represented approximately 17.9% of Hill s RLRE. Most government contracts, including Hill s contracts with the federal government, are subject to termination by the government, to government audits and to continued appropriations.

Hill is required from time to time to obtain various permits, licenses and approvals in order to conduct its business in some of the jurisdictions where it operates. The inability to obtain any particular permits, licenses or governmental approvals would not have a material affect on Hill s business. Hill s business of providing construction management and construction claims services is not subject to any significant regulation by state, federal or foreign governments.

Backlog

A strong indicator of Hill s future performance is its backlog of uncompleted projects under contract or awarded. Hill s total backlog was approximately $281 million as of December 31, 2005. Hill estimates that approximately 33.8% of the backlog at December 31, 2005 will be recognized during its 2006 fiscal year. This estimate was prepared by Hill s finance department, and is based on the compilation of monthly backlog reports that each of Hill s operating divisions regularly prepares which present each such operating division s backlog per contract and its projection of the amount of such backlog expected to be recognized in the following 12 months. Hill s total backlog as of December 31, 2004 and December 31, 2003 was $256 million and $201 million, respectively. Hill s total backlog as of March 31, 2006 and March 31, 2005 was $292 million and $269 million, respectively.

Backlog represents the anticipated revenue less reimbursable expenses of all executed and awarded contracts that have not been completed and will be recognized as revenues over the life of the project. Backlog is generally recognized under two categories: (1) contracts for which work authorizations have been or are expected to be received on a fixed-price basis and not-to-exceed projects that are well defined and (2) contracts awarded to the company where some or all of the work has not yet been authorized. As of April 1, 2006, approximately $191 million, or 65.6% of Hill s backlog was in category 1 and approximately $100 million, or 34.4% of Hill s backlog was in category 2. Hill generally does not track and therefore has not disclosed whether the public sector contracts included in its backlog are fully funded, incrementally funded, or unfunded.

Included in category 2 of 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. Also included in category 2 of Hill s backlog is the amount of anticipated revenues in option years beyond the base term of Hill s contracts if Hill reasonably expects its clients to exercise such option years. Although backlog reflects business that Hill considers to be reasonably firm, cancellations or scope adjustments may occur. Further, substantially all of Hill s contracts with its clients may be terminated at will, in which case the client would only be obligated to Hill for services provided through the termination date.

The impact of terminations and modifications on Hill s realization of revenues from its backlog has not been significant. Furthermore, reductions of Hill s backlog as a result of contract of terminations and modifications may be more than offset by additions to the backlog. For example, during Hill s fiscal quarter ended March 31, 2006, contracts that were terminated or modified by Hill s customers resulted in a negative impact on the total backlog of approximately $14.5 million. However, this decrease was offset by the excess of (A) new contracts entered into during the same quarterly period over (B) backlog contract work performed in the quarter, and this

Table of Contents

excess resulted in a positive impact on the total backlog of $24.9 million. The net change in the total backlog during the fiscal quarter ended March 31, 2006 was an increase of approximately $10.4 million.

Hill adjusts backlog to reflect project cancellations, deferrals and revisions in scope and cost (both upward and downward) known at the reporting date; however, future contract modifications or cancellations may increase or reduce backlog and future revenues. As a result, no assurances can be given that the amounts included in backlog will ultimately be realized.

Acquisitions

Since 1998, Hill has completed seven acquisitions, three of which involved project management firms and four of which were focused on construction claims. Four of these targets were U.S. based, two were headquartered in the U.K., and one had offices in both countries. These acquisitions were of the following companies whose businesses were integrated into Hill s Construction Claims Group:

Gleason Floyd & Associates, Inc. (1998, 7 employees, approximate annualized revenues of $1 million)

Citadel Engineering & Construction Consultants, LLC (1998, 3 employees, approximate annualized revenues of $0.5 million)

MapleConsult division of Haleys Ltd. (2005, 5 employees, approximate annualized revenues of $1 million)

Pickavance Consulting Ltd. (2006, 17 employees, approximate annualized revenues of $2 million)

The acquisitions also included the following companies, whose businesses were integrated into Hill s Project Management Group:

Kueny & Doyle Construction Consulting, Inc. (2000, 3 employees, approximate annualized revenues of $0.5 million)

Transportation Construction Services, Inc. (2001, 30 employees, approximate annualized revenues of $6 million)

Public Buildings Group division of Day & Zimmermann, Inc. (2002, 6 employees, approximate annualized revenues of $1 million)

From 1998 through 2005, approximately 12% of Hill s revenue growth was as a result of six of the acquisitions listed above (the acquisition of Pickavance Consulting Ltd. closed in 2006), and approximately 88% of Hill s revenue growth during that time was organic.

Hill s management expects to continue considering targets for acquisition that could expand geographic coverage of the company (primarily in the U.S. but also elsewhere), add additional project-type expertise or bolster existing operations. Hill is also currently considering several possible acquisitions of both project management and construction claims businesses.

Competition

The construction management and claims consulting industries are highly competitive. Hill competes for contracts, primarily on the basis of technical capability, with numerous entities, including design or engineering firms, general contractors, other pure construction management companies, other claims consulting firms, the Big Four and other accounting firms, management consulting firms and other entities. Many of these competitors are large, well-established companies that have broader geographic scope and greater financial and other resources than Hill.

Management

Hill is led by an experienced management team with significant experience in the construction industry. Information about its primary executive officers is set forth in the section entitled *Directors and Executive Officers of Arpeggio Following the Merger.* In addition to such persons, Hill s operational team includes 12 Senior Vice Presidents and 35 Vice Presidents.

Table of Contents

Employees

At May 15, 2006, Hill had 907 personnel. Of these individuals, 759 worked in Hill s Project Management Group, 107 worked in Hill s Construction Claims Group and 41 worked in Hill s Corporate Group. Hill s personnel at May 15, 2006 included 816 full-time employees, 79 part-time employees and 12 independent contractors. Hill s future success will depend significantly on its ability to attract, retain and motivate qualified personnel. Hill is not a party to any collective bargaining agreement and it has not experienced any strikes or work stoppages. Hill considers its relationship with its employees to be satisfactory.

In addition to its employees, Hill also relies on the services of a number of subcontractors for a variety of reasons, but principally: (i) to provide services required by a client in a technical area in which Hill has minimal or no expertise, (ii) to satisfy certain minority-owned or women-owned business participation requirements of certain public sector clients, (iii) to improve its likelihood of winning new business because of the skills, expertise, reputation, geographic location, client relationships of the subcontractor or the specific requirements of a client s request for proposal (RFP), or (iv) to provide at-risk construction services on contracts where such work is required by a client (generally known as CM/Build contracts) since Hill does not provide such services.

In addition, for the same reasons that it relies on the services of subcontractors, Hill also enters into joint venture relationships from time to time, such as the Stanley Baker Hill, LLC joint venture.

Facilities

Hill s executive and operating offices are located at 303 Lippincott Centre, Marlton, New Jersey 08053. The telephone number at Hill s executive office is (856) 810-6200. Hill maintains 24 other offices in New York, NY; Danbury, CT; Trenton, NJ; Philadelphia, PA; Bensalem, PA; Washington, DC; Chicago, IL; New Orleans, LA; Las Vegas, NV; San Francisco, CA; London, UK; Manchester, UK; Luxembourg; Athens, Greece; Bucharest, Romania; Skopje, Macedonia; Dubai, UAE; Abu Dhabi, UAE; Doha, Qatar; Manama, Bahrain; Sharq, Kuwait; Baghdad, Iraq; Seoul, Korea; and Hong Kong, China. Hill does not own any real property and all of its offices are in leased premises.

Insurance

Hill maintains insurance covering professional liability, as well as for claims involving bodily injury and property damage. Hill has historically enjoyed a favorable loss ratio in all lines of insurance and Hill s management considers Hill s present limits of liability, deductibles and reserves to be adequate. Hill endeavors to reduce or eliminate risk through the use of quality assurance/control, risk management, workplace safety and similar methods to eliminate or reduce the risk of losses on a project.

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.

Legal Proceedings

From time to time, Hill is a party to litigation or other legal proceedings. Hill is a co-defendant or a defendant in various proceedings, some of which do not allege a specific amount of damages, but which damages might be, either individually or in the aggregate, material. In these proceedings, claims of negligence, breach of contract and/or other claims had been asserted, and Hill considers these types of claims to be part of the ordinary course of its business. With respect to many of these proceedings, Hill believes that the claims are covered by its existing insurance policies.

On September 23, 1996, William Hughes General Contractors, Inc. filed a complaint against the Monroe Township Board of Education, Hill and other parties, alleging breach of contract and other causes of action in connection with its performance of a construction project for Monroe Township. Monroe Township, which had

89

Table of Contents

terminated the plaintiff from the construction project prior to the commencement of the litigation on the basis of the plaintiff s performance, made a cross claim against Hill and other parties for contribution and indemnification. Plaintiff is seeking in excess of $3.5 million in damages. Monroe Township is seeking approximately $89,000 in damages from Hill, in addition to an indemnification for the plaintiff s claims. Hill believes that the claims are without merit and has vigorously defended its interests in this matter since its outset.

On April 27, 1999, Dirk Epperson and Betty Schneider filed a complaint in the United States District Court of Connecticut against Hill seeking to enforce against Hill and others a default judgment against HAESI Software, Inc. (HAESI) in the approximate amount of $423,000. Plaintiff alleged that Hill was the alter ego of HAESI and is liable for its debts and that Hill engaged in a fraudulent transfer of HAESI to a third party. The court dismissed the fraudulent conveyance case and on December 12, 2005 the Second Circuit denied plaintiffs appeal of the dismissal. On March 21, 2006 the plaintiff filed a Petition for Writ of Certiorari with the United States Supreme Court. Hill believes that the plaintiff s remaining claim is without merit.

On September 22, 1999, Wartsila NSD North America, Inc. filed a complaint against Hill in the United States District Court of New Jersey. Wartsila alleged negligence, breach of contract and fraud against Hill in connection with plaintiff s hiring of a former Hill employee and sought damages in excess of $7.3 million. A jury verdict was rendered on March 6, 2006. The jury found that Hill was negligent and breached the contract with plaintiff but that Hill did not commit fraud. The jury established damages at $2.0 million. Hill filed a motion to enter judgment consistent with the parties contract which contains a limitation of liability clause which limits Hill s liability, absent fraud, to direct damages only, and not indirect or consequential damages. On March 28, 2006, the Court elected to enter judgment in the case on the jury s verdict in the amount of $2.0 million, but the Court stayed enforcement of that judgment pending the decision of Hill s motion. The Court stated that this action did not affect the open issue of the applicability of the contractual limitation of remedies provision, which has yet to be decided. Arpeggio is entitled to indemnification in accordance with the provisions of the Merger Agreement relating to damages incurred by Hill in connection with the above matter. The limitations of the Merger Agreement limit the maximum amount of indemnification to Arpeggio to the value of the 1.74 million escrow shares, which are 12% of the total number of the base shares to be issued to Hill s stockholders in the merger.

On May 28, 2004, Sims Group, Inc. filed a Demand for Arbitration with the American Arbitration Association alleging breach of contract against Hill. The plaintiff was a subcontractor to Hill and is seeking the alleged contract balance owed of $1.3 million. Hill filed a counterclaim on July 2, 2004 alleging fraud and breach of contract. Arpeggio is entitled to indemnification in accordance with the merger agreement relating to damages incurred by Hill in connection with the above matter.

On August 8, 2003, South Jersey Port Corp. filed a complaint against S.T. Hudson Engineers, Hill and other parties alleging negligence and other causes of action in connection with a matter in which Hill was the project manager during construction of a pier for the Battleship U.S.S. New Jersey memorial and museum project. South Jersey Port Corp. is seeking damages of $7.7 million, including interest, from all defendants. Hill believes that the claims are without merit and has vigorously defended its interests in this matter since its outset.

As a government contractor, Hill is subject to various laws and regulations that are more restrictive than those applicable to non-government contractors. Government scrutiny of contractors compliance with those laws and regulations through audits and investigations is inherent in government contracting, and, from time to time, Hill receives inquiries, subpoenas and similar demands relating to its ongoing business with government entities. Violations can result in civil or criminal liability as well as suspension or debarment from eligibility for awards of new government contracts or option renewals. Management believes that government contract-related audits, investigations and claims should not have any material adverse effect on Hill s financial condition or results of operations.

Table of Contents

HILL S MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Certain statements in the following Management s Discussion and Analysis of Financial Condition and Results of Operations constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts included in this discussion, including, without limitation, statements regarding Hill s future financial position, business strategy, budgets, projected costs and plans and objectives of Hill s management for future operations are forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as may, will, expect, intend, estimate, anticipate, believe, or continue or the negative thereof or variations thereon or similar terminology. Although Hill believes that the expectations reflected in such forward-looking statements are reasonable, Hill cannot assure you that such expectations will prove to be correct. These forward looking statements involve certain known and unknown risks, uncertainties and other factors which may cause Hill s actual results, performance or achievements to be materially different from any results, performances or achievements expressed or implied by such forward-looking statements. Important factors that could cause actual results to differ materially from Hill s expectations, include, without limitation, a general economic downturn; future government appropriations relating to certain of Hill s long-term contracts; Hill s ability to win profitable government contracts; potential termination of government contracts; audits of government contracts; approval of client change orders; potential losses under fixed-price contracts; adjustments and\or cancellations of future contracts; competition; dependence upon key management; the identification, hiring and retention of qualified personnel; dependence on subcontractors, partners and specialists; adequate insurance coverage; legal, political and economic risks in different countries; currency exchange rate fluctuations; changes to the laws of the foreign countries; working conditions in high security risk countries; the ability to identify, negotiate and integrate future acquisitions; the ability to manage Hill s growth. Undue reference should not be placed on these forward-looking statements, which speak only as of the date hereof. Hill undertakes no obligation to update any forward-looking statements.

The following discussion should be read in conjunction with Hill s unaudited consolidated financial statements for the three months ended April 1, 2006 and the related notes and Hill s audited consolidated financial statements for the year ended December 31, 2005 and the notes thereto included elsewhere in this Proxy Statement. Hill provides fee-based project management and construction claims services to clients worldwide, but primarily in the United States, Europe and the Middle East. Hill s clients include the United States and other national governments and their agencies, state and local governments and their agencies, and the private sector. Hill was founded in 1976 and is organized into two key operating divisions: the Project Management Group and the Construction Claims Group.

Hill s business has grown principally through organic growth, although Hill has also acquired a number of project management and claims consulting businesses. Since 1998, Hill has completed seven acquisitions. Hill derives its revenues from fees for professional services. As a service company Hill is labor intensive rather than capital intensive. Hill s revenue is driven by its ability to attract and retain qualified and productive employees, identify business opportunities, secure new and renew existing client contracts, provide outstanding services to its clients and execute projects successfully. Hill s income from operations is derived from its ability to generate revenue and collect cash under its contracts in excess of subcontractors and other reimbursable costs, direct labor and other direct costs of executing the projects and selling, general and administrative costs.

Hill has experienced significant growth in its overseas operations in the past three years and expects this trend to continue. This growth has been fueled by the growth in overseas construction projects, particularly in the Middle East, and the smaller number of competitors who provide project management and construction claims services overseas.

Hill has also experienced stronger relative growth in the project management business as compared to construction claims services. Hill intends to continue to provide both project management and construction claims services. Hill believes project management will continue to grow faster organically and thus will become an even larger share of Hill s overall business.

Critical Accounting Policies

Hill s discussion and analysis of its financial condition and results of operations are based on Hill s consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires Hill to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements, and also affect the amounts of revenues and expenses reported for each period. Actual results could differ from those which result from using the estimates. Hill utilizes estimates in assessing its exposure to insurance claims that fall below policy deductibles, to assess its litigation and other legal claims and contingencies, in recording its allowance for doubtful accounts and in determining the utilization of deferred tax assets and the adequacy of the valuation reserve against the deferred tax asset and in determining cost to complete under the percentage-of-completion method of accounting for contracts.

The Securities and Exchange Commission (SEC) defines critical accounting policies as those that require application of management s most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods.

Hill s significant accounting policies are described in Note 2 to the Notes to Hill s Consolidated Financial Statements for the year ended December 31, 2005. Not all of these significant accounting policies require management to make difficult, subjective or complex judgments or estimates. However the following policies are considered to be critical within the SEC definition:

Revenue Recognition

Hill generates revenue primarily from project management consulting services. Revenue is generally recognized upon the performance of services. In providing these services, the Company may incur reimbursable expenses, which consist principally of amounts paid to subcontractors and other third parties as well as travel and other job related expenses that are contractually reimbursable for clients. In accordance with Emerging Issues Task Force Issue No. (EITF) 99-19, Reporting Revenue Gross as a Principal versus Net as an Agent, and EITF 01-14, Income Statement Characterization of Reimbursements Received for Out-of-Pocket Expenses Incurred, Hill has assessed the indicators provided in EITF 99-19 and determined that Hill will include reimbursable expenses in computing and reporting Hill s total contract revenues as long as Hill remains responsible to the client for the fulfillment of the contract and for the overall acceptability of all services provided.

Hill earns its revenues from cost-plus, fixed-price and time-and-materials contracts. If estimated total costs on any contract indicate a loss, Hill charges the entire estimated loss to operations in the period the loss becomes known. The cumulative effect of revisions to revenue, estimated costs to complete contracts, including penalties, incentive awards, change orders, claims, anticipated losses, and others are recorded in the accounting period in which the events indicating a loss are known and the loss can be reasonably estimated. Such revisions could occur at any time and the effects may be material.

The majority of Hill s contracts are for project management work where Hill bills the client monthly at hourly billing rates. The hourly billing rates are determined by contract terms. For Governmental clients, the hourly rates are generally calculated as salary costs plus overhead costs plus a negotiated profit percentage. For commercial clients, the hourly rate can be taken from a standard fee schedule by staff classification or it can be a discount from this schedule. In some cases, primarily for foreign work, a fixed monthly staff rate is negotiated rather than an hourly rate. This monthly rate is a build up of staffing costs plus a profit. Hill accounts for these contracts on a time-and-expenses method, recognizing revenue as costs are incurred.

A small percentage of Hill s contracts are fixed price. Hill accounts for these contracts on the percentage-of-completion method, wherein revenue is recognized as costs are incurred. Under the percentage-of-completion method for revenue recognition, Hill estimates the progress towards completion to determine the amount of revenue and profit to be recognized. Hill generally utilizes a cost-to-cost approach in applying the percentage-of-completion method, where revenue is earned in proportion to total costs incurred, divided by total costs expected to be incurred.

Under the percentage-of-completion method, recognition of profit is dependent upon the accuracy of estimates. Hill has a history of making reasonably dependable estimates of the extent of progress towards completion, contract revenue and contract completion costs on its long-term construction management contracts. However, due to uncertainties inherent in the estimation process, it is possible that actual completion costs may vary from estimates.

Long-Lived Assets

Hill evaluates the recoverability of its long-lived assets when events or changes in circumstances suggest that the carrying value of assets may not be recoverable.

Allowance for Doubtful Accounts

Hill records an estimate of its anticipated bad debt expense based on Hill s historical experience. If the financial condition of Hill s clients were to deteriorate, or if the payment behavior were to change, resulting in either their inability or refusal to make payment to Hill, additional allowances would be required.

Income Taxes

The ultimate realization of deferred tax assets is dependent on the generation of future taxable income during the periods in which temporary timing differences become deductible. Hill determines the utilization of deferred tax assets in the future based on current year projections by management and criteria described in Statement on Financial Accounting Standards (SFAS) No. 109.

Three Months Ended April 1, 2006 Compared to

Three Months Ended April 2, 2005

Results of Operations

Hill utilizes a 52-53 week fiscal year ending on the Saturday closest to December 31. The three months ended April 1, 2006 began on January 1, 2006 and the three months ended April 2, 2005 began on January 2, 2005 and each period includes 13 weeks.

Revenue

	Three Months Ended April 2, 2005		Three Months Ended April 1, 2006		CHANGE	
$ (000 s)	**$**	**%**	**$**	**%**	**$**	**%**
Revenue:						
Project Management	$ 22,414	88.3%	$ 32,269	87.7%	$ 9,855	44.0%
Construction Claims	2,974	11.7%	4,539	12.3%	1,565	52.6%
Total	$ 25,388	100.0%	$ 36,808	100.0%	$ 11,420	45.0%

93

The increase in revenue is primarily attributable to a $4,658,000 increase in domestic project management revenue and a $5,197,000 increase in foreign project management revenue. The domestic increase was principally due to a $4,627,000 increase in New York where several projects began during 2005 and continued into the first quarter of 2006. Of this increase, $4,113,000 was for use of subcontractors. Hill uses subcontractors for a variety of reasons, including providing at-risk construction services on contracts where such work is required by a client (generally known as CM/Build contracts) since Hill does not provide such services. The New York projects are principally CM/Build contracts which require more subcontracting work. The use and the extent of the use of subcontractors varies from project to project, however, Hill does not expect to use subcontractors on the majority of their contracts. These projects are long-term projects and we would expect revenue to increase throughout 2006. Hill obtained the New York projects through responses to Requests for Proposals (RFPs). The foreign increase was principally due to a $6,786,000 increase in Middle East revenue where Hill continues to obtain new work. The increase in the Middle East was partially offset by a decrease in revenue in Europe of $1,589,000 attributable to lower reimbursable expenses and the lower revenue attributable to subcontractors.

The increase in claims revenue is due to a $1,771,000 increase in foreign claims revenue partially offset by a $206,000 decrease in domestic claims revenue. The foreign increase consists of a $1,290,000 increase in London which had $706,000 in increased work generated by internal business development efforts and $584,000 in new work generated by the acquisition of Pickavance. The foreign increase also includes $481,000 in the Middle East where Hill continues to grow. The decrease in domestic claims revenue of $206,000 is principally attributable to the fact that Hill s primary domestic growth strategy and focus continues to be project management.

Reimbursable expenses

	Three Months Ended April 2, 2005		Three Months Ended April 1, 2006		CHANGE	
$ (000 s)	**$**	**%**	**$**	**%**	**$**	**%**
Reimbursable expenses:						
Project Management	$ 6,993	97.5%	$ 11,269	98.4%	$ 4,276	61.1%
Construction Claims	182	2.5%	188	1.6%	6	3.3%
Total	$ 7,175	100.0%	$ 11,457	100.0%	$ 4,282	59.7%

Reimbursable expenses consist of amounts paid to subcontractors and other third parties and travel and other job related expenses that are contractually reimbursable from clients. The increase in project management reimbursable expenses was primarily due to a $4,113,000 increase in reimbursable subcontractors fees in New York as described above. The amount and timing of reimbursable expenses is dependent on the work performed, however Hill believes that the amount of reimbursable expenses in the first quarter of 2006 is indicative of the amount of expenditures that Hill would expect in future periods.

Revenue, less reimbursable expenses (RLRE)

Three Months Ended April 2, 2005	Three Months Ended April 1, 2006	CHANGE

$ (000 s)	$	%	$	%	$	%
Revenue less reimbursable expenses:						
Project Management	$ 15,421	84.7%	$ 21,000	82.8%	$ 5,579	36.2%
Construction Claims	2,792	15.3%	4,351	17.2%	1,559	55.8%
Total	$ 18,213	100.0%	$ 25,351	100.0%	$ 7,138	39.2%

Due to the $11,420,000 increase in total revenue and the $4,282,000 increase in reimbursable expenses, revenue less reimbursable expenses increased by $7,138,000 or 39.2% to $25,351,000 for the three months ended

94

Table of Contents

April 1, 2006 as compared to $18,213,000 for the three months ended April 2, 2005. While project management revenue increased 44.5%, project management revenue less reimbursable expenses grew only 36.2% principally due to greater use of subcontractors on the New York projects. Construction claims revenue grew by 52.6% while construction claims revenue less reimbursable expenses grew by 55.8% due to the use of fewer subcontractors and fewer other reimbursable expenses related to the construction claims business in 2006.

A significant trend in the distribution of Hill s RLRE in recent years has been the increase of RLRE attributable to the Middle East. Hill s marketing efforts in the Middle East have been the same as the efforts it undertakes elsewhere in the world. Specifically, Hill competes for new assignments by developing client relationships, submitting technical and price proposals in response to RFPs, and by continuing to build its reputation by successfully completing its projects. Growth in Hill s RLRE in the Middle East has been strong because there has been a significant increase in construction activity in a number of the countries in the Middle East (including the United Arab Emirates, Qatar, Kuwait, Bahrain and Oman) where Hill does business. In addition, reconstruction efforts funded by the United States government in Iraq and Afghanistan have led to other additional contracts for Hill.

Hill measures the performance of many of its key operating metrics as a percentage of revenue less reimbursable expenses (RLRE), as Hill believes that this is a better measure of operating performance than total revenue. Throughout this discussion Hill has used RLRE as the denominator in many of Hill s ratios.

The following table sets forth, for the periods indicated, historical operating data as a percentage of RLRE.

	Three months ended			
	April 2, 2005		April 1, 2006	
$ (000 s)	**$**	**%**	**$**	**%**
Revenue	$ 25,388		$ 36,808	
Reimbursable expenses	7,175		11,457	
Revenue less reimbursable expenses	18,213	100.0%	25,351	100.0%
Direct expenses	9,813	53.9%	13,962	55.1%
Gross margin	8,400	46.1%	11,389	44.9%
Selling general and administrative expenses	7,448	40.9%	9,676	38.2%
Equity in earnings of affiliate	245	1.3%	66	0.3%
Operating income	1,197	6.6%	1,779	7.0%
Interest expense, net	131	0.7%	190	0.7%
Income before taxes	1,066	5.9%	1,589	6.3%
Provision for income taxes	405	2.2%	355	1.4%
Net income	$ 661	3.7%	$ 1,234	4.9%

Revenues less Reimbursable Expenses by Geographic Region

	Three months ended			
	April 2, 2005		April 1, 2006	
$ (000 s)	**$**	**%**	**$**	**%**
United States	12,018	66.0%	12,740	50.3%
Middle East	4,542	24.9%	9,655	38.1%
Europe	1,653	9.1%	2,956	11.6%
Total	18,213	100.0%	25,351	100.0%

95

Table of Contents

Direct expenses

	Three Months Ended							
	April 2, 2005			April 1, 2006			CHANGE	
$ (000 s)	$	%	% OF RLRE	$	%	% OF RLRE	$	%
Direct expenses:								
Project Management	$ 8,653	88.2%	56.1%	$ 12,079	86.5%	57.5%	$ 3,426	39.6%
Construction Claims	1,160	11.8%	41.5%	1,883	13.5%	43.3%	723	62.3%
Total	$ 9,813	100.0%	53.9%	$ 13,962	100.0%	55.1%	$ 4,149	42.3%

Direct expenses consist of labor expenses for time charged directly to contracts and non-reimbursable job related travel and out-of-pocket expenses. The project management increase of $3,426,000, or 39.6%, is due to the increase in revenue of $9,855,000, or 44.5%.

The claims increase of $723,000, or 62.3%, is due to the claims revenue increase of $1,565,000, or 52.6%. This increase in claims direct expenses is higher as a percentage of RLRE because the increase in claims revenue was from foreign offices where the billing rates are lower and thus direct labor is higher than on domestic claims assignments.

Gross Profit

	Three Months Ended							
	April 2, 2005			April 1, 2006			CHANGE	
$ (000 s)	$	%	% OF RLRE	$	%	% OF RLRE	$	%
Gross profit:								
Project Management	$ 6,768	80.6%	43.9%	$ 8,921	78.3%	42.5%	2,153	31.8%
Construction Claims	1,632	19.4%	58.5%	2,468	21.7%	56.7%	836	51.2%
Total	$ 8,400	100.0%	46.1%	$ 11,389	100.0%	44.9%	2,989	35.6%

The gross margin increases are a result of the increases in RLRE for both project management and construction claims. The decline in gross profit as percentage of RLRE is due to a higher percentage of the RLRE is from foreign offices where billing rates are typically lower and costs are higher.

Selling, general and administrative (SG&A) expenses

	Three Months Ended					
	April 2, 2005		April 1, 2006		CHANGE	
$ (000 s)	**$**	**% of RLRE**	**$**	**% of RLRE**	**$**	**%**
Selling, general and administrative	$ 7,448	40.9%	$ 9,676	38.2%	$ 2,228	29.9%

While selling, general and administrative expenses increased by $2,228,000, or 29.9%, from the first three months of 2005 to 2006, these expenses decreased from 40.9% to 38.2% as a percentage of RLRE. The decline of SG&A as a percentage of RLRE is partially attributable to Hill s increase in project management revenues, which tend to have lower indirect expenses, and to Hill s higher operating growth versus growth in overhead.

The increase in selling, general and administrative expenses of $2,228,000 is primarily attributable to the following:

An increase in unapplied and indirect labor expense of $997,000 due to increases for staff required to produce and support the increase in revenue and $11,420,000.

Table of Contents

An increase of $407,000 in legal fees due primarily to expenses of the Wartsila litigation of $362,000, the Sims litigation of $206,000 and other legal costs of $71,000; partially offset by a decrease of $232,000 in expenses related to Tickets.com litigation.

An increase of $302,000 in outside accounting fees due to increased auditing, tax and employment consulting requirements for expanded overseas offices and projects and the proxy filings.

An increase of $132,000 in administrative travel related to corporate executive, finance and business development travel expenses in support of the growing overseas operations.

An increase of $70,000 in rent due to expansion in the Middle East in support of revenue and staff growth.

An increase of $54,000 in bad debt expense on the increased revenue of $11,420,000.

An increase of $50,000 in telephone expenses due to the increase in staffing and work volume overseas.

An increase of $48,000 in depreciation of computer equipment and furniture for increased staff and office space in the Middle East.

An increase of $45,000 in the cost of property, casualty and liability insurance due to growth in the Middle East.

An increase of $123,000 in other selling, general and administrative expenses due to a variety of factors.

Equity in affiliate

Hill s share of the earnings of an affiliate, Stanley Baker Hill, LLC (SBH), decreased $179,000, from $245,000 in the three months ended April 2, 2005 to $66,000 in the three months ended April 1, 2006, principally due to the timing of projects.

Hill s relationship as a member of Stanley Baker Hill, LLC is governed by (1) a Limited Liability Company Agreement and by (2) a Joint Venture Operating Agreement, both dated April 8, 2004. Hill s relationship as a subcontractor of Stanley Baker Hill, LLC is governed by a Subconsultant Agreement dated August 27, 2004.

Operating income

Operating income increased $582,000 in the first three months of 2006 to $1,779,000 as compared to $1,197,000 for the first three months of 2005, principally due to higher RLRE and gross profit, partially offset by higher direct and selling, general and administrative expenses.

Interest expense (net)

Net interest expense increased $59,000 to $190,000 in the first three months of 2006 as compared with $131,000 in the first three months of 2005, principally due to increased average borrowings under Hill s credit line of approximately $800,000 due to working capital requirements driven by Hill s growth and increases in LIBOR during 2005 and 2006 and an increase in the interest rate spread on Hill s credit line from 2.15% over LIBOR to 3.25% over LIBOR in August 2005 as a result of a negotiation with Hill s lender.

Tax expense

For the three months ended April 1, 2006, Hill recognized a tax expense of $355,000 compared to a tax expense of $405,000 for the three months ended April 2, 2005, principally relating to a lower effective tax applied to higher operating income in the first three months of 2006.

The effective tax rates for the first three months of 2006 and 2005 were 22% and 38%, respectively. The effective rate in the first three months of 2006 is lower because a greater portion of Hill s profit in the first three months of 2006 came from the Middle East which is taxed at lower rates. Hill s effective tax rate is subject to fluctuation depending on the tax jurisdiction in which its revenue is generated.

Table of Contents

Net income (loss)

Hill reported net income of $1,234,000, or $0.16 per diluted share, for the first three months of 2006 as compared to net income of $661,000, or $0.09 per diluted share, in the first three months of 2005. Overall profitability improved due to an increase in RLRE, partially offset by higher direct, selling, general and administrative, interest and tax expenses.

Year Ended December 31, 2005 Compared to

Year Ended January 1, 2005

Results of Operations

Hill utilizes a 52-53 week fiscal year ending on the Saturday closest to December 31. The year ended December 31, 2005 began on January 2, 2005, and included 52 weeks and the year ended January 1, 2005 began on December 28, 2003, and included 53 weeks.

Revenue

	2004		2005		CHANGE	
$ (000 s)	**$**	**%**	**$**	**%**	**$**	**%**
Revenue						
Project Management	70,260	83.5%	96,993	86.4%	26,733	38.0%
Construction Claims	13,847	16.5%	15,236	13.6%	1,389	10.0%
Total	84,107	100.0%	112,229	100.0%	28,122	33.4%

The increase in revenue is primarily attributable to a $15,207,000 increase in domestic project management revenue and an $11,526,000 increase in foreign project management revenue. The domestic increase was due to a $16,487,000 increase in New York where several new projects began in late 2004 and early 2005. Hill obtained the New York projects through responses to Requests for Proposals (RFPs). Hill was selected for the projects based on its reputation and expertise. The foreign increase was principally due to an $11,869,000 increase in Middle East revenue where Hill continues to obtain new work.

The increase in claims revenue is due to a $3,696,000 increase in foreign claims revenue partially offset by a $2,307,000 decrease in domestic claims revenue. The foreign increase consists of a $2,170,000 increase in London where a new management team was put in place at the end of 2004 and an increase of $1,526,000 in the Middle East. Domestically, the decrease in revenue is principally due to a decrease of $3,884,000 in Washington, DC due to the winding down of two claims assignments, which was partially offset by an increase of $1,536,000 in San Francisco where a new salesperson was put in place at the beginning of 2005.

Reimbursable expenses

	2004		2005		CHANGE	
$ (000 s)	**$**	**%**	**$**	**%**	**$**	**%**
Reimbursable expenses						
Project Management	19,203	91.1%	31,177	97.1%	11,974	62.4%
Construction Claims	1,865	8.9%	944	2.9%	(921)	(49.4)%
Total	21,068	100.0%	32,121	100.0%	11,053	52.5%

The increase in project management reimbursable expenses in 2005 was primarily due to a $15,260,000 increase in reimbursable subcontractors costs in New York where several new projects started in late 2004 and early 2005, partially offset by reductions in other project management reimbursable expenses of $3,286,000. Hill

98

Table of Contents

uses subcontractors for a variety of reasons, including to provide at-risk construction services on contracts where such work is required by a client (generally known as CM/Build contracts) since Hill does not provide such services. The New York projects are principally CM/Build contracts which require more subcontracting work. The use and the extent of the use of subcontractors varies from project to project, however, Hill does not expect to use subcontractors on the majority of their contracts.

The decrease in construction claims reimbursable expenses is due to an unusually large amount of reimbursable expenses in 2004 in connection with two large government assignments which required a significant number of outside consultants and substantial expenditures to an outside firm in order to manage and control documents. The 2005 construction claims work did not require the same amount of outside consultants or outside document control assistance. The amount and timing of reimbursable expenses is dependent on the work performed, however Hill believes that the amount of reimbursable expenses in 2005 is indicative of the amount of expenditures that Hill would expect in future periods.

Revenue, less reimbursable expenses (RLRE)

	2004		2005		CHANGE	
$ (000 s)	**$**	**%**	**$**	**%**	**$**	**%**
Revenue less reimbursable expenses						
Project Management	51,057	81.0%	65,816	82.2%	14,759	28.9%
Construction Claims	11,982	19.0%	14,292	17.8%	2,310	19.3%
Total	63,039	100.0%	80,108	100.0%	17,069	27.1%

Due to the $28,122,000 increase in total revenue and the $11,053,000 increase in reimbursable expenses, revenue less reimbursable expenses increased by $17,069,000 or 27.1% to $80,108,000 for the year ended December 31, 2005 as compared to $63,039,000 for the year ended January 1, 2005. While project management revenue increased 38.0% from 2004 to 2005, project management revenue less reimbursable expenses grew only 28.9% principally due to the increase in project management reimbursable expenses related to the New York projects described above. Construction claims revenue grew by 10.0% from 2004 to 2005 while construction claims revenue less reimbursable expenses grew by 19.3% due to the reduction in construction claims reimbursable expenses described above.

Hill measures the performance of many of its key operating metrics as a percentage of revenue less reimbursable expenses (RLRE), as Hill believes that this is a better measure of operating performance than total revenue. Throughout this discussion Hill has used RLRE as the denominator in many of Hill s ratios.

The following table sets forth, for the periods indicated, historical operating data as a percentage of RLRE.

	Year ended December 28, 2003		Year ended January 1, 2005		Year ended December 31, 2005	
$(000 s)	**$**	**%**	**$**	**%**	**$**	**%**

Revenue	$ 78,731		$ 84,107		$ 112,229	
Reimbursable expenses	22,619		21,068		32,121	
Revenue less reimbursable expenses	56,112	100.0%	63,039	100.0%	80,108	100.0%
Direct expenses	29,004	51.7%	34,365	54.5%	43,276	54.0%
Gross margin	27,108	48.3%	28,674	45.5%	36,832	46.0%
Selling general and administrative expenses	27,428	48.9%	29,231	46.4%	31,861	39.8%
Equity in earnings of affiliate		0.0%	458	0.7%	685	0.9%
Operating (loss) income	(320)	(0.6)%	(99)	(0.2)%	5,656	7.1%
Interest expense, net	562	1.0%	597	0.9%	669	0.8%
(Loss) income before taxes	(882)	(1.6)%	(696)	(1.1)%	4,987	6.3%
(Benefit) provision for income taxes	(353)	(0.7)%	(272)	(0.4)%	1,845	2.3%
Net income	$ (529)	(0.9)%	$ (424)	(0.7)%	$ 3,142	4.0%

Table of Contents

Revenues less Reimbursable Expenses by Geographic Region

For the fiscal year	2003		2004		2005	
$ (000 s)	$	%	$	%	$	%
United States	$ 44,056	78.5%	$ 45,748	72.6%	$ 47,540	59.4%
Middle East	7,245	12.9%	13,523	21.5%	24,708	30.8%
Europe	4,811	8.6%	3,768	5.9%	7,860	9.8%
Total	$ 56,112	100.0%	$ 63,039	100.0%	$ 80,108	100.0%

Direct expenses

	2004			2005			CHANGE	
$ (000 s)	$	%	% OF RLRE	$	%	% OF RLRE	$	%
Direct expenses								
Project Management	29,423	85.6%	57.6%	37,022	85.5%	56.3%	7,599	25.8%
Construction Claims	4,942	14.4%	41.2%	6,254	14.5%	43.8%	1,312	26.5%
Total	34,365	100.0%	54.5%	43,276	100.0%	54.0%	8,911	25.9%

Direct expenses consist of labor expenses for time charged directly to contracts and non-reimbursable job related travel and out-of-pocket expenses. The project management increase of $7,599,000 is due to the increase in revenue of $26,733,000.

The claims increase of $1,312,000 is due to the claims revenue increase of $1,389,000. This increase in claims direct expenses is 2.6% higher as a percentage of RLRE because the increase in claims revenue was from foreign offices where the billing rates are lower and thus direct labor is higher than on domestic claims assignments.

Gross Profit

	2004			2005			CHANGE	
$ (000 s)	$	%	% OF RLRE	$	%	% OF RLRE	$	%

Gross Profit								
Project Management	21,634	75.4%	42.4%	28,794	78.2%	43.7%	7,160	33.1%
Construction Claims	7,040	24.6%	58.8%	8,038	21.8%	56.2%	998	14.2%
Total	28,674	100.0%	45.5%	36,832	100.0%	46.0%	8,158	28.5%

The gross margin increases are a result of the increases in RLRE for both project management and construction claims. The increase in gross profit as percentage of RLRE is due to more efficient overseas operations. Hill s overseas operations enjoy greater efficiency because Hill s revenue from its overseas operations grows at a greater rate than the general and administrative expenses incurred to support such revenue growth. Hill expects that the continued efficiency of its overseas operations will lead to a continued high margin.

Selling, general and administrative (SG&A) expenses

	2004		2005		CHANGE	
$ (000 s)	**$**	**% of RLRE**	**$**	**% of RLRE**	**$**	**%**
Selling, general and administrative expenses	29,231	46.4%	31,861	39.8%	2,630	9.0%

Table of Contents

While selling, general and administrative expenses increased by $2,630,000 or 9% from 2004 to 2005, these expenses decreased from 46.4% to 39.8% as a percentage of RLRE. The decline of SG&A as a percentage of RLRE is partially attributable to Hill s increase in project management revenues, which tend to have lower indirect expenses, and to Hill s higher operating growth versus growth in overhead.

The increase in selling, general and administrative expenses is primarily attributable to the following:

- An increase in unapplied and indirect labor expense of $3,077,000 due to increases of $1,848,000 for staff required to produce and support the increase in revenue and a $1,229,000 non-cash increase to recognize compensation expense in 2005 as a result of the adoption of SFAS No. 123(R).

- An increase of $691,000 in administrative travel related to corporate executive, finance and business development travel expenses in support of the growing overseas operations.

- An increase of $80,000 in outside accounting fees due to increased auditing, tax and employment consulting requirements for expanded overseas offices and projects.

- A decrease of $789,000 in legal fees due primarily to a decrease of $1,340,000 in expenses related to Tickets.com litigation partially offset by increases of $284,000 in the Wartsila litigation and $267,000 in other litigation-related expenses.

- A decrease of $478,000 in bad debt expense partially due to improved project billing controls implemented by London and Middle East management and supported by Corporate finance.

- An increase of $49,000 in other selling, general and administrative expenses due to a variety of factors.

Equity in affiliate

Hill s share of the earnings of an affiliate, Stanley Baker Hill, LLC (SBH), increased $227,000, from $458,000 in 2004 to $685,000 in 2005. SBH was formed in February 2004 and operations did not fully commence until the fourth quarter of 2004.

SBH is a joint venture between Stanley Consultants, Inc. (Stanley), Michael Baker, Jr., Inc. (Baker) and Hill which was formed in April 2004 for the purpose of providing various architect-engineering and construction management services in connection with the Iraq Reconstruction Program. Stanley, Baker and Hill each own an equal one-third interest in SBH. SBH has a contract for an indefinite delivery and indefinite quantity for construction management and general architect-engineer services for facilities in Iraq with the U.S. Army of Corps of Engineers Transatlantic Program Center.

Hill s relationship as a member of Stanley Baker Hill, LLC is governed by (1) a Limited Liability Company Agreement and by (2) a Joint Venture Operating Agreement, both dated April 8, 2004. Hill s relationship as a subcontractor of Stanley Baker Hill, LLC is governed by Subconsultant Agreement dated August 27, 2004.

Operating income

Operating income increased $5,755,000 from a loss of $99,000 in 2004 to a profit of $5,656,000 in 2005 principally due to higher RLRE and gross profit, partially offset by higher direct and selling, general and administrative expenses.

Interest expense (net)

Net interest expense increased $72,000 to $669,000 in 2005 as compared with $597,000 in 2004, principally due to increases in LIBOR during 2005 and an increase in the interest rate spread on Hill s credit line from 2.15% over LIBOR to 3.25% over LIBOR in August 2005 as a result of a negotiation with our lender.

Table of Contents

Tax expense (benefit)

For 2005, Hill recognized a tax expense of $1,845,000 relative to a tax benefit of $272,000 for 2004, principally relating to higher operating income in 2005 and the recording of the Tickets.com loss and litigation expenses in 2004.

The effective tax rates for the fiscal years of 2005 and 2004 were 37% and 39%, respectively. The effective rate in 2005 is lower because a greater portion of Hill s profit in 2005 came from foreign operations which are taxed at lower rates.

Net income (loss)

Hill reported net income of $3,142,000, or $0.44 per diluted share, for 2005 as compared to a loss of $424,000, or $0.07 loss per diluted share, in 2004. Overall profitability improved due to an increase in RLRE with a slight improvement in gross profit as a percentage of RLRE, relatively constant overall selling, general and administrative expenses and a decline in Hill s effective tax rate, as described above.

Year Ended January 1, 2005 Compared to

Year Ended December 27, 2003

Results of Operations

Hill utilizes a 52-53 week fiscal year ending on the Saturday closest to December 31. The fiscal years 2003 and 2004 ended December 27, 2003 and January 1, 2005, respectively, and were 52 and 53 week years, respectively. Throughout the following discussion Hill refers to the fiscal year ended December 27, 2003 as 2003 and the fiscal year ended January 1, 2005 as 2004.

Revenue

	2003		2004		Change	
$(000 s)	**$ s**	**%**	**$ s**	**%**	**$ s**	**%**
Project Management	$ 60,943	77.4%	$ 70,260	83.5%	$ 9,317	15.3%
Construction Claims	17,788	22.6%	13,847	16.5%	(3,941)	(22.1)%
Total	$ 78,731	100.0%	$ 84,107	100.0%	$ 5,376	6.8%

The increase in total revenue is primarily attributable to an $8,229,000 increase in overseas project management revenue and $1,088,000 in domestic project management revenue, partially offset by the decline of $3,941,000 in construction claims revenue. The increase in overseas project management revenue is principally due to an increase of $6,978,000 in the Middle East including new contracts in Dubai and expansions of existing contracts in Qatar and Kuwait and an increase of $1,251,000 in Europe, all attributable to expanded business development efforts. The increase in domestic project management revenue of $1,785,000 is primarily due to a new contract for the Reconstruction of Iraq with the United States government. The decrease in construction claims revenue is due to Hill s shift in focus towards more predictable project management revenue which is typically derived from multi-year contracts. Hill anticipates continued faster growth in project management revenue as compared to construction claims revenue.

Reimbursable expenses

	2003		2004		Change	
$(000 s)	**$ s**	**%**	**$ s**	**%**	**$ s**	**%**
Project Management	$ 19,826	87.7%	$ 19,203	91.1%	$ (623)	(3.1)%
Construction Claims	2,793	12.3%	1,865	8.9%	(928)	(33.2)%
Total	$ 22,619	100.0%	$ 21,068	100.0%	$ (1,551)	(6.8)%

102

Table of Contents

Reimbursable expenses consist principally of amounts paid to subcontractors and other third parties and travel and other job related expenses that are contractually reimbursable from clients. Reimbursable expenses decreased in 2004 as Hill used fewer subcontractors in 2004 due to the ending of certain of its contracts with the New York City Department of Design and Construction. Several new contracts with this client started in 2005.

Revenue less reimbursable expenses (RLRE)

	2003		2004		Change	
$(000 s)	**$ s**	**%**	**$ s**	**%**	**$ s**	**%**
Project Management	$ 41,117	73.3%	$ 51,057	81.0%	$ 9,940	24.2%
Construction Claims	14,995	26.7%	11,982	19.0%	(3,013)	(20.1)%
Total	$ 56,112	100.0%	$ 63,039	100.0%	$ 6,927	12.3%

Due to the $5,376,000 increase in total revenue, and the $1,551,000 decrease in reimbursable expenses, revenue less reimbursable expenses increased $6,927,000 or 12.3%, to $63,039,000 for the year ended January 1, 2005 as compared to $56,112,000 for the year ended December 27, 2003.

Direct expenses

	2003			2004			Change	
$(000 s)	**$ s**	**%**	**% of RLRE**	**$ s**	**%**	**% of RLRE**	**$ s**	**%**
Project Management	$ 22,881	78.9%	55.6%	$ 29,423	85.6%	57.6%	$ 6,542	28.6%
Construction Claims	6,123	21.1%	40.8%	4,942	14.4%	41.2%	(1,181)	(19.3)%
Total	$ 29,004	100.0%	51.7%	$ 34,365	100.0%	54.5%	$ 5,361	18.5%

Direct expenses include labor expenses for time charged directly to contracts and non-reimbursable job related travel and out of pocket expenses. The increase in direct expenses is principally due to the increase in project management RLRE, as a percentage of total RLRE, partially offset by a decline in direct costs related to construction claims revenue. Project management revenue is more labor intensive and thus has higher direct costs. In addition, a higher percentage of Hill s project management revenue is being generated overseas where Hill s direct costs are higher. Direct costs of Hill s construction claims segment declined due to a decline in revenue. The increase in project management revenue as a percentage of Hill s revenue would cause direct expenses, as a percentage of revenue, to continue to increase.

Gross Profit

	2003			2004			Change	
$(000 s)	**$ s**	**%**	**% of RLRE**	**$ s**	**%**	**% of RLRE**	**$ s**	**%**
Project Management	$ 18,236	67.3%	44.4%	$ 21,634	75.4%	42.4%	$ 3,398	18.5%
Construction Claims	8,872	32.7%	59.2%	7,040	24.6%	58.8%	(1,832)	(20.6)%
Total	$ 27,108	100.0%	48.3%	$ 28,674	100.0%	45.5%	$ 1,566	5.8%

Selling, general and administrative (SG&A) expenses

	2003		2004		Change	
$(000 s)	**$ s**	**% of RLRE**	**$ s**	**% of RLRE**	**$ s**	**%**
Selling, general and administrative expenses	$ 27,428	48.9%	$ 29,231	46.4%	$ 1,803	6.6%

103

Table of Contents

While selling, general and administrative expenses increased by 6.6% from 2003 to 2004, these expenses actually declined from 48.9% of RLRE to 46.4% of RLRE. The decline of SG&A expenses as a percentage of RLRE is partially attributable to Hill s increase in project management revenues, which tend to have lower indirect expenses.

The $1,803,000 increase in selling, general and administrative expenses is primarily attributable to the following:

An increase in unapplied and indirect labor expense of $616,000 due to the increases in staff required to produce and support the $5,376,000 increase in revenue.

An increase in insurance expenses of $515,000 principally relating to increased coverage of property, casualty and professional liability insurance supporting the increase in revenue as well as expansion into Qatar, Kuwait and Iraq.

Administrative travel increased by $320,000 as corporate management, finance and business development staff traveled in support of growing overseas business.

An increase in bad debt expense of $286,000 related to the increase in revenue.

An increase in indirect expenses of $207,000 relating to the settlement of a claim by a former client for services performed by a Hill employee.

Increase in other indirect expenses of $131,000, incurred in the growth of the business.

Legal expense increased by $162,000 primarily due to the retention of outside attorneys in the Middle East in connection with contract advice, employment issues and corporate registration for Hill s Middle East business.

A decrease of $370,000 in amortization expenses as a portion of Hill s acquired contract rights were mostly or fully amortized by December 2003.

Expenses related to Hill s legal costs related to an investment transaction (the Tickets.com litigation) decreased $244,000. Hill incurred legal fees related to the Tickets.com litigation of $1,773,000 in 2004. Hill incurred legal fees relating to the Tickets.com litigation of $1,696,000 and a loss on sales of Tickets.com stock of $321,000 in 2003. The litigation was concluded in April 2004.

An increase in other selling, general and administrative expenses of $180,000 due to a variety of factors.

Operating loss

Principally due to higher RLRE, partially offset by higher direct and selling, general and administrative expenses, operating loss declined $221,000, from a loss of $320,000 in fiscal year 2003 to a loss of $99,000 in fiscal year 2004.

Interest expense (net)

Net interest expense increased $35,000 to $597,000 for the year ended January 1, 2005 as compared to $562,000 for the year ended December 27, 2003 principally due to increased borrowings under Hill s revolving credit facility during 2004.

Equity in affiliate

Hill owns 33.33% of an affiliate, Stanley Baker Hill, LLC (SBH) which was formed in April 2004 for the purpose of providing various architect-engineering and construction management services in connection with the Iraq Reconstruction Program. Hill s share of the SBH earnings in 2004, the first year of operations, was $458,000.

Tax expense (benefit)

For 2004, Hill recognized a tax benefit of $272,000 principally relating to the recording of the Tickets.com loss and litigation expenses relative to a tax benefit of $353,000 for 2003.

Net income (loss)

Hill reported a net loss of $424,000 for 2004 principally due to the loss relating to the sale of Tickets.com stock and the related litigation expenses, which was only partially offset by Hill s equity in the earnings of SBH.

Liquidity and Capital Resources

Historically, Hill has funded its business activities with cash flow from operations and borrowings under its credit facility.

Hill currently has a revolving credit facility with a financial institution that enables it to borrow up to $9.75 million. The interest rate on this facility at April 1, 2006 consisted of a base interest rate of 3.25% plus the one- month LIBOR (or 4.82%), which amounted to an interest rate of 8.07%. The credit facility is collateralized by certain of Hill s assets and is guaranteed by Irvin E. Richter, Hill s principal stockholder. Mr. Richter will not continue to guarantee any of Hill s indebtedness following consummation of the merger. The credit facility requires that Hill maintain certain defined financial ratios. As of April 1, 2006 Hill had $9,621,000 of indebtedness under the credit facility and had the ability to borrow an additional $129,000 under the credit facility.

During 2005, Hill and its lender amended their credit agreement to include a revised pay down schedule beginning January 2, 2006 with a maturity date of July 31, 2006. On January 6, 2006, the facility was amended to remove the scheduled pay downs and change the due date of the facility to February 28, 2006. The due date of the facility was subsequently extended to June 30, 2006.

It is Hill s intent to repay and terminate the facility upon consummation of the merger. However Hill cannot give assurance that the merger will be consummated.

In the event the Merger Agreement is not consummated, Hill will not be able to repay its current debt without refinancing or obtaining another credit facility which raises substantial doubt about its ability to continue as a going concern. Under such circumstances, Hill intends to negotiate a financing agreement with the above-mentioned lender or another financial institution, however no assurance can be given that Hill will be able to enter such a financing agreement.

Hill also has two credit facilities with international financial institutions. Hill has one credit facility with a bank in the Middle East for 5.0 million AED (approximately $1.4 million) collateralized by certain overseas receivables. The interest rate on that facility is the Emirates Inter

Bank Offer Rate (EIBOR), which at April 1, 2006 was 5.10%, plus 2%. At April 1, 2006, Hill had drawn down approximately $668,000 under this facility. Hill also has a credit facility with a European bank for 1,000,000 Euros (approximately $1,214,000) secured by receivables from one specific project. The interest rate on this facility is bank prime, which at April 1, 2006 was 5.5%, plus 2.5%. At April 1, 2006, Hill had drawn down approximately $155,000 under this facility.

Arpeggio Merger

On December 5, 2005, Hill entered into an Agreement and Plan of Merger (the Merger Agreement) with Arpeggio providing for the merger of Hill with and into Arpeggio. Arpeggio will be the surviving corporation in the merger and will change its name to Hill International, Inc.

The Signing Stockholders, who at the time the merger agreement was signed owned approximately 99% of the outstanding capital stock of Hill, have approved and adopted the Merger Agreement in accordance with the applicable provisions of the Delaware General Corporation Law. The merger is expected to be consummated in the second quarter of 2006, after the required approval by the stockholders of Arpeggio and the fulfillment of certain other conditions. If the merger is consummated, and Hill can provide no assurance that the merger will be consummated, the combined company shall receive from a trust account not less than $37,000,000, plus accrued interest, less amounts paid to Arpeggio stockholders who have elected to convert their shares to cash in accordance with Arpeggio s certificate of incorporation.

Pickavance Acquisition

On January 23, 2006, Hill International (UK) Ltd., (Hill UK) a wholly owned subsidiary of the Company purchased all of the outstanding common stock of The Pickavance Group Ltd. (Pickavance) from the existing shareholders of Pickavance. The results of Pickavance s operations from January 23, 2006 are included in the Company s consolidated statements of operations.

The purchase price of the outstanding stock, not including liabilities assumed, was in the form of future payments (undiscounted) as follows (converted into U.S. dollars using an exchange rate of approximately $1.78/£1, the exchange rate on the date of the acquisition):

Date Payable	Amount in British Pounds	United States Dollar Equivalent
	(in thousands)	
January 1, 2007	£ 70	$ 124
February 1, 2007	154	273
February 1, 2008	315	561
February 1, 2009	315	561
Total	£ 854	$ 1,519

Change in Tax Method

Hill currently prepares its federal and state tax returns on a cash basis. As a result of the proposed merger and the change in ownership, Hill will be required to prepare its tax returns on an accrual basis. While the final impact of the change in method is not known, Hill estimates that the result will be a requirement to pay approximately $2,500,000 on a straight-line basis over four years beginning in 2006.

Cash Flow activity during the three months ended April 2, 2006

For the three months ended April 2, 2006. Hill s cash decreased by $1,378,000. Cash used in operations was $1,746,000 and cash used in investing activities was $402,000. Cash provided by financing activities was $808,000. Hill also experienced a decline in cash of $38,000 from the effect of foreign exchange rates.

Operating Activities

Net cash used in operating activities for the three months ended April 1, 2006 was $1,746,000. Cash used in operations is attributable to net income of $1,234,000 for the year adjusted by the following non-cash items included in net income and the following working capital changes:

- depreciation and amortization of $298,000;
- bad debt expense of $214,000;
- a deferred tax benefit of $669,000
- reported equity in SBH, a 33.33% owned affiliate, of $66,000.

106

Table of Contents

Working capital changes which contributed to the use of cash from operations included the following:

- an increase in accounts receivable of $6,857,000 due to increased revenue particularly in the Middle East; the increase in accounts receivable results in an ending balance that approximates the average revenue per quarter. Because Hill s revenue consistently grew quarter over quarter in 2004 and 2005, revenue in the fourth fiscal quarter of 2004 and 2005 was greater than the average revenue per quarter in 2004 and 2005. Hill s business is not seasonal.

- increases in prepaid expenses and other current assets of $1,002,000 principally due to required prepayment of certain reimbursable expenses relating a specific project in the Middle East of $594,000, increases in prepaid rent of approximately 300,000 due to the opening and expansion of overseas offices to meet revenue increases, increases in prepaid subcontractor fees of $167,000 to retain needed subcontractors and other miscellaneous net decreases of $59,000.

- an increase in retainage receivable of $298,000 due to the New York project which provides for larger than normal retainages by the client;

- an increase in other assets of $1,090,000 including increased costs associated with the proposed Arpeggio merger of approximately $825,000 to a total of $930,000 as of March 31, 2006;

- a decrease in other liabilities $35,000; and

Working capital changes which increased cash from operations included the following

- reductions of related party receivables of $418,000 due to the timing of collections from SBH;

- increases in accounts payable and accrued expenses of $3,709,000, principally relating to an increase in operations and Hill s need to manage its cash;

- an increase in income taxes payable of $1,262,000 due to higher operating income;

- increases in other current liabilities, primarily advances from clients of $848,000, principally relating to increases in revenue and timing of contracts;

- an increase in retainage payable of $288,000 due to the New York projects which use a substantial number of subcontractors.

Investing Activities

Net cash used in investing activities was $402,000. Hill received $165,000 of cash in the Pickavance acquisition and spent $567,000 to purchase computers, office equipment, furniture and fixtures.

Financing Activities

Net cash provided by financing activities was $808,000. Hill received $1,031,000 from its bank and $286,000 as net advances on its revolving loan borrowings. Hill made payments on notes payable of $269,000 and payments of capital lease obligations of $57,000. In addition, Hill also advanced $183,000 to its principal stockholder, Irvin E. Richter, during the three months ended April 1, 2006. These advances are non-interest bearing and have no set repayment terms. The entire amount of Hill s advances to Mr. Richter of $1,008,000 was repaid in April 2006.

107

Table of Contents

Contractual Obligations

A summary of Hill s contractual obligations and off-balance sheet arrangements as of December 31, 2005 is as follows:

$(000 s)	Total	1 year	2-3 years	4-5 years	After 5 years
Long-term debt	$ 10,156	$ 10,156	$	$	$
Operating leases	12,597	2,757	4,148	3,389	2,303
Capital leases	232	199	33		
	$ 22,985	$ 13,112	$ 4,181	$ 3,389	$ 2,303
Off-balance sheet arrangements					
Advance payment bonds	$ 5,317	$ 2,862	$ 2,455	$	$
Performance bonds	3,867	228	1,820	1,819	
Bid bonds	75	75			
Standby letter of credit	90	90			
	$ 9,349	$ 3,255	$ 4,275	$ 1,819	$

Hill enters into agreements with banks for the banks to issue bonds to clients or potential clients for three separate purposes as follows:

(1) Certain of Hill s subsidiaries have entered into contracts for the performance of construction management services which provide that Hill receive advance payment of some of the management fee from the client prior to commencement of the construction project. Those subsidiaries are Hill International S.A., Hill International (UK) Ltd. and Hill International (Middle East) Ltd. However, the clients require a guarantee of service performance in the form of an advance payment bond. These bonds are evidenced by letters of guarantee issued by the subsidiaries banks in favor of the clients. In some cases these clients also require a parent company guarantee of Hill.

(2) Hill may also enter into certain contracts which require a performance bond to be issued by a bank in favor of the client for a portion of the value of the contract. These bonds may be exercised by the client in instances where Hill fails to provide the contracted services.

(3) Certain clients may require bonds as part of the bidding process for new work. The bid bonds are provided to demonstrate the financial strength of the companies seeking the work and are usually outstanding for short periods. If the bid is rejected the bond is cancelled and if the bid is accepted Hill may be required to provide a performance bond.

The maximum amount of potential future payments under these arrangements at April 1, 2006 and December 31, 2005 was $10.1 million and $9.3 million, respectively. No liability is currently recorded on Hill s Consolidated Balance Sheets related to parental guarantees on behalf of its subsidiaries related to the bond arrangements.

Cash held in restricted accounts as collateral for the issuance of performance and advance payment bonds at April 1, 2006 and December 31, 2005 was $3.9 million and $3.2 million, respectively.

At April 1, 2006, Hill had entered into a standby letter of credit of approximately $90,000 which secures its New York City office s rent security deposit. This standby letter of credit expired on April 29, 2006. In April 2006, Hill provided a cash deposit in lieu of a standby letter of credit.

Backlog

The schedule below represents Hill s backlog as of April 1, 2006. Backlog represents the anticipated revenue less reimbursable expenses of all executed and awarded contracts that have not been completed and will

108

be recognized as revenues over the life of the project. At April 1, 2006, Hill s backlog was approximately $291 million, compared to $281 million at December 31, 2005. Hill estimates that approximately $109 million, or 37.5%, of the backlog at April 1, 2006 will be recognized during the twelve months subsequent to April 1, 2006. These estimates were prepared by Hill s finance department, and are based on the compilation of monthly backlog reports that each of Hill s operating divisions regularly prepares which present each such operating division s backlog per contract and its projection of the amount of such backlog expected to be recognized in the following 12 months.

The schedule below includes backlog under two categories: (1) contracts for which work authorizations have been or are expected to be received on a fixed-price basis and not-to-exceed projects that are well defined and (2) contracts awarded to the company where some or all of the work has not yet been authorized. As of April 1, 2006, approximately $191 million, or 65.6%, of Hill s backlog was in category (1) and approximately $100 million, or 34.4%, of Hill s backlog was in category (2). Hill generally does not track and therefore has not disclosed whether the public sector contracts included in its backlog are fully funded, incrementally funded, or unfunded.

Included in category (2) of 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. Also included in category (2) of Hill s backlog is the amount of anticipated revenues in option years beyond the base term of Hill s contracts if Hill reasonably expects its clients to exercise such option years. Although backlog reflects business that Hill considers to be firm, cancellations or scope adjustments may occur. Further, substantially all of Hill s contracts with its clients may be terminated at will, in which case the client would only be obligated to Hill for services provided through the termination date. The impact of terminations and modifications on Hill s realization of revenues from its backlog has not been significant. Furthermore, reductions of Hill s backlog as a result of contract terminations and modifications may be more than offset by additions to the backlog. For example, during Hill s fiscal quarter ended April 1, 2006, contracts that were terminated or modified by Hill s customers resulted in a negative impact on the total backlog of approximately $14.5 million. However, this decrease was offset by the excess of (A) new contracts entered into during the same quarterly period over (B) backlog contract work performed in the quarter, and this excess resulted in a positive impact on the total backlog of $24.9 million. The net change in the total backlog during the three months ended April 1, 2006 was an increase of approximately $10.4 million.

Hill adjusts backlog to reflect project cancellations, deferrals and revisions in scope and cost (both upward and downward) known at the reporting date; however, future contract modifications or cancellations may increase or reduce backlog and future revenues. As a result, no assurances can be given that the amounts included in backlog will ultimately be realized.

	As of April 1, 2006			
	Total Backlog		12 Month Backlog	
$(000 s)	**$**	**%**	**$**	**%**
Project Management	$ 270,000	92.8%	$ 99,000	90.8%
Construction Claims	21,000	7.2%	10,000	9.2%
Total	$ 291,000	100.0%	$ 109,000	100.0%

Table of Contents

Recent Accounting Pronouncements

Stock-Based Compensation

In December 2004, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 123(R), Share-Based Payment, which replaces SFAS No. 123, Accounting for Stock-Based Compensation and supersedes Accounting Principles Board Opinion (APB) No. 25, Accounting for Stock Issued to Employees. SFAS 123(R) requires that the compensation cost relating to share-based payment transactions be recognized in financial statements. The compensation cost will be measured based on the fair value of the equity or liability instruments issued. Under SFAS No. 123(R), the pro forma disclosures previously permitted under SFAS No. 123 are no longer an alternative to financial statement recognition. The Statement is required to be adopted as of the beginning of the first annual period beginning after June 15, 2005, with early adoption encouraged.

Prior to January 2, 2005, Hill used the intrinsic value method to account for stock-based employee compensation under the recognition and measurement principles of Accounting Principles Board APB No. 25, and related interpretations. Under this method, compensation cost is measured as the amount by which the market price of the underlying stock exceeds the exercise price of the stock option at the date at which both the number of options granted and the exercise price are known. Hill s option plans stipulate that the exercise price of the options be the equivalent to the fair market value of Hill on the date the option is granted except for options granted to a more than 10% stockholder which are granted at 110% of fair market value. The fair market value was determined by Hill s Board of Directors, and accordingly, no compensation expense was recognized. SFAS No. 123 established accounting and disclosure requirements using a fair-value-based method of accounting for stock-based employee compensation plans. As permitted by SFAS No. 123, Hill elected to apply the intrinsic-value-based method of accounting described above, and adopted only the disclosure requirements of SFAS No. 123, which were similar in most respects to SFAS No. 123(R), with the exception of option forfeitures, which Hill had accounted for as they occurred.

On January 2, 2005 Hill adopted SFAS No. 123(R) using the Modified Prospective Application Method which requires that compensation cost be recorded, as earned, for all unvested stock options outstanding at the beginning of the first quarter of adoption of SFAS No. 123(R). The compensation cost is recognized in Selling, general and administrative expenses in the Consolidated Statements of Operations over the remaining service period after the adoption date, based on Hill s original estimate of the option s fair value. Hill s consolidated financial statements of prior fiscal years do not reflect any restated amounts. No modifications were made to outstanding options prior to the adoption of SFAS No. 123 (R). Hill used the same valuation methodologies and assumptions in estimating the fair value of options under both SFAS No. 123(R) and the pro forma disclosures under SFAS No. 123. Hill did not change the quantity, type or payment arrangements of any share-based payment programs. Since the modified prospective application method was used there was no cumulative effect adjustment upon the adoption of SFAS No. 123(R). Hill s policy is to use newly issued shares to satisfy the exercise of stock options.

FASB Staff Position (FSP) 109-1 and 109-2

FASB Staff Position (FSP) 109-1, Application of FASB Statement No. 109, Accounting for Income Taxes, to the Tax Deduction on Qualified Production Activities Provided by the American Jobs Creation Act of 2004 , clarifies that the tax deduction for domestic manufacturers under the Act should be accounted for as a special deduction in accordance with SFAS 109, Accounting for Income Taxes. The adoption of FSP109-1 did not have a material impact on our consolidated financial statements.

FSP 109-2, Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision with the American Jobs Creation Act of 2004 , provides enterprises more time (beyond the financial-reporting period during which the Act took effect) to evaluate the Act s impact on the enterprises plan for reinvestment or repatriation of certain foreign earnings for purposes of applying FASB Statement. The Act provides for a special one-time tax deduction of 85 percent dividends received deduction on certain foreign earnings repatriated in fiscal 2005 or 2006. The deduction would result in an approximate 5.1% federal tax on a portion of the foreign earnings repatriated. State, local, and foreign taxes could apply as well. To qualify for this federal tax deduction, the earnings must be reinvested in the United States pursuant to a domestic reinvestment plan. Certain other criteria in the Jobs Act must be satisfied as well. Hill studied the provisions of the Act related to the repatriation of earnings and does not intend to repatriate any earnings.

SFAS No. 153

On December 16, 2004 the FASB issued SFAS No. 153, Exchanges of Nonmonetary Assets, an amendment of APB Opinion No. 29, Accounting for Nonmonetary Transactions. SFAS No. 153 addresses the measurement of exchanges of nonmonetary assets and redefines the scope of transactions that should be measured based on the fair value of the assets exchanged. The provisions of SFAS No. 153 are effective for nonmonetary exchanges occurring in fiscal periods beginning after June 15, 2005, which is effective with Hill s first quarter of fiscal 2006. The adoption of this standard is not expected to have a material impact on the Consolidated Balance Sheets, Statements of Operations and Cash Flows.

Staff Accounting Bulletin No. 107

In March 2005, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin (SAB) No. 107 regarding the Staff s interpretation of SFAS No. 123(R). This interpretation provided the staff s views regarding interactions between SFAS No. 123(R) and certain SEC rules and regulations and provides interpretations of the valuation of share-based payments for public companies. The interpretive guidance is intended to assist companies in applying the provisions of SFAS No. 123(R) and investors and users of the financial statements in analyzing the information provided. Hill followed the guidance prescribed in SAB No. 107 in connection with its adoption of SFAS. No. 123(R).

SFAS No. 154

In May 2005, the FASB issued SFAS No. 154 Accounting Changes and Error Corrections-A Replacement of APB Opinion No. 20 and FASB Statement No. 3 . This Statement requires retrospective application to prior periods financial statements of changes in accounting principle, unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. This Statement does not change the guidance for reporting the correction of an error in previously issued financial statements or a change in accounting estimate. The provisions of this Statement shall be effective for accounting changes and correction of errors made in fiscal years beginning after December 15, 2005. The impact of SFAS No. 154 will depend on the accounting change, if any, in future periods.

EITF 05-6

In June 2005, the EITF reached a consensus on Issue No. 05-6, Determining the Amortization Period for Leasehold Improvements . EITF 05-6 provides guidance on determining the amortization period for leasehold improvements acquired in a business combination or acquired subsequent to lease inception. The guidance in EITF 05-6 will be applied prospectively and is effective for periods beginning after June 29, 2005. Adoption of this standard on January 1, 2006 is not expected to have a material impact on the consolidated financial position or results of operations.

Quantitative and Qualitative Disclosures of Market Risk

Hill s major financial market exposure is to changing interest rates. All of Hill s borrowings under its revolving credit facility vary based on changes in interest rates. Hill has total debt outstanding as of April 1, 2006 under its revolving credit facilities of approximately $10,156,000. Changes in the base rate (LIBOR, EIBOR or the bank s prime rate) would have an impact on Hill s cash flows, and earnings for the three months April 1, 2006. For example, a 0.25% increase in the base rates would increase Hill s monthly interest expenses and negatively impact earnings and cash flows by approximately $2,000.

Table of Contents

Foreign currency contracts are mostly denominated in the currency of the United Kingdom (UK), the European Union (EU) or the United Arab Emirates (UAE). These currencies have not had significant fluctuations in their relative value, relative to the U.S. dollar, and Hill does not expect significant fluctuations in future periods.

Certain Transactions

From time to time, Hill has made cash advances to Irvin E. Richter, its principal stockholder and Chief Executive Officer. These advances are non-interest bearing and have no set repayment terms. At December 31, 2005, the balance advanced to Mr. Richter amounted to $825,000, and that balance was $1,008,000 as of April 1, 2006. Mr. Richter repaid the entire amount in April 2006.

Mr. Richter also has a personal loan of $1,850,000 with a bank. As collateral for this loan, on August 10, 2004, Hill assigned $1,850,000 of potential life insurance proceeds to the bank which would be payable to Hill upon Mr. Richter s death. In addition, on April 5, 2005 Hill pledged, in the event of a default, to buy back from the lender 500,000 shares of its common stock which has been pledged by Mr. Richter as collateral for the loan. The maximum potential amount of future payments that could be required by Hill as a result of this arrangement is $1,850,000. As described below, because Hill would not be obligated to make any payments as a result of the life insurance proceeds or will receive common stock with a value in excess of $1,850,000, Hill has not recorded a liability for its commitment under the arrangement. Hill has assets held by the bank, which upon triggering events (either the death of the stockholder or his default under the bank loan), would provide for Hill to recover the entire maximum potential amount of future payments required to be paid under the arrangement. In the instance of the assignment of the life insurance proceeds, Hill will not be obligated to make any payments to the bank, rather the bank will receive the proceeds from the life insurance. In the instance of the stock buyback agreement, while Hill would be required to make a payment, it would be receiving common stock with a current value in excess of the loan balance in return for a payment of no more than $1,850,000. Pursuant to the terms of the merger agreement, the guaranty by Hill and Hill s assignment of life insurance proceeds and buy back obligation must be terminated prior to the closing of the merger. Mr. Richter intends to repay the loan prior to the closing of the merger.

Litigation related to an investment made by Hill (the Tickets.com legal matter) was concluded in April 2004, and resulted in a claim against Hill and R4 Holdings, LLC (R4) for legal court costs of approximately $500,000. R4 is 100% owned and controlled by Irvin E. Richter, Hill s Chief Executive Officer. Hill and R4 have appealed this ruling and they believe that there are meritorious grounds for reversal. R4 and Mr. Richter have agreed with Hill that they will make full payment of this amount should the ruling be upheld.

Table of Contents

DIRECTORS AND EXECUTIVE OFFICERS OF ARPEGGIO FOLLOWING THE MERGER

At the effective time of the merger, the board of directors and executive officers of Arpeggio will be the following:

Name	Age	Position
Irvin E. Richter	61	Chairman of the Board of Directors and Chief Executive Officer
David L. Richter	40	President and Chief Operating Officer, Director
Raouf S. Ghali	44	President, Project Management Group (International)
Frederic Z. Samelian	58	President, Construction Claims Group
Ronald F. Emma	54	Senior Vice President of Finance
Stuart S. Richter	52	Senior Vice President
Eric S. Rosenfeld	48	Director
Arnaud Ajdler	30	Director
Brian W. Clymer	58	Director
William J. Doyle	75	Director
Alan S. Fellheimer	63	Director

IRVIN E. RICHTER has been Chairman of the Board of Directors of Hill since 1985 and he has been Chief Executive Officer of Hill and a member of its board of directors since he founded the company in 1976. He has also been Chairman of the Board of Directors of Proton Therapy, Inc., a company involved in the development and operation of cancer treatment centers, since June 2005. In 2002, he was selected as a Fellow by the Construction Management Association of America (CMAA) for his contributions to the construction management industry. Mr. Richter holds a B.A. in government from Wesleyan University and a J.D. from Rutgers University School of Law at Camden.

DAVID L. RICHTER has been President and Chief Operating Officer of Hill since April 2004, and he has been a member of Hill s Board of Directors since February 1998. Prior to his current position, he was President of Hill s Project Management Group from April 2001 to March 2004. Before that, Mr. Richter was Hill s Senior Vice President, General Counsel and Secretary from August 1999 to March 2001 and Vice President, General Counsel and Secretary from April 1995 to August 1999. Prior to joining Hill, he was an attorney with the New York City law firm of Weil, Gotshal & Manges, LLP from 1992 to 1995. Mr. Richter is a member of the Young Presidents Organization and has served on the Board of Directors of the CMAA since September 2001. He earned a B.S. in management, a B.S.E. in civil engineering and a J.D. from the University of Pennsylvania. Mr. Richter is a son of Irvin E. Richter.

RAOUF S. GHALI has been President of Hill s International Project Management Group since January 2005. Before that, he was Hill s Senior Vice President in charge of project management operations in Europe and the Middle East from June 2001 to December 2004. Before that, Mr. Ghali was a Vice President with Hill from September 1993 to May 2001. Prior to joining Hill, he worked for Walt Disney Imagineering from 1988 to 1993. Mr. Ghali has a B.S. degree in business administration and economics and an M.S. in business organizational management from the University of LaVerne.

Table of Contents

FREDERIC Z. SAMELIAN has been President of Hill s Construction Claims Group since January 2005. Before that, he was a Senior Vice President with Hill from March 2003 until December 2004. Before that, Mr. Samelian was President of Conex International, Inc., a construction dispute resolution firm, from March 2002 to March 2003 and from April 2000 to February 2001, an Executive Director with Greyhawk North America, Inc., a construction management and consulting firm, from March 2001 to February 2002, and a Director with PricewaterhouseCoopers LLP from September 1998 to March 2000, where he managed their construction claims consulting practice in Southern California. Before that, he had worked with Hill from 1983 to August 1998. Mr. Samelian has a B.A. in international affairs from George Washington University and an M.B.A. from Southern Illinois University. He is a certified Project Management Professional.

RONALD F. EMMA has been Hill s Senior Vice President of Finance since August 1999. Before that, he was Hill s Vice President of Finance since 1979. Before joining Hill, he was Assistant Controller of General Energy Resources, Inc., a mechanical contracting firm, and prior to that was a Staff Accountant with Haskins & Sells CPAs. Mr. Emma has a B.S. in accounting from St. Joseph s University and is a Certified Public Accountant in the State of New Jersey.

STUART S. RICHTER has been Senior Vice President in charge of the New Jersey Region for Hill s Project Management Group since October 2001. Before that, he was Hill s Senior Vice President of Marketing and Business Development from February 1998 to October 2001, and Vice President of Marketing and Business Development from August 1996 to February 1998. Before joining Hill, he was President of Anjoy Associates, Inc., a marketing and organizational consulting firm, from 1994 to August 1996. He has been an Adjunct Professor of Marketing since 1986 at the Rutgers University School of Business at Camden. Mr. Richter has a B.A. in history from Montclair State University and an M.B.A. in business administration from Rutgers University. Mr. Richter is the brother of Irvin E. Richter.

ERIC S. ROSENFELD has been our Chairman of the Board, Chief Executive Officer and President since our inception but will resign from those positions upon consummation of the merger. Mr. Rosenfeld has been the President and Chief Executive Officer of Crescendo Partners, L.P., a New York-based investment firm, since its formation in November 1998. He has also been the Senior Managing Member of Crescendo Advisors II LLC, the entity providing us with general and administrative services, since its formation in August 2000. Prior to forming Crescendo Partners, Mr. Rosenfeld had been Managing Director at CIBC Oppenheimer and its predecessor company Oppenheimer & Co., Inc. since 1985. He was also Chairman of the Board of Spar Aerospace Limited, a company that provides repair and overhaul services for aircraft and helicopters used by governments and commercial airlines, from May 1999 through November 2001, until its sale to L-3 Communications. He served as a director of Hip Interactive, a Toronto Stock Exchange-listed company that distributes and develops electronic entertainment products, from November 2004 until July 2005. Mr. Rosenfeld also served as a director of AD OPT Technologies Inc., which was a Toronto Stock Exchange-listed company from April 2003 to November 2004, when it was acquired by Kronos Inc. Mr. Rosenfeld also served as a director and head of the special committee of Pivotal Corporation, a Canadian based customer relations management software company that was sold to chinadotcom in February 2004. Mr. Rosenfeld is currently Chairman of the Board of CPI Aerostructures, Inc., an American Stock Exchange-listed company engaged in the contract production of structural aircraft parts principally for the United States Air Force and other branches of the U.S. armed forces. He became Chairman in January 2005 and a director in April 2003. He has been the Chairman of the Board of Computer Horizons Corp., a Nasdaq listed company, providing IT professional services with a concentration in sourcing and managed services since October 2005. He has been a director of Sierra Systems Group, Inc., a Toronto Stock Exchange-listed information technology, management consulting and systems integration firm based in Canada since October 2003, a director of Emergis Inc., a Toronto Stock Exchange-listed company that enables the electronic processing of transactions in the Finance and Healthcare industries, since July 2004, and was a director of Geac Computer Corporation Limited, a Toronto Stock Exchange and Nasdaq listed software company that was recently acquired by another company, from October 2005 through March 2006. Mr. Rosenfeld is a regular guest lecturer at Columbia Business School and has served on numerous panels at Queen s University Business Law

Table of Contents

School Symposia, McGill Law School, the World Presidents Organization and the Value Investing Congress. He is a faculty member at the Director s College. He has also been a regular guest host on CNBC. Mr. Rosenfeld received an A.B. in economics from Brown University and an M.B.A. from the Harvard Business School.

ARNAUD AJDLER has been our Chief Financial Officer and Secretary and a member of our Board of Directors since our inception but will resign from those positions upon consummation of the merger. Mr. Ajdler has been a Managing Director at Crescendo Partners since December 2005, a Senior Vice President from December 2004 to December 2005 and an investment analyst before that, since September 2003. From January 2000 to July 2001, he worked as a management consultant at Mercer Management Consulting, a leading international strategy consulting firm, before completing his M.B.A. at Harvard Business School in June 2003. He also worked as an investment analyst at Tilson Capital, a New York-based hedge fund, as an investment banker at Deutsche Bank, an international financial service provider, and as a management consultant at the Boston Consulting Group. Mr. Ajdler received a B.S. in engineering from the Free University of Brussels, Belgium, an S.M. in Aeronautics from the Massachusetts Institute of Technology and an M.B.A from the Harvard Business School.

BRIAN W. CLYMER will be a director of Arpeggio upon consummation of the merger with Hill. Mr. Clymer is Senior Vice President of External Affairs for Prudential Financial, Inc. where he has worked since July 1997. Prior to Prudential, he served as New Jersey State Treasurer under Governor Christine Todd Whitman from 1994 to 1997. Prior to that, Mr. Clymer was President and Chief Executive Officer of Railway System Design, Inc. and Vice President of its parent company, Gannett Fleming, Inc., an engineering design firm, from 1993 to 1994. From 1989 to 1993, he served under President George H.W. Bush as Administrator of the U.S. Department of Transportation s Federal Transit Administration. Mr. Clymer has served on numerous Boards of Directors, including the New Jersey Sports and Exposition Authority, the New Jersey Casino Reinvestment Development Authority, the New Jersey Performing Arts Center, the Southeastern Pennsylvania Transportation Authority, the American Public Transportation Association (APTA), and Motor Coach Industries International, Inc., then a New York Stock Exchange-listed designer and manufacturer of buses and coaches. He currently serves on the Board of Directors of the New Jersey Alliance for Action, the Prudential Financial, Inc. Political Action Committee, the Independent College Fund of New Jersey, the Commerce and Industry Association of New Jersey, and Longport, Inc., an OTCBB-listed medical technology company. Mr. Clymer earned his B.S. in business and economics from Lehigh University. He is a Certified Public Accountant in the Commonwealth of Pennsylvania.

WILLIAM J. DOYLE will be a director of Arpeggio upon consummation of the merger with Hill. Mr. Doyle has been retired since June 1999. From 1993 to 1999, he was Chairman and Chief Executive Officer of Paolin & Sweeney, Inc., an advertising and public relations firm. Before that, he was Vice Chairman of the Board of Directors of Hill from 1985 to 1992. Mr. Doyle has served as Chairman of the Delaware River Port Authority, as Chairman of the Philadelphia Area Transportation Corp., as Chairman of the Executive Committee of the Tri-State Regional Port Development Corp., and as President of the Philadelphia Chapter of the Young Presidents Organization. He served on the Board of Directors of STV Group, Inc., a Nasdaq-listed engineering, architecture and construction management firm, from 1993 to 2001. He has also served on the Board of Directors of the American Cinematheque, the Philadelphia College of Performing Arts, APTA, and the CMAA.

ALAN S. FELLHEIMER will be a director of Arpeggio upon consummation of the merger with Hill. Mr. Fellheimer has been Chairman and Chief Executive Officer of the Pennsylvania Business Bank since he founded the state-chartered commercial bank in September 1998. He has also been a Partner with the Philadelphia law firm of Fellheimer & Eichen since January 2006. From 1991 to 1998, Mr. Fellheimer was a Partner in the Philadelphia law firm of Fellheimer Eichen Braverman & Kaskey. During 1991, he was a Partner with the Philadelphia law firm of Spector Gadon & Rosen, P.C. From 1985 to 1990, Mr. Fellheimer was Chairman and Chief Executive Officer of Equimark Corp., a New York Stock Exchange-listed bank holding company. He currently serves as Vice President and a member of the Board of Trustees of the Pennsylvania Ballet and as a member of the President s Advisory Board at Temple University. Mr. Fellheimer earned his A.B. in liberal arts and his J.D. from Temple University. He is a member of the New Jersey and Pennsylvania bars.

Meetings and Committees of the Board of Directors of Arpeggio

During the fiscal year ended December 31, 2005, Arpeggio s board of directors held seven meetings. Although Arpeggio does not have any formal policy regarding director attendance at annual stockholder meetings, Arpeggio will attempt to schedule its annual meetings so that all of its directors can attend. Arpeggio expects its directors to attend all board and committee meetings and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities.

Independence of Directors

In anticipation of being listed on Nasdaq, Arpeggio will adhere to the rules of Nasdaq in determining whether a director is independent. The board of directors of Arpeggio also will consult with counsel to ensure that the board s determinations are consistent with those rules and all relevant securities and other laws and regulations regarding the independence of directors. The Nasdaq listing standards define an independent director generally as a person, other than an officer of a company, who does not have a relationship with the company that would interfere with the director s exercise of independent judgment.

Arpeggio currently does not have a majority of independent directors and is not required to have one. Pursuant to an exception under the Nasdaq rules for companies that are considered to be controlled by a group of stockholders, we will not be required to have a majority of independent directors after the merger is consummated, although the members of the audit committee must be independent.

Audit Committee

Upon consummation of the merger, the board of directors will establish an audit committee with Messrs. Clymer, Doyle and Fellheimer as its members, each an independent director under Nasdaq listing standards. The purpose of the audit committee will be to appoint, retain, set compensation of, and supervise our independent accountants, review the results and scope of the audit and other accounting related services and review our accounting practices and systems of internal accounting and disclosure controls**.**

Meetings and Attendance

Since the Arpeggio audit committee will not be formed until the consummation of the merger, it did not meet in the year ended December 31, 2005.

Independent Auditors Fees

The firm of BDO Seidman, LLP is currently Arpeggio s independent registered public accounting firm. Amper, Politziner & Mattia, P.C. will serve as principal accountant after the merger.

Audit Fees

During the quarter ended March 31, 2006, the fees of Arpeggio s principal accountant were $3,900 for the review of our Quarterly Report filed on Form 10-QSB for the quarter ended March 31, 2006.

During the year ended December 31, 2005, the fees of Arpeggio s principal accountant were $23,000 for the review of our Quarterly Reports filed on Form 10-QSB and the audit of our December 31, 2005 Annual Report on Form 10-KSB.

During the fiscal year ended December 31, 2004, the fees of Arpeggio s principal accountant were $38,800 in connection with our initial public offering (financial statements included in the Form S-1 Registration Statement and Report on Form 8-K), the review of our June 30 and September 30 Quarterly Reports on Form 10-QSB and the audit of our December 31, 2004 Annual Report on Form 10-KSB.

Table of Contents

Audit-Related Fees

During the quarter ended March 31, 2006, the audit related fees charged by Arpeggio s principal accountant were $32,796, all in connection with this proxy statement.

During 2005, Arpeggio s principal accountant billed us $18,800 in respect of agreed upon procedures performed related to our proposed merger with Hill.

During 2004, Arpeggio s principal accountant did not render assurance and related services reasonably related to the performance of the audit or review of financial statements.

Tax Fees

During 2005, Arpeggio s principal accountant billed us $20,173 for tax compliance and advice. In 2004, our principal accountant did not render any tax services.

All Other Fees

During 2004 and 2005, there were no fees billed for products and services provided by the principal accountant to Arpeggio other than those set forth above.

Audit Committee Pre-Approval Policies and Procedures

Since the Arpeggio audit committee will not be formed until the consummation of the merger, the audit committee did not pre-approve any accounting-related or tax services. Such services were approved by our board of directors. However, in accordance with Section 10A(i) of the Securities Exchange Act of 1934, before Arpeggio engages its independent accountant to render audit or permitted non-audit services, the engagement will be approved by the audit committee.

Audit Committee Report

Since the Arpeggio audit committee will not be formed until the consummation of the merger, it has not yet met or prepared a committee report.

Code of Ethics

In July 2004, Arpeggio s board of directors adopted a code of ethics that applies to Arpeggio s directors, officers and employees as well as those of its subsidiaries. A copy of our code of ethics was filed as Exhibit 14 to our Quarterly Report on Form 10-QSB for the quarterly period ended June 30, 2004.

Compensation Committee Information

Upon consummation of the merger, the board of directors of Arpeggio will establish a compensation committee with Messrs. William Doyle, Alan Fellhelmer and Eric Rosenfeld as its members. The purpose of the compensation committee will be to review and approve compensation paid to our officers and to administer the company s incentive compensation plans, including authority to make and modify awards under such plans. Initially, the only plan will be the 2006 Employee Stock Option Plan.

Nominating Committee Information

Upon consummation of the merger, Arpeggio will form a nominating committee. The members will be Messrs. David Richter, Arnaud Ajdler and Brian Clymer. The nominating committee will be responsible for overseeing the selection of persons to be nominated to serve on Arpeggio s board of directors. The nominating committee will consider persons identified by its members, management, stockholders, investment bankers and others. During the period commencing with the closing of the merger and ending immediately after the 2007 annual meeting of the company, the nominees for Arpeggio s board of directors will be determined pursuant to the terms of the voting agreement and approved by the nominating committee.

Arpeggio does not have any restrictions on stockholder nominations under its certificate of incorporation or by-laws. The only restrictions are those applicable generally under Delaware corporate law and the federal proxy rules. Prior to the consummation of the merger agreement, Arpeggio has not had a nominating committee or a formal means by which stockholders can nominate a director for election. Currently the entire board of directors decides on nominees, on the recommendation of one or more members of the board. None of the current members of the board of directors is independent. Currently, the board of directors will consider suggestions from individual stockholders, subject to evaluation of the person s merits. Stockholders may communicate nominee suggestions directly to any of the board members, accompanied by biographical details and a statement of support for the nominees. The suggested nominee must also provide a statement of consent to being considered for nomination. Although there are no formal criteria for nominees, the board of directors believes that persons should be actively engaged in business endeavors.

Election of Directors; Voting Agreement

As provided in the merger agreement, upon consummation of the merger, the board of Arpeggio will initially consist of seven members. The Signing Stockholders, on the one hand, and Eric S. Rosenfeld and Arnaud Ajdler, on the other hand, have entered into a voting agreement pursuant to which they have agreed to vote for the other s designees as directors of Arpeggio until immediately following the election that will be held in 2007 as follows:

- 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 service as members of the board of directors. However, in the future, non-employee directors may receive certain cash fees, stock options and stock awards that the Arpeggio board of directors may determine to pay.

Executive Compensation

No executive officer of Arpeggio has received any cash or non-cash compensation for services rendered to Arpeggio. Each executive officer has agreed not to take any compensation prior to the consummation of a business combination.

Commencing June 24, 2004 and ending upon the consummation of the merger, Arpeggio has and will continue to pay Crescendo Advisors II LLC, an affiliate of Eric S. Rosenfeld, Arpeggio s chairman of the board of directors, chief executive officer and president, a fee of $7,500 per month for providing Arpeggio with office space and certain office and secretarial services. Other than this $7,500 per-month fee, no compensation of any kind, including finders and consulting fees, have been or will be paid to any of Arpeggio s officers. However,

Table of Contents

Arpeggio s executive officers are reimbursed for any out-of-pocket expenses incurred in connection with activities on Arpeggio s behalf such as identifying potential target business and performing due diligence on suitable business combinations.

Employment Agreements

In connection with the consummation of the merger agreement, Irvin E. Richter, Hill s chairman and chief executive officer, David L. Richter, Hill s president and chief operating officer, and Stuart S. Richter, a senior vice president of Hill, will enter into employment agreements with Arpeggio providing for them to be employed in similar positions. Each employment agreement will be for a three-year term, subject to earlier termination in certain circumstances, and may be extended by mutual agreement of the executive and Arpeggio.

The employment agreements provide for initial annual base salaries of $850,000 for Irvin Richter, $450,000 for David Richter and $300,000 for Stuart Richter. The employment agreements also provide that, in the event of the termination of an executive s employment by Arpeggio without cause (as defined in the employment agreement), Arpeggio will pay him a lump sum equal to: (i) with respect to Irvin Richter and David Richter, the remaining balance of his base salary for the remainder of the term of the agreement, but in no event less than one year s base salary, and (ii) in the case of Stuart Richter, 25% of his annual base salary then in effect. Each agreement also provides for the continuation of certain benefits upon such termination without cause, including continuation of health benefits for one year except where comparable health insurance is available from a subsequent employer.

The employment agreements contain certain restrictive covenants that prohibit the executives from disclosing information that is confidential to Arpeggio and its subsidiaries and generally prohibit them, during the employment term and for one year thereafter, from competing with Arpeggio and its subsidiaries and soliciting or hiring the employees of Arpeggio and its subsidiaries. The non-competition provision will remain in effect for four years from the closing date of the merger if the executive s employment is terminated for cause or if the executive voluntarily resigns.

BENEFICIAL OWNERSHIP OF SECURITIES

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth information regarding the beneficial ownership of our common stock as of June 5, 2006 and after consummation of the merger by:

- each person known by us to be the beneficial owner of more than 5% of our outstanding shares of common stock either on June 5, 2006 or after the consummation of the merger;
- each of our current executive officers and directors;
- each person who will become director upon consummation of the merger;
- all of our current executive officers and directors as a group; and
- all of our executive officers and directors as a group after the consummation of the merger.

This table assumes that no holder of shares of Arpeggio s common stock issued in its IPO converts such shares into cash.

	Beneficial Ownership of Our Common Stock June 5, 2006		Beneficial ownership of Our Common Stock After the Consummation of the Merger	
Name and Address of Beneficial Owner[1]	**Number of Shares**	**Percent of Class before Merger**	**Number of Shares**	**Percent of Class after Merger**
Eric S. Rosenfeld	1,200,000(2)	14.5%	1,950,000(3)	8.3%
North Pole Capital Master Fund[4]	900,000	10.8%	900,000	3.9%
Daniel L. Nir[5]	655,500(6)	7.9%	655,500(6)	2.9%
Douglas A. Hirsch[7]	600,000(8)	7.2%	600,000(8)	2.6%
Jack Silver[9]	500,000(10)	6.0%	1,314,064(11)	5.6%
Israel Englander[12]	499,000(13)	6.0%	1,477,000(14)	6.2%
Sapling, LLC[15]	417,150(16)	5.0%	417,150	1.8%
Helios Partners Fund Management, LLC[17]	408,450(18)	5.0%	408,450	1.8%
Leonard B. Schlemm[19]	60,000(20)	0.7%	100,800(21)	0.4%
Colin D. Watson[22]	60,000	0.7%	60,000	0.3%
James G. Dinan[23]	60,000	0.7%	60,000	0.3%
Jon Bauer[24]	60,000	0.7%	60,000	0.3%

Arnaud Ajdler	60,000	0.7%	60,000	0.3%
Irvin E. Richter[25]	0	0.0%	7,705,600	33.8%
David L. Richter[25]	0	0.0%	3,694,749(26)	16.2%
Brady H. Richter[25]	0	0.0%	1,926,400	8.4%
Raouf S. Ghali[25]	0	0.0%	100,392(26)	0.4%
Frederic Z. Samelian[25]	0	0.0%	83,662(26)	0.4%
Ronald F Emma[25]	0	0.0%	20,915(26)	0.1%
Stuart S. Richter[25]	0	0.0%	539,117(26)	2.4%
Brian W. Clymer[27]	0	0.0%	0	0.0%
William J. Doyle[28]	0	0.0%	0	0.0%
Alan S. Fellheimer[29]	0	0.0%	0	0.0%
All current Arpeggio directors and executive officers as a group (6 individuals)	1,500,000(30)	18.0%	2,290,800(31)	9.7%
All post-merger directors and executive officers as a group (11 individuals)	1,260,000(32)	15.2%	14,154,434(33)	60.1%

(1) Unless otherwise noted, the business address for each of the following is 10 East 53rd Street, 35th Floor, New York, New York 10022.

120

Table of Contents

(2) Includes 120,000 shares of common stock held by the Rosenfeld 1991 Children's Trust, of which Mr. Rosenfeld's wife is the sole trustee. Does not include 750,000 shares of common stock issuable upon exercise of warrants held by Mr. Rosenfeld that are not currently exercisable and may not become exercisable within 60 days.

(3) Includes the shares in footnote 2 above as well as the 750,000 shares of common stock issuable upon exercise of warrants that will become exercisable upon consummation of the merger.

(4) Represents shares held by North Pole Capital Master Fund. Polar Securities, Inc. serves as the investment manager to North Pole Capital Master Fund and accordingly controls the voting and disposition of these shares through Paul Sabourin, the Chief Executive Officer and Chief Investment Officer of Polar Securities. Additionally, Kamran Siddiqui serves as portfolio manager for Polar Securities and has discretionary authority over investments of North Pole Capital Master Fund. Does not include 49,000 and 6,000 shares of common stock individually held by Messrs. Sabourin and Siddiqui. The foregoing information was derived from a Schedule 13G filed with the Securities and Exchange Commission on May 6, 2005.

(5) Mr. Nir s business address is 950 Third Avenue, 29th Floor, New York, NY 10022.

(6) Shares reported for Daniel L. Nir include 357,692 shares of common stock held by P&S Capital Partners, LLC and 267,308 shares of common stock held by P&S Capital Management, LLC, of which Mr. Nir is the managing member. Shares reported for Mr. Nir also include shares beneficially owned by a private limited liability company, of which Mr. Nir is a managing member of the investment manager. The foregoing information was derived from Schedule 13G filed with the Securities and Exchange Commission on January 6, 2006.

(7) Mr. Hirsch s business address is c/o Seneca Capital, 950 Third Avenue, 29th Floor, New York, NY 10022.

(8) Shares reported for Douglas A. Hirsch represent shares held by Seneca Capital, L.P., Seneca Capital II, L.P., Acorn Overseas Securities Company, Seneca Capital International, Ltd. and a limited liability of which Mr. Hirsch is a managing member of the investment advisor (which investment advisor has voting and investment control over the shares held by such limited liability company). Mr. Hirsch is also the managing member of Seneca Capital Investments, LLC (which has voting and investment control over the shares held by Seneca Capital, L.P., Seneca Capital II, L.P., Acorn Overseas Securities Company and Seneca Capital International, Ltd. The foregoing information was derived from Schedule 13G filed with the Securities and Exchange Commission on January 12, 2006.

(9) Mr. Silver s business address is c/o of SIAR Capital LLC, 660 Madison Avenue, New York, NY 10021.

(10) Represents (i) 491,000 shares of common stock held by Sherleigh Associates, Inc. Profit Sharing Plan, a trust of which Mr. Silver is the trustee, and (ii) 9,000 shares of Common Stock held by Sherleigh Associates Inc. Defined Benefit Pension Plan, a trust of which Mr. Silver is the trustee. Does not include 586,400 shares of common stock issuable upon exercise of warrants owned by Sherleigh Profit and 227,664 shares of common stock issuable upon exercise of warrants owned by Sherleigh Defined, all of which warrants are not exercisable and may not become exercisable within 60 days. The foregoing information was derived from an Amendment to a Schedule 13G filed with the Securities and Exchange Commission on April 13, 2006.

(11) Includes the shares referred to in footnote 10 above as well as the 814,064 shares of common stock issuable upon exercise of warrants that will become exercisable upon consummation of the merger.

(12) The business address of Israel Englander is c/o Millennium Management, L.L.C., 666 Fifth Avenue, New York, New York 10103.

(13) Represents 499,000 shares of common stock held by Millenco, L.P. Millennium Management, L.L.C. is the general partner of Millenco, and consequently may be deemed to have voting control and investment discretion over securities owned by Millenco. Israel A. Englander is the managing member of Millennium Management. As a result, Mr. Englander may be deemed to be the beneficial owner of any shares deemed to be beneficially owned by Millennium Management. Does not include 978,000 shares of common stock issuable upon exercise of warrants owned by Millenco, all of which warrants are not exercisable and may not become exercisable within 60 days. The foregoing information was derived from an Amendment to a Schedule 13G filed with the Securities and Exchange Commission on January 24, 2006.

(14) Includes 814,064 shares of common stock issuable upon exercise of warrants that will become exercisable upon consummation of the merger.

(15) The business address of Sapling, LLC is 535 Fifth Avenue, 31st Floor, New York, New York 10017.
(16) Fir Tree Inc., of whom Jeffrey Tannenbaum is President, is the controlling person of Sapling, LLC. This information was derived from a Schedule 13G filed with the Securities and Exchange Commission on January 28, 2005.
(17) The business address of Helios Partners Fund Management, LLC is 126 East 56th Street, New York, New York 10022.
(18) Represents 408,450 shares held by Helios Partners Fund, LP and Helios Partners Offshore, Ltd. of which Helios Partners Fund Management, LLC is the investment manager and has voting and investment control over the shares held by the two funds. Robert H. Setrakian and Seth V. Setrakian are managing directors of Helios Partners Fund Management, LLC. The foregoing information was derived from a Schedule 13G filed with the Securities and Exchange Commission on April 17, 2006.
(19) The business address of Mr. Schlemm is c/o The Atwater Club, 3505 Avenue Atwater, Montreal, Quebec H3W 1Y2.
(20) Does not include 40,800 shares of common stock issuable upon exercise of warrants held by Mr. Schlemm that are not currently exercisable and may not become exercisable within 60 days.
(21) Includes 40,800 shares of common stock issuable upon exercise of warrants that will become exercisable upon consummation of the merger.
(22) The business address of Mr. Watson is 72 Chestnut Park Rd, Toronto, Ontario, M4W1W8.
(23) The business address of Mr. Dinan is c/o York Capital Management, 767 Fifth Avenue, New York, New York 10153.
(24) The business address of Mr. Bauer is 411 W. Putnam Ave., Ste 225, Greenwich, Connecticut 06830.
(25) The business address of these persons is c/o Hill International, Inc., 303 Lippincott Centre, Marlton, New Jersey 08053.
(26) The exact number of Arpeggio shares into which Hill options are converted will not be known until the closing. The amounts shown are based upon a price for Arpeggio s common stock of $5.45 per share.
(27) The business address of Mr. Clymer is c/o Prudential Financial, Inc., 751 Broad Street, Newark, New Jersey 07102.
(28) The business address of Mr. Doyle is 436 Cottage Avenue, Edgewater Park, New Jersey 08010.
(29) The business address of Mr. Fellheimer is c/o Pennsylvania Business Bank, 1819 John F. Kennedy Blvd., Suite 210, Philadelphia, Pennsylvania 19103.
(30) Does not include 790,800 shares of common stock issuable upon exercise of warrants held by our officers and directors that are not currently exercisable and may not become exercisable within 60 days.
(31) Includes 790,800 shares of common stock issuable upon exercise of warrants that will become exercisable upon consummation of the merger.
(32) Does not include 750,000 shares of common stock issuable upon exercise of warrants.
(33) Includes 750,000 shares of common stock issuable upon exercise of warrants that become exercisable upon consummation of the merger.

Table of Contents

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Arpeggio Related Party Transactions

Prior to our IPO, we issued an aggregate of 1,250,000 shares of common stock to the Arpeggio Inside Stockholders as set forth below at a purchase price of approximately $0.02 per share. Subsequent to the issuance, our board of directors authorized a 1.2-to- one forward split of our common stock on May 25, 2004, effectively lowering the purchase price to $0.016 per share. The following share numbers have been adjusted to reflect the stock split:

Name	Number of Shares	Relationship to Us
Eric S. Rosenfeld	1,080,000	Chairman of the Board, Chief Executive Officer and President
Rosenfeld 1991 Children s Trust	120,000	Stockholder
Leonard B. Schelmm	60,000	Director
Colin D. Watson	60,000	Director
James G. Dinan	60,000	Director
Jon Bauer	60,000	Director
Arnaud Ajdler	60,000	Chief Financial Officer, Secretary and Director

These shares are being held in escrow with Continental Stock Transfer & Trust Company, as escrow agent, until June 24, 2007 pursuant to an escrow agreement between us, the Arpeggio Inside Stockholders and the escrow agent. These shares will not be transferable except to their spouses, children or trusts established for their benefit and will be released prior to June 24, 2007 only if we liquidate following a business combination or upon a subsequent transaction resulting in our stockholders having the right to exchange their shares for cash or other securities.

Pursuant to a registration rights agreement dated June 22, 2004, the holders of these shares, acting by the holders of a majority thereof, are entitled to make up to two demands that Arpeggio register these shares at any time after the date on which the shares are released from escrow. In addition, these stockholders have certain piggy back registration rights on registration statements filed subsequent to the date on which the shares are released from escrow. We will bear the expenses incurred in connection with the filing of any such registration statements.

Commencing on our IPO through the consummation of the merger, we have paid or will pay Crescendo Advisors II LLC a monthly fee of $7,500 for general and administrative services.

Arpeggio has and will continue to reimburse its officers and directors for any reasonable out-of-pocket business expenses incurred by them in connection with certain activities on our behalf.

Other than the $7,500 per-month administrative fee payable to Crescendo Advisors II LLC and reimbursable out-of-pocket expenses payable to Arpeggio officers and directors, no compensation or fees of any kind, including finders and consulting fees, have been or will be paid to any of the above listed Arpeggio stockholders for the services rendered to Arpeggio prior to or in connection with the consummation of the merger.

During 2004 Eric S. Rosenfeld advanced $77,500 to Arpeggio to cover expenses related to Arpeggio s initial public offering. This loan was repaid without interest in July 2004.

All ongoing and future transactions between Arpeggio and any of its officers and directors or their respective affiliates will be on terms believed by Arpeggio to be no less favorable than are available from unaffiliated third parties and will require prior approval in each instance by a majority of the members of Arpeggio s board who do not have an interest in the transaction.

Table of Contents

Hill Related Party Transactions

From time to time, Hill has made cash advances to Irvin E. Richter, its principal stockholder. These advances are non-interest bearing and have no set repayment terms. At December 31, 2005, the balance advanced to Mr. Richter amounted to $825,000, and that balance was $1,005,000 at March 31, 2006. Pursuant to the terms of the merger agreement, these loans by Hill to Mr. Richter must be repaid in full prior to the closing of the merger.

Mr. Richter also has a personal loan of $1,850,000 from a bank that is guaranteed by Hill. As collateral for its guaranty, Hill assigned to the bank $1,850,000 of the potential proceeds of a $5,000,000 key-man life insurance policy payable to Hill in the event of Mr. Richter s death. In addition, Hill has agreed, in the event of a default on such loan, to buy back from the bank up to 500,000 shares of stock issued by Hill to Mr. Richter that have been pledged by him as collateral for the loan. Pursuant to the terms of the merger agreement, the guaranty by Hill and Hill s assignment of the life insurance proceeds and buy back obligation must be terminated prior to the closing of the merger. Mr. Richter intends to repay the loan prior to the closing of the merger.

Hill does not intend to make, maintain or renew any further loans to Mr. Richter, or to any of its executive officers (or equivalent thereof) or directors, nor does it intend to arrange for the extension of credit to any of its executive officers (or equivalent thereof) or directors.

A trial related to an investment made by Hill (the Tickets.com legal matter) was concluded in April 2004, and resulted in an order that the plaintiffs, Hill and R4 Holdings, LLC (R4), pay the defendants court costs of approximately $495,500. R4 is 100% owned and controlled by Irvin E. Richter, Hill s Chief Executive Officer. Hill and R4 have appealed this ruling and they believe that there are meritorious grounds for reversal. Pending the outcome of the appeal, the order to pay any court costs has been stayed. R4 and Mr. Richter have agreed with Hill that they will make full payment of this amount should the ruling be upheld.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities and Exchange Act of 1934, as amended, requires Arpeggio directors, officers and persons owning more than 10% of Arpeggio s common stock to file reports of ownership and changes of ownership with the Securities and Exchange Commission. Based on its review of the copies of such reports furnished to Arpeggio, or representations from certain reporting persons that no other reports were required, Arpeggio believes that all applicable filing requirements were complied with during the fiscal years ended December 31, 2004 and December 31, 2005.

Table of Contents

DESCRIPTION OF ARPEGGIO COMMON STOCK AND OTHER SECURITIES

General

The certificate of incorporation of Arpeggio authorizes the issuance of 30,000,000 shares of common stock, par value $.0001, and 1,000,000 shares of preferred stock, par value $.0001. As of the record date, 8,300,000 shares of common stock were outstanding and no shares of preferred stock were outstanding.

Common Stock

The holders of common stock are entitled to one vote for each share held of record on all matters to be voted on by stockholders. In connection with the vote required for any business combination, all of the existing stockholders, including all officers and directors of Arpeggio, have agreed to vote their respective shares of common stock owned by them immediately prior to the IPO in accordance with the vote of the public stockholders owning a majority of the shares of Arpeggio s outstanding common stock. This voting arrangement does not apply to shares included in units purchased in the IPO or units, common stock or warrants purchased following the IPO in the open market by any of Arpeggio s stockholders, officers and directors. Arpeggio s stockholders, officers and directors may vote their shares in any manner they determine, in their sole discretion, with respect to any other items that come before a vote of our stockholders.

Arpeggio will proceed with the merger only if the stockholders who own at least a majority of the shares of common stock sold in the IPO vote in favor of the merger and stockholders owning less than 20% of the shares sold in the IPO exercise conversion rights discussed below.

Our board of directors is divided into three classes, each of which will generally serve for a term of three years with only one class of directors being elected in each year. There is no cumulative voting with respect to the election of directors, with the result that the holders of more than 50% of the shares voted for the election of directors can elect all of the directors.

If Arpeggio is required to liquidate, the holders of Arpeggio common stock purchased in the IPO will be entitled to share ratably in the trust account, inclusive of any interest, and any net assets remaining available for distribution to them after payment of liabilities. Holders of common stock issued prior to Arpeggio s IPO have agreed to waive their rights to share in any distribution with respect to common stock owned by them prior to the IPO if Arpeggio is forced to liquidate.

Holders of Arpeggio common stock do not have any conversion, preemptive or other subscription rights and there are no sinking fund or redemption provisions applicable to the common stock, except that the holders of Arpeggio common stock acquired in the IPO have the right to have their shares of common stock converted to cash equal to their pro rata share of the trust account if they vote against the merger and the merger is approved and completed. Holders of common stock who convert their stock into their share of the trust account still have the right to exercise the warrants that they received as part of the units.

Preferred Stock

The certificate of incorporation of Arpeggio authorizes the issuance of 1,000,000 shares of a blank check preferred stock with such designations, rights and preferences as may be determined from time to time by Arpeggio s board of directors. Accordingly, Arpeggio s board of directors is empowered, without stockholder approval, to issue preferred stock with dividend, liquidation, conversion, voting or other rights which could adversely affect the voting power or other rights of the holders of common stock, although Arpeggio has entered into an underwriting agreement which prohibits Arpeggio, prior to a business combination, from issuing preferred stock which participates in any manner in the proceeds of the trust account, or which votes as a class with the common stock on a business combination. Arpeggio may issue some or all of the preferred stock to effect a business combination. In addition, the preferred stock could be utilized as a method of discouraging, delaying or preventing a change in control of Arpeggio. There are no shares of preferred stock outstanding and Arpeggio does not currently intend to issue any preferred stock.

Table of Contents

Warrants

Arpeggio currently has outstanding 13,600,000 redeemable common stock purchase warrants. Each warrant entitles the registered holder to purchase one share of our common stock at a price of $5.00 per share, subject to adjustment as discussed below, at any time commencing on the completion of the merger. The warrants expire on June 23, 2008 at 5:00 p.m., New York City time. Arpeggio may call the warrants for redemption;

- in whole and not in part;
- at a price of $.01 per warrant at any time after the warrants become exercisable;
- upon not less than 30 days prior written notice of redemption to each warrant holder; and
- if, and only if, the reported last sale price of the common stock equals or exceeds $8.50 per share, for any 20 trading days within a 30 trading day period ending on the third business day prior to the notice of redemption to warrant holders.

The exercise price and number of shares of common stock issuable on exercise of the warrants may be adjusted in certain circumstances including in the event of a stock dividend or Arpeggio s recapitalization, reorganization, merger or consolidation. However, the warrants will not be adjusted for issuances of common stock at a price below the exercise price.

The warrants may be exercised upon surrender of the warrant certificate on or prior to the expiration date at the offices of the warrant agent, with the exercise form on the reverse side of the warrant certificate completed and executed as indicated, accompanied by full payment of the exercise price, by certified check payable to Arpeggio, for the number of warrants being exercised. The warrant holders do not have the rights or privileges of holders of common stock and any voting rights until they exercise their warrants and receive shares of common stock. After the issuance of shares of common stock upon exercise of the warrants, each holder will be entitled to one vote for each share held of record on all matters to be voted on by stockholders.

No warrants will be exercisable unless at the time of exercise a prospectus relating to common stock issuable upon exercise of the warrants is current and the common stock has been registered or qualified or deemed to be exempt under the securities laws of the state of residence of the holder of the warrants. Under the terms of a warrant agreement, Arpeggio has agreed to maintain a current prospectus relating to common stock issuable upon exercise of the warrants until the expiration of the warrants. However, there is no assurance that Arpeggio will be able to do so. The warrants may be deprived of any value and the market for the warrants may be limited if the prospectus relating to the common stock issuable upon the exercise of the warrants is not current or if the common stock is not qualified or exempt from qualification in the jurisdictions in which the holders of the warrants reside.

We have engaged EarlyBirdCapital, the representative of the underwriters of Arpeggio s IPO, on a non-exclusive basis, as our agent for the solicitation of the exercise of the warrants. To the extent not inconsistent with the guidelines of the NASD and the rules and regulations of the SEC, we have agreed to pay the representative for bona fide services rendered a commission equal to *5%* of the exercise price for each warrant exercised more than one year after the date of our IPO if the exercise was solicited by the underwriters. In addition to soliciting, either orally or in writing, the exercise of the warrants, the representative s services may also include disseminating information, either orally or in writing, to warrantholders about us or the market for our securities, and assisting in the processing of the exercise of warrants. No compensation will be paid to the representative upon the exercise of the warrants if:

the market price of the underlying shares of common stock is lower than the exercise price;

the holder of the warrants has not confirmed in writing that EarlyBirdCapital, Inc. solicited the exercise;

the warrants are held in a discretionary account;

the warrants are exercised in an unsolicited transaction; or

the arrangement to pay the commission is not disclosed in the prospectus provided to warrantholders at the time of exercise.

Table of Contents

PRICE RANGE OF ARPEGGIO SECURITIES AND DIVIDENDS

Arpeggio s units, common stock and warrants are quoted on the OTCBB under the symbols APGOU, APGO and APGOW, respectively. The following table sets forth the range of high and low closing bid prices for the units, common stock and warrants for the periods indicated since the units commenced public trading on June 25, 2004 and since the common stock and warrants commenced public trading on July 7, 2004. The over-the-counter market quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily reflect actual transactions.

	Units		Common Stock		Warrants	
	High	Low	High	Low	High	Low
2006:						
Second Quarter (through May 16, 2006)	$ 9.20	$ 7.65	$ 6.50	$ 5.50	$ 1.40	$ 1.10
First Quarter	$ 8.40	$ 6.97	$ 5.88	$ 5.35	$ 1.18	$ 0.83
2005:						
Fourth Quarter	$ 7.04	$ 6.26	$ 5.37	$ 5.22	$ 0.84	$ 0.50
Third Quarter	$ 7.10	$ 6.20	$ 5.40	$ 5.07	$ 0.92	$ 0.56
Second Quarter	$ 7.25	$ 6.75	$ 5.55	$ 5.14	$ 1.00	$ 0.71
First Quarter	$ 8.00	$ 6.75	$ 5.55	$ 5.00	$ 1.14	$ 0.80
2004:						
Fourth Quarter	$ 6.65	$ 5.95	$ 5.09	$ 4.70	$ 0.83	$ 0.58
Third Quarter	$ 6.25	$ 5.85	$ 4.95	$ 4.73	$ 0.80	$ 0.55
Second Quarter	$ 6.20	$ 6.00	N/A	N/A	N/A	N/A
First Quarter (IPO was not effective)						

Holders of Arpeggio common stock, warrants and units should obtain current market quotations for their securities. The market price of Arpeggio common stock, warrants and units could vary at any time before the merger.

In connection with the merger, Arpeggio and Hill will use their reasonable best efforts to obtain the listing for trading on Nasdaq of Arpeggio common stock, warrants and units. Arpeggio believes it will meet the Nasdaq listing requirements because, upon consummation of the merger, it will have (i) a market value of listed securities of at least $50 million, (ii) over one million publicly held shares, (iii) a market value of publicly held shares in excess of $5 million, (iv) a minimum bid price of $4.00, (v) over 300 round lot shareholders, and (vi) at least three market makers who will make a market in its securities. In the event Arpeggio s common stock, warrants and units are listed on Nasdaq at the time of the closing of the merger, the symbol will change to one determined by Arpeggio and Nasdaq that is reasonably representative of the corporate name or business of Arpeggio. If the listing on Nasdaq is not finally approved, it is expected that the common stock, warrants and units will continue to be quoted on the OTCBB.

Holders

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

Dividends

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

Table of Contents

EXPERTS

The consolidated financial statements of Hill at December 31, 2005 and January 1, 2005 and for each of the three years in the period ended December 31, 2005, included in the proxy statement, have been audited by Amper, Politziner & Mattia, P.C., independent registered public accounting firm, as set forth in their report appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

The financial statements of Arpeggio at December 31, 2005 and 2004 and for the year ended December 31, 2005, the period from April 2, 2004 (inception) to December 31, 2004, and the period from April 2, 2004 (inception) to December 31, 2005, included in this proxy statement have been audited by BDO Seidman, LLP, independent registered public accounting firm, as set forth in their report appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

Representatives of Amper, Politziner & Mattia, P.C., and BDO Seidman, LLP, will be present at the stockholder meeting or will be available by telephone with the opportunity to make statements and to respond to appropriate questions.

WHERE YOU CAN FIND MORE INFORMATION

Arpeggio files reports, proxy statements and other information with the Securities and Exchange Commission as required by the Securities Exchange Act of 1934, as amended. You may read and copy reports, proxy statements and other information filed by Arpeggio with the Securities and Exchange Commission at the Securities and Exchange Commission public reference room located at Judiciary Plaza, 100 F Street, N.E., Room 1024, Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the Securities and Exchange Commission at 1-800-732-0330. You may also obtain copies of the materials described above at prescribed rates by writing to the Securities and Exchange Commission, Public Reference Section, 100 F Street, N.E., Washington, D.C. 20549. You may access information on Arpeggio at the Securities and Exchange Commission web site containing reports, proxy statements and other information at: http://www.sec.gov.

Information and statements contained in this proxy statement, or any annex to this proxy statement incorporated by reference in this proxy statement, are qualified in all respects by reference to the copy of the relevant contract or other annex filed as an exhibit to this proxy statement or incorporated in this proxy statement by reference.

All information contained in this document relating to Arpeggio has been supplied by Arpeggio and all such information relating to Hill has been supplied by Hill. Information provided by one does not constitute any representation, estimate or projection of the other.

If you would like additional copies of this document or would like to request, without charge, any and all information that has been incorporated by reference in the proxy statement, or if you have questions about the merger, you should contact, orally or in writing:

Mr. Eric S. Rosenfeld	- or -	Mackenzie Partners, Inc.
Chairman, Chief Executive Officer and President		150 Madison Avenue
Arpeggio Acquisition Corporation		New York, New York 10016
10 East 53rd Street, 35th Floor		Phone: (800) 322-2885
New York, New York 10022		Fax: (212) 929-0308
Phone: (212) 319-7676		

Table of Contents

INDEX TO FINANCIAL STATEMENTS