

RIGHTS OFFERING CONSIDERATIONS

Price:	___% of the market price on the rights offering record date. ___% of average market price for ___day period prior to rights offering record date.
Shares offered; subscription ratio:	How many shares should be offered as a percentage of the currently outstanding shares? How many rights should be required to be exercised to purchase one share?
Record date:	Must be announced at least 10 days before actual date established. Typically the record date will be timed to coincide with the effective date of the registration statement.
Duration:	No less than ___ calendar days following mailing. Typically the duration is no less than 16 days due to NYSE Rules; often lasts 30 days but can be longer.
Coordination with stock exchange:	If shares trade on a national exchange, certain requirements must be met, including notification and timing requirements. Consider coordinating the deal timeline with the exchange to ensure all requirements are met.
Trading of rights:	Determine if rights will be transferable or non-transferable. If transferable, rights will be traded on the same exchange as the shares.
Over-subscription privilege:	If the transaction includes an over-subscription privilege, the number of shares allocated to shareholders upon the exercise of such privilege should be in proportion to the number of shares subscribed for by each shareholder during the original offering, and should not be based on the number otherwise requested under the over-subscription privilege.
Step-up procedure:	To avoid fractions, in the usual case, rights are rounded up so an additional share may be acquired.
Underwriter:	Will the rights offering be underwritten?

Standby purchaser: Will the issuer execute an agreement with a standby purchaser to ensure a minimum number of shares are sold?

This is important if the issuer has specific capital raising needs.

Regulatory filings: Listing application must be filed with relevant exchange.

Registration statement and Form 8-K must be filed with the SEC.

Activities requiring record dates: Consider any upcoming events or activities, such as an annual shareholders meeting, prior to announcing a rights offering.

The issuer should avoid any event or activity that requires setting a record date during the rights offering process to avoid having different shareholders of record for different purposes. NYSE Rules state that record dates for other purposes must be avoided between the record date for the rights offering through seven business days after the expiration date for such rights offering.

Legal considerations: Are there any existing preemptive rights by charter or by contract?

Will the rights offering result in an inadvertent change of control? To avoid inadvertent change of control, the standby purchaser, if any, may want to put a cap on the number of shares that it may acquire.

Will additional shares need to be included in the registration statement? If the issuer has a controlling shareholder, the controlling shareholder (because it is an affiliate) will need to have the resale by it of the shares underlying its rights registered in the registration statement.

How does a standby purchaser sell its shares following the rights offering? Standby purchasers reselling shares after the holding period will need a prospectus supplement.