Traditional IPO vs. Merging with a SPAC

	TRADITIONAL IPO	MERGING WITH A SPAC
TIMING	A traditional IPO generally will require four to six months.	Merging with a SPAC may require three to four months from the entry into the letter of intent.
PRICING AND VALUATION	While, with a traditional IPO, equity research analysts may provide some insight on pricing, and additional insight may be gleaned from test the waters meetings, pricing uncertainty may exist until the end of the roadshow.	Valuation will be set when the definitive merger agreement is announced; however, the terms may be renegotiated depending on market conditions and SPAC stockholder reaction.
EXPOSURE TO MARKET VOLATILITY	A traditional IPO may be subject to market uncertainty; IPO windows may open and close unexpectedly.	A SPAC merger with a SPAC may be less impacted by market volatility.
FINANCIAL STATEMENT REQUIREMENTS	An EGC may benefit from the financial statement accommodations.	Target will be required to produce the same types of financial statements required in connection with an IPO. The target may have to produce pro formas and may need to restate financial statements following completion of the merger.
OTHER DISCLOSURE REQUIREMENTS	An EGC may rely on the accommodations available to it.	Target will be required to produce the same disclosures that would have been required of it in an IPO; however, target will not benefit from review and comments from underwriters.
CONFIDENTIAL REVIEW	An IPO issuer may benefit from the confidential review process.	The proxy statement or proxy/prospectus will be filed publicly.
ROAD SHOW	An IPO issuer's management will be required to devote considerable time to road show presentations; however an IPO issuer that is not a shell company can benefit from a taped road show. The road show may provide useful feedback from institutional investors.	Target will be required to engage in presentations to the SPAC sponsors as well as usually undertake investor meetings for potential PIPE investors. SPACs cannot rely on the communications safe harbors available to operating companies; SPACs cannot use FWPs or rely on the taped road shows.
DILIGENCE	Issuer will be subject to a diligence review by the underwriters and their counsel.	The SPAC and its counsel and financial advisers, and the PIPE placement agent, its counsel and the potential PIPE investors may all undertake diligence.
FORECASTS	No use of projections in an IPO prospectus or road show prospectus.	The target will include projections in the proxy statement. These projections also will be shared with potential PIPE investors.
CORPORATE AND OTHER APPROVALS	Generally, most VC-backed or PE-backed companies will have addressed the mechanics for conversion of any preferred stock upon occurrence of a qualifying IPO.	The target may need to negotiate with existing stockholders to obtain approvals for the merger with the SPAC.
TRANSACTION COSTS	Legal, accounting, underwriting and other costs will be substantial.	Costs may be comparable to, or exceed, those associated with, an IPO.
LIQUIDITY POST-IPO	Post-IPO, the underwriters will generally make a market in the issuer's stock.	SPAC stockholders may not be interested in the continuing company; there will not necessarily be a market maker.
RESEARCH COVERAGE	Generally, the equity research analysts associated with the underwriters will provide research coverage.	There may not be as much certainty regarding research coverage following the SPAC merger.
RULE 144	Available to stockholders subject to compliance with applicable conditions.	Rule 144 will not be available for one year following completion of the merger.
EGC STATUS	EGC status may continue to be available for up to five years.	Given that the SPAC, which was an EGC, may have completed its IPO sometimes prior to the merger, the target may not have a full five years of EGC status.
WKSI STATUS	A traditional IPO issuer may initially be eligible to qualify as a WKSI subject to meeting the public first and other requirements.	A former SPAC will remain an ineligible issuer for three years following the completion of the merger.

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