

Confidential Private
Placement Memorandum

\$1,000,000 in Common Stock Shares

NOT FOR PUBLIC RELEASE

The Company

16th Floor, 90 Park Avenue
New York, NY 10016
718-535-5981
1-888-R2F-0708

The Offering

	Minimum Purchase	Total
Price	\$5,000	\$1,000,000
Underwriting Discounts	\$0.00	\$0.00
Offering Expense	\$0.00	\$0.00
Proceeds to The Company	\$5,000	\$1,000,000

This document is the Regulation D, Rule 506 Private Placement Memorandum for R² Financials Inc. The offering price may not reflect the market price of the Common Shares after the offering. The Company will have access to any and all of the subscribed funds only when the amount exceeds \$100,000. Total of \$7,500 in offering costs.

This investment involves a high degree of risk. You should purchase Common Shares only if you can afford a complete loss. See "Risk Factors" beginning on page 5.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this confidential Private Placement Memorandum is truthful or complete. Any representation to the contrary is a criminal offense.

Date of this Memorandum is July 15, 2005

Name of Offeree _____

PPM No. _____

IMPORTANT NOTICE ABOUT THIS MEMORANDUM

The information contained in this Private Placement Memorandum is confidential and is furnished for use only by potential investors. Each potential investor agrees that he/she will not transmit, reproduce, or make available this Private Placement Memorandum or any related exhibits or documents to any other person or entity. Any action to the contrary may place the potential investor in violation of various state and/or federal securities acts.

The Securities offered are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act of 1933 (the “Act of 1933”) and the applicable state securities laws, pursuant to registration or exemption therefrom. Investors should be aware that they will be required to bear the financial risks of this investment for an indefinite period of time. The securities offered hereby involve a high degree of risk with immediate

substantial dilution and should only be purchased by those who can afford to lose all or part of their investment. (See “Risk Factors” for more information.)

These securities have not been registered under the Act of 1933 nor any other applicable securities law. These securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission nor has the Securities and Exchange Commission or any state securities commission passed upon the accuracy or adequacy of the confidential Private Placement Memorandum. Any representation to the contrary is a criminal offense.

These securities are offered to investors pursuant to the non-public offering exemption from registration with the Securities and Exchange Commission provided by Regulation D, Rule 506, and/or Section 4(2) of the Act of 1933. (See “Suitability Information”)

This Private Placement Memorandum does not constitute an offer to sell any Common Shares in any jurisdiction or to any person to whom it is unlawful to make such offer in such jurisdiction. The shares will be offered by the Company through its Officers, on a “best efforts” basis. Purchases of the Common Stock will be sold at a price of \$1.00 per share.

Payment for the shares offered hereby should be made payable to the order of “R² Financials, Inc.” (See “Subscription and Plan of Distribution”)

No dealer, salesman or other person unaffiliated with the Company has been authorized by the Company to give any information or make any representations other than those contained in this Private Placement Memorandum in connection with the offering described herein, and if given or made, such information or representations must not be relied upon as having been authorized by the Company. This Memorandum does not constitute an offer or solicitation by any one in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. Neither the delivery of this Memorandum nor any sales made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the Company since the date hereof.

The Company has agreed to make available to each investor, upon request, a copy of the Private Placement Memorandum, and to answer any questions of, and receive answers from, the Company or any persons acting on its behalf concerning the terms and conditions of this offering, and to obtain any additional information, to the extent that the Company possesses such information or can acquire it without unreasonable effort or expense, necessary to verify the accuracy of the information set forth herein.

This Private Placement Memorandum contains summaries believed to be accurate with respect to certain terms of certain documents, but reference hereby is made to the actual documents (copies of which will be made available to prospective investors upon request to the Company) for complete information with respect thereto, and all such summaries are qualified in their entirety by such reference.

The Securities and Exchange Commission does not pass judgement upon the merits of any securities offered or the terms of the offering, nor does it pass judgement upon the accuracy or completeness of, or give its approval to, any offering memorandum or other selling literature. These securities are offered pursuant to an exemption from registration with the Securities and Exchange Commission; however, the Securities and Exchange Commission has not made an independent determination that the securities offered hereunder are exempt from registration. The securities

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IMPORTANT NOTICE ABOUT THIS MEMORANDUM

may not be transferred by the investor in this offering in the absence of an effective registration statement unless the prospective transferee establishes, to the satisfaction of the Company, that an exemption from registration is available. (See “Description of Securities”)

The securities offered hereby have not been registered with nor approved or disapproved by the Securities and Exchange Commission nor by the securities regulatory authority of any state, nor has any such authority passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Memorandum. Any representation to the contrary is unlawful.

Investment in the securities may not be suitable for individuals or entities who do not meet the suitability requirements established by the Company, or who cannot afford a non-liquid, speculative investment. (See “Risk Factors” and “Subscription and Plan of Distribution”)

IF YOU OR YOUR ADVISOR(S) DESIRE ADDITIONAL INFORMATION,
YOU SHOULD CONTACT THE COMPANY:



16th Floor, 90 Park Avenue
New York, NY 10017
info@r2financials.com

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SUITABILITY INFORMATION

A purchase of the Common Shares offered hereunder involves a high degree of risk and is suitable only for persons having adequate resources and who understand the long-term nature and risk factors associated with this investment. Investors must be able to bear the economic risk of an investment for an indefinite period of time, and can at the present time, afford a substantial loss of such investment, and have sufficient knowledge and experience in financial matters that they are capable of evaluating the financial aspects of the investment.

CONDITIONS OF THE OFFERING

All checks received from subscribers will be immediately available to the Company once escrow of \$100,000 is achieved. Upon the acceptance of the subscriptions, certificates representing the Shares in the name of the purchasers will be delivered to the Purchasers. The offering will continue until August 15, 2005, or until such future date as the Company elects to terminate this offering. The Company reserves the right, in its discretion, to refuse to accept any subscription or to require the subscriber to pay the minimum contributions less the

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GENERAL SUITABILITY STANDARDS

Each investor will be required to represent in writing that:

- The investor is acquiring the Common Shares for investment for his/her own account and not with a view to resale or distribution;
- The investor's overall commitment to investments, which are not readily marketable, is not disproportionate to the investor's net worth; and the investment in the Common Shares will not cause such overall commitment to become excessive;
- The investor has sufficient knowledge and experience in financial matters that he/she is capable of evaluating the merits and risks of the investment, can bear the economic risk of an investment for an indefinite period of time, and can at the present time afford a substantial loss of his/her investment; and
- The investor has evaluated the merits and risks of investing in the Common Shares.

These general standards represent minimum requirements for prospective investors and do not necessarily mean that these securities are a suitable investment for any investor meeting these requirements. Moreover, the Company reserves the right to modify the suitability standards on a case-by-case basis in view of an investor's financial circumstances or investment experience.

The subscription documents that accompany this Memorandum are designed to elicit information necessary to enable the Company to determine the suitability of a prospective investor and to assure that the offering complies with the applicable state and federal securities laws. The information supplied in those documents will be reviewed to determine the suitability of prospective investors, and the Company will have the right to refuse any subscription, if in its discretion it believes that the prospective investor does not meet the applicable suitability standards or that the Common Shares are otherwise an unsuitable investment for

A subscriber for the Common Shares hereunder shall be required to deliver to the Company the following documents:

- Subscriber Suitability Questionnaire;
- Subscription Agreement; and
- Check payable to "R² Financials, Inc." Minimum purchase \$5,000. Certificates will not be issued until the total subscription amount is paid in full and the company has closed the offering.

INFORMATION FOR RESIDENTS OF CERTAIN STATES

FOR ARIZONA INVESTORS ONLY:

These securities have not been registered under the Arizona Securities Act in reliance upon an exemption from registration pursuant to R.S. Section 44-1844 (1) and therefore cannot be resold unless they are also registered or unless an exemption from registration is available.

FOR CALIFORNIA INVESTORS ONLY:

These securities have not been registered under the Act of 1933, as amended, or the California Corporations Code by reason of specific exemptions thereunder relating to the limited availability of the offering. These securities cannot be sold, transferred, or otherwise disposed of to any person or entity unless subsequently registered under the Act of 1933, as amended, or the California Corporations Code, if such registration is required.

All offers or sales of these securities are subject to the following restrictions: it is unlawful to consummate a sale or transfer of this security, or any interest therein, or to receive any consideration therefore without the prior written consent of the Commissioner of Corporations of the State of California, except as permitted in the commissioner's rules. Upon any transfer in whole or in part of any of the interests or interests therein to California residents or to, in, or from California, any documents or assignments of transfer must bear the same legend.

FOR COLORADO INVESTORS ONLY:

The securities have not been registered under the Act of 1933, as amended, or the Colorado Securities Act of 1991 by reason of specific exemptions thereunder relating to the limited availability of the offering. These securities cannot be resold, transferred, or otherwise disposed of to any person or entity unless subsequently registered under the Act of 1933, as amended, or the Colorado Securities Act 1991, if such registration is required.

FOR FLORIDA INVESTORS ONLY:

Pursuant to §517.061(11) of the Florida Securities Act, these securities have not been registered under the Act of 1933 nor any other applicable securities law. These securities have not been approved or disapproved

by the Securities and Exchange Commission or any state securities commission nor has the Securities and Exchange Commission or any state securities commission passed upon the accuracy or adequacy of the confidential Private Placement Memorandum. Any representation to the contrary is a criminal offense.

FOR NEW HAMPSHIRE INVESTORS ONLY:

Neither the fact that a registration statement or an application for a license under this chapter has been filed with the State of New Hampshire nor the fact that a security is effectively registered or a person is licensed in the State of New Hampshire constitutes a finding by the secretary of state that any document filed under RSA 421-b is true, complete and not misleading. Neither any such fact nor the fact that an exemption or exception is available for a security or a transaction means that the secretary of state has passed in any way upon the merits or qualifications of, or rec- any person, security, or transaction, or cause to be made, to any prospective purchaser, customer, or client any representation inconsistent with the provisions of this paragraph.

FOR NEW YORK INVESTORS ONLY:

This Private Placement Memorandum has not been reviewed by the attorney general prior to its issuance and use. The attorney general of the State of New York has not passed on or endorsed the merits of this offering. Any representation to the contrary is unlawful.

FOR PENNSYLVANIA INVESTORS ONLY:

Each person who accepts an offer to purchase securities exempted from registration by Section 203(d), directly from the issuer or affiliate of this issuer, shall have the right to withdraw his or her acceptance without incurring any liability to the seller, underwriter (if any), or any other person within two (2) business days from the date of receipt by the issuer of his or her written binding contract of purchase or, in the case of a transaction in which there is no binding contract of purchase, within two (2) business days after he/she makes the initial payment for the securities being offered. If you have accepted an offer to purchase these securities made pursuant to a prospectus which contains a notice explaining your right to withdraw your acceptance pursuant to Section 207 (m) of the

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INFORMATION FOR RESIDENTS OF CERTAIN STATES

Pennsylvania Securities Act of 1972 (70 p.S. § 1-207(m)), you may elect, within two (2) business days after the first time you have received this notice and a prospectus to withdraw from your purchase agreement and receive a full refund of all monies paid by you. Your withdrawal will be without any further liability to any person. To accomplish this withdrawal, you need only send a letter or telegram to the issuer (or underwriter if one is listed on the front page of the prospectus) indicating your intention to withdraw. Such letter or telegram should be sent and postmarked prior to the end of the aforementioned second business day. If you are sending a letter, it is prudent to send it by certified mail, return receipt requested, to ensure that it is received and also evidence the time when it was mailed. Should you make this request orally, you should ask written confirmation that your request has been received.

14-2n of the Utah Uniform Securities Act as amended, and may not be sold, transferred, pledged, or hypothecated except in a transaction which is exempt under the Act of 1933 or in a transaction which is otherwise in compliance with the Act of 1933 and for which an opinion of counsel satisfactory to the issuer is provided stating that such registration is not required.

ALL STATES:

The presence of a legend for any given state reflects only that a legend may be required by the state and should not be construed to mean an offer or sales may be made in any particular state. This Memorandum may be supplemented by additional state legends. If you are uncertain as to whether or not offers or sales may be lawfully made in any given state, you are advised to contact company officers for a current list of states in which offers or sales may be lawfully made.

FOR TEXAS INVESTORS ONLY:

The securities offered hereunder are not registered under applicable Texas securities laws and, therefore, any purchaser thereof must bear the economic risk of the investment for an indefinite period of time because the securities cannot be resold unless they are subsequently registered under such securities laws or an exemption from such registration is available. Further, pursuant to §109.13 under the Texas Securities Act, the Company is required to apprise prospective investors of the following: a legend shall be placed, upon issuance, on certificates representing securities purchased hereunder, the transfer agent for the company shall be issued "stop transfer" instructions with respect to the securities purchased hereunder, and any purchaser hereunder shall be required to sign a written agreement that he/she will not sell the subject securities without registration under applicable securities laws, or exemptions therefrom.

FOR UTAH INVESTORS ONLY:

The securities offered hereby are being sold pursuant to an exemption from registration under Section 61-1-

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TABLE OF CONTENTS

SUITABILITY INFORMATION iv

INFORMATION FOR RESIDENTS OF CERTAIN STATES v

SUMMARY OF THE OFFERING 2

SELECTED FINANCIAL DATA 5

INVESTMENT CONSIDERATIONS 6

 RISK FACTORS 6

 RISK FACTORS RELATING TO THE COMPANY 6

 RISK FACTORS RELATING TO THE OFFERING 7

 USE OF PROCEEDS 10

DILUTION 11

MANAGEMENT 12

SECURITY OWNERSHIP 14

DESCRIPTION OF SECURITIES 15

SUBSCRIPTION AND PLAN OF DISTRIBUTION 16

SUBSCRIBER SUITABILITY QUESTIONNAIRE 18

SUBSCRIPTION AGREEMENT DETACHED IN BACK

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SUMMARY OF THE OFFERING

The following summary is qualified in its entirety by the more detailed information and the “Selected Financial Data” thereto appearing elsewhere in this Private Placement Memorandum. This Private Placement Memorandum may contain, in addition to historical information, forward-looking statements that involve risks and uncertainties. The Company’s actual results could differ significantly from the results discussed in the forward-looking statements. Factors that could cause or contribute to such differences include those discussed in “Risk Factors” as well as those discussed elsewhere in this Private Placement Memorandum.

THE COMPANY

R² Financials, Inc. is an early stage venture capital and investment firm focused on ethical and Shari’ah-compliant investments in a variety of sectors. The first investment the company will make will be with First Islamic Brokers and First Ethical Brokers. Through its first investment, R² Financials anticipates that over 1.3 billion Muslims worldwide will have access to the Dow Jones Islamic Market Index and be able to finance investments that are in full compliance with the letter and the spirit of Shari’ah-compliance. The firm seeks to provide unusually high profit returns on its investments, while at the same time improving social and cultural conditions in the areas and lives affected by its investments.

Entrepreneurs with the vision and determination to bring new technologies to the marketplace have built the dominant companies of today and will build the dominant companies of the future. The goals of R² Financials, a Venture Capital Management Company is to partner with visionary entrepreneurs and help create valuable new companies and important new industries by investing early-stage capital in exciting, new, technology-based opportunities.

R² Financials, Inc. is a premier early stage venture capital and investment firm focusing on Ethical and Shari’ah-compliant investments in Capital & Money markets, Professional services, Financial services, Retail sector, Information Technology, Textiles, Telecommunications, Corporate/Consumer leasing and Real estate throughout the world. The company was founded based on the urgent need in the Islamic community to have a dependable, trusted source of Shari’ah-compliant financial services and investment options all over the world.

The management of R² Financials believes in adding value to their customers' lives and businesses through dynamic and competitive products and services that fulfill their needs while conforming completely to the dictates of Shari’ah and Ethical Standards. At the same time, the firm endeavors to deliver competitive risk adjusted returns to its stakeholders. R² Financials aggregates investments from investors seeking superior returns, while maintaining strict compliance with both ethical investment criteria and Shari’ah standards.

The company will sponsor the issuance of Investment Funds and Subordinated Debt, which offer various maturities, risk thresholds and projected rates of return.

These Shari’ah-compliant financial instruments allow small to medium-sized investors to participate in transactions that would normally be out of their reach. R² Financials management carefully manages the investments entrusted to their care to ensure that maximum rates of return are made, while protecting the principle investment. Careful efforts are made to maximize the use of funds. If longer-term investments are not immediately available when investments are made, shorter term investments are undertaken to ensure that the funds are not left idle.

The company seeks out investment opportunities within the communities from which its investors come, as well as in other geographical areas where superior returns and investment safety are available. All investments are required to pass stringent ethical standards as well as Shari’ah-compliance. The firm seeks to provide unusually high profit returns on its investments, while at the same time improving social and cultural conditions in the areas and lives affected by its investments.

Every deal, project or opportunity reviewed by the firm must pass a series of tests to determine the appropriateness of the investment and the likelihood of its success. Objective standards are applied to the prospective investment candidate to verify that it meets the firm’s high standards. After a deal, project or opportunity passes the initial review process, the firm determines the best funding strategy for the candidate and makes the investment. Then a mentoring process is undertaken to shepherd the project along and ensure its success. Success milestones are clearly defined and acknowledged by all participants in every transaction and carefully monitored to verify that they are met. Wherever possible, R² Financials arranges for synergistic relationships between the principles of its investment projects, to further strengthen its investments.

R² Financials, Inc will provide the following products and services:

- Saving Products and Services
- Venture Capital and Business Financing Services
- Business Management and Advisory Services
- Fund Raising and Investment banking Services
- Venture Capital Networking

R² Financials earns it revenue from the following sources:

- Islamic Financing Product Development
- Investor Networking and Fund Raising

- Venture Capital Analysis
- Long Term Venture Investments
- Short Term Business Financing and Loans
- Emerging Real Estate and Capital Market Investments
- Business Financial & Management Advisory and Mentoring

4. 50%-A, 30%-B, 20%-C, 00%-D, 00%-E
5. 70%-A, 10%-B, 20%-C, 00%-D, 00%-E
6. 05%-A, 20%-B, 05%-C, 65%-D, 05%-E

R² Financials plans to raise funds from the following sources:

- General Savers
- High Net Investors
- Financial Institutions
- International Banks

R² Financials connects savers and investors to entrepreneurs through its investment and saving products. People invest in different investment/saving products which are channeled back to the entrepreneurs as investment in their businesses. R² Financials makes this networking possible through the following equity/debt funds:

- R² Financials Shareholder funds
- R² Financials Closed-End Funds
 1. R² Financials Long Term Income Fund
 2. R² Financials Short Term Income Fund
 3. R² Financials Liquid Investment Fund
 4. R² Financials Emerging Income Fund
 - R² Financials Islamic Compliant Corporate Dept Securities

Products offered by R² Financials:

1. R² Financials Bright Future© Program [State Sponsored College Savings Plan]
2. R² Financials Student Max© Program [Student Investment Plan]
3. R² Financials Future Asset© Program [Home/Car Saving Plan]
4. R² Financials Secure Future© Program [Pension/Retirement 401(K) Plan]
5. R² Financials Stress-Free Savings© [Capital secured savings]
6. R² Financials Classic Growth© Investments

R² Financials Transactions:

- A. Margin Loans/Money Market (Secured) [R² Financials Emerging Income Fund]
- B. Short-Term Business Financing (Secured) [R² Financials Short Term Income Fund]
- C. Real Estate Investments (Secured) [R² Financials Liquid Investment Fund]
- D. Long-Term Venture Investments [R² Financials Long Term Venture Fund]
- E. Capital Market Investments [R² Financials Liquid Investment Fund]

Product-Transaction Portfolio Mix

1. 10%-A, 15%-B, 15%-C, 50%-D, 10%-E
2. 15%-A, 20%-B, 20%-C, 40%-D, 05%-E
3. 10%-A, 10%-B, 10%-C, 60%-D, 10%-E

R² Financials is committed to a significant outreach initiative to the Islamic and ethical investor communities in the United States. As part of this initiative, the firm plans to hire Independent Investment Advisors throughout the United States to serve as authorized agents to solicit investments and to seek out entrepreneurs within the Islamic and ethical investment communities who are seeking financing and who share R² Financials' values and priorities.

R² Financials plans an aggressive schedule of educational seminars in all the major Islamic communities in the United States on issues relating to Shari'ah financing and investments as well as best business management practices for entrepreneurs. These seminars will be presented by business professionals, finance educationists, Shari'ah advisors, legal experts etc. They will be a source of benefit to the community, businesses and entrepreneurs.

A qualified team of professionals to lead and manage the activities of the firm. They each bring a rich background of proven successful business experience and skills that will deliver unparalleled rewards for its investors and stakeholders. The carefully developed relationships which the firm has nurtured also provide a particularly strong foundation upon which to build the company.

Prospective investors should be aware of the difficulties encountered by such enterprises, as the Company faces all the risks inherent in most businesses, including competition, profitability, political stability, and the need for additional working capital. The likelihood of the success of the Company must be considered in light of the problems and expenses that are frequently encountered in connection with the operation of such a business and the competitive environment in which the Company will be operating.

The proceeds from this offering will be immediately available to the Company for expenditure as set forth in the "Use of Proceeds." If less than the maximum number of Common Shares offered hereby are sold, the Company may not have sufficient funds to accomplish all objectives for which the offering is being undertaken and, consequently, the risk to the early investors in this offering is significantly greater than to those investing later. It should also be shared that the percentage of funds available for operating purposes decreases if less than the maximum offering is received. (See "Use of Proceeds")

SUMMARY OF THE OFFERING

THE OFFERING

- Securities Offered: A Maximum of \$1,000,000 in Common Stock Shares (1,000,000 shares)
- Par Value: None
- Offering Price: \$1.00 per share
- Minimum Subscription: \$5,000
- Common Shares Prior to the Offering: 4,000,000
- Minimum Subscription Dollars to Break Escrow: \$100,000
- Options Outstanding: None
- Warrants Outstanding: None
- Common Shares Outstanding after the Offering: 5,000,000 (Assuming the maximum offering is completed)
- Investor Qualifications: Prospective Investors will be required to make certain representations regarding their income, net worth, knowledge and experience in financial and business matters including the ability to withstand the loss of the total amount of the offering. Information

RISK FACTORS

Common Stock Shares offered hereby involve a high degree of risk. Risk factors involving the Company and the offering include limited operating history, need for additional working capital, dependence on key personnel, competition, dilution, arbitrary offering price, and officer control. The Shares issued by this offering have not been registered with the SEC or any state securities agencies, and are restricted pursuant to SEC Rule 144. (See “Risk Factors” under “Investment Considerations”)

USE OF PROCEEDS

The proceeds from the sale of the Common Shares will be used by the Company for general operating purposes, including working capital. (See “Use of Proceeds”)

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SELECTED FINANCIAL DATA

The following table summarizes certain unaudited financial data for R² Financials, Inc. as of June 30, 2005, and is qualified in its entirety by the more detailed financial statements. (See "Financial Statements") The Company has not paid any dividends to date, and

anticipates retaining all earnings of the Company, if any, to finance further growth of the Company. This financial statement has been prepared by the company and is unaudited.

R2 Financials, Inc.
Balance Sheet (UNAUDITED)
6/30/05

Assets

Cash	\$100
Fixed Assets	\$1,500

Total Assets	\$1,600
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Long and Short Term	\$0
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Total Liabilities	\$0
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Equity

Paid-In-Capital	\$100,000
Retained Earnings	\$0.00
YTD Profit / (Loss)	\$(98,400)

Total Equity	\$1,600
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Total Liabilities & Equity	\$1,600
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INVESTMENT CONSIDERATIONS

RISK FACTORS

A purchase of the Common Stock Shares involves a high degree of risk. Prospective investors should carefully consider the following factors, among others set forth in this Private Placement Memorandum before making a decision to purchase the Shares offered hereby.

RISK FACTORS RELATING TO THE COMPANY

- Limited Operating History.** In June 2005, R² Financials, Inc. was formed. The company's activities to date have been primarily in research, development, and formation. The Company has no operating history or revenues. The Company has developed relationships and an operating strategy, but it may not generate revenues sufficient to achieve profitability. Prospective investors should be aware of the difficulties encountered by such enterprises, as the Company faces all the risks inherent in any new business, including competition, the absence both of a significant operating history and profitability and the need for additional working capital. The likelihood of the success of the Company must be considered in light of the problems and expenses that are frequently encountered in connection with the operation of a new business and the competitive environment in which the Company will be operating.
- Need for Additional Working Capital - Continuation of Going Concern Not Assured.** As of June 30, 2004 the Company had working capital of \$100.00 and faces the need for substantial additional working capital in the near future. The Company anticipates that the proceeds from the sale of all of the Common Shares offered will provide the capital requirements to implement the Company's business plans for the next six months. If less than all of the Common Shares offered are sold or if the capital needs of the Company are greater than currently anticipated, the Company may be required to seek other sources of financing. No assurance can be given that the Company will sell any of the Common Shares offered or that other financing will be available, if required; or if available, will be available on terms and conditions satisfactory to management.

The Company has prepared unaudited financial statements as of June 30, 2005. The Company's continued existence is dependent upon raising proceeds from this offering and upon the achievement of profitable operations in the future, of which there is no assurance. The proceeds from this offering are sufficient to enable the Company to meet working-capital requirements management believes are necessary. However, the Company will be required to secure additional financing to implement further development plans. There is
- no assurance that such financing will be available to the Company, or if available, will be available on terms and conditions satisfactory to management.**
- Development Stage Company.** R² Financials, Inc. is an early / development stage enterprise. The likelihood of the success of an early stage company must be considered in light of the problems and expenses that are frequently encountered in connection with the operation of a new business and the competitive environment in which the Company will be operating.
- Dependence on Key Personnel.** The success of the Company is largely dependent upon the management efforts of C.E. Weeks, III (President / Chief Executive Officer / Director), G. Engstrom (Advisor to the Board of Directors), and James Jalil (Non-Executive Director). The loss of the services of any of these individuals could adversely affect the conduct of the Company's business. The Company may look to purchase a key-man insurance policy to mitigate risk in this area.
- Competition.** Entities with which the Company competes may have significantly greater resources and experience. Many of these competitors may have financial and other resources substantially in excess of those available to R² Financials, Inc. Such competitive disadvantages could adversely affect the Company's ability to execute its business strategy.
- Lack of Cash Dividends.** The Company has not paid any dividends or distributions on its Common Shares to date. Any future dividends or distributions, of which there can be no assurance, will be directly dependent upon earnings of the Company, its financial requirements and other factors. (See "Capitalization")
- Lack of Sales and Marketing Capabilities.** While the Company has plans to expand its operations and investments, there can be no assurance that the Company will be successful in its objectives.

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INVESTMENT CONSIDERATIONS

- **Immediate Availability of Funds.** This offering is being made on a “best efforts” basis with a minimum of 100,000 Common Shares sold to effect closing. If less than the \$100,000 in Common Shares cannot be sold within the offering period, refunds will be given. The proceeds from this offering will be immediately available to the Company once investments equal \$100,000. If less than the full number of Common Stock Shares offered hereby are sold, the Company may not have sufficient funds to accomplish all objectives for which this offering is being undertaken and consequently the risk to the early investors in this offering is significantly greater than to those investing later.
- **Shares Subject to Rule 144.** On July 5, 2005, the Company had 4,000,000 Common Shares issued and outstanding. The shares offered in this offering have not been registered with the SEC or any state securities agencies, and are restricted pursuant to SEC Rule 144. Rule 144 provides, in essence, that a person holding restricted securities for one year from the date the securities were purchased from the issuer, or an affiliate of the issuer, and fully paid for, will not be subject to liability claims, that any claim against the issuer or if the Company is found liable will not exceed the limits of the Company’s insurance, if any. Liability claims could have a material adverse effect on the Company.
- **Tax Risks.** A ruling from the Internal Revenue Service has not been obtained or sought regarding the tax treatment of this Company. The Company has been formed under the laws of the State of Delaware. This memorandum does not address Federal, State and local tax issues. Accordingly, each prospective investor should also consult with a tax advisor regarding the Federal, State and local tax consequences of an investment in the Company.
- **Risks of Technological Change.** The market for new technology in which the company plans to invest is characterized by periodic new product introductions and evolving industry standards. The emerging nature of these products and services with their rapid evolution will require that the Companies that receive investment continually improve the performance, features, and reliability of its service, particularly in response to possible competitive offerings. There can be no assurance that these companies will be successful in achieving widespread acceptance before competitors offer products and services with features and performance similar to the portfolio companies of R² Financials, Inc. In addition, the widespread adoption of new technologies or standards, could require substantial expenditures by the portfolio companies to modify or adapt its product or service and which could have a material adverse effect on the profitability of these companies and in turn the operating results and financial condition of R² Financials, Inc.
- **Dependence on Continued Research and Development.** The Company’s success is dependent on being able to research new business ventures as well as provide development support to these businesses. There can be no assurance, nor is there an expectation, that all portfolio businesses or investments will be successful.
- **Patents and Proprietary Rights.** R² Financials, Inc. does not have a patentable process or product that clearly gives the company a competitive advantage. Management may seek trademark protection for the name R² Financials, Inc.
- **Commercial Acceptance.** A sufficient number of consumers may not accept or use the services of the portfolio companies invested in by R² Financials, Inc. Acceptance and use of the products and services will depend on a number of factors, including: perceptions by consumers about the quality and service, the continued cost-effectiveness of the service relative to competing products; and effectiveness of marketing and distribution efforts of these portfolio companies.

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RISK FACTORS RELATING TO THE OFFERING

- **Lack of Underwriter - No Commitment to Purchase Shares.** The Common Shares are being offered by the Company through its officers on a “best efforts” basis. The officers have limited experience in the offer and sale of securities on behalf of the Company. Consequently, there is no assurance that the Company is capable of selling all, or any, of the Common Shares offered. In addition, no entity has an obligation to purchase any of the Common Shares offered. Subscribers will not be entitled to any refund of their subscriptions. (See “Subscription and Plan of Distribution”)

INVESTMENT CONSIDERATIONS

- **Other Non Public Sales of Securities.** As part of the Company's plan to raise additional working capital, the Company may make a limited number of offers and sales of its Common Shares to qualified investors in transactions that are exempt from registration under the Act of 1933. Accordingly, such purchasers may acquire an investment in the Company on terms more favorable than offered hereunder. The Company reserves the right to set prices at its discretion, which prices need not relate to any ascertainable criterion of value. There can be no assurance the Company will not make other offers of its securities at a lower price, when, in the Company's discretion, such prices are deemed by the Company to be reasonable under the circumstances.
- **Immediate Substantial Dilution.** On June 30, 2005 the Company's net book value per Common Shares was approximately \$0.000. If all of the Common Shares offered hereunder are sold, subscribers will suffer immediate dilution of \$0.80 per Common Shares, or 80% of the offering price. Meanwhile, existing Share Holders will receive an immediate benefit of \$0.20 per Common Share.
- **Arbitrary Offering Price.** The offering price of the Common Shares offered hereunder has been arbitrarily determined by the Company. The price does not bear any relationship to the assets, book value, earnings, or net worth of the Company. In determining the offering price, the Company considered such factors as the prospects, if any, for the Company's product line success within the industry, the previous experience of management, the Company's historical and anticipated results of operations, the present financial resources of the Company, and the likelihood of acceptance of the proposed offering in the current securities markets. (See "Subscription and Plan of Distribution")
- **Investors Will Bear Risk of Loss.** A majority of the capital required by the Company to continue operations and carry on its business is being sought from the proceeds of this offering. Therefore, investors hereunder will bear most of the risk of the Company's operations until such time as it attains profitable operations, if ever. Further, if management is successful in attaining its goals for utilization of the proceeds of this offering, the Company may need additional working capital, of which there is no assurance of its ability to raise such funds upon terms and conditions favorable to the Company.
- **Officer Control.** If the maximum number of Common Shares offered hereunder are sold, and Warrants exercised, of which there is no assurance, the present officers of the Company will own approximately 80% of the issued and outstanding Common Shares. (See "Security Ownership")
- **Use of Proceeds Not Specific.** The proceeds of this offering have been allocated only generally. Proceeds from the offering have been allocated generally to product purchases, marketing, travel, consulting, administrative salaries and benefits, product development, professional fees, tooling, insurance, other expenses, and working capital. Accordingly, investors will entrust their funds with management in whose judgment investors may depend, with only limited information about management's specific intentions with respect to a significant amount of the proceeds of this offering. (See "Use of Proceeds")
- **Management.** Raheel Iqbal (Chairman), C.E. Weeks, III (President / CEO), and Muhammad Iqbal (Officer / Director), constitute the daily management team. While the daily management team has experience in the operation of a company, there is no assurance that they can lead the Company effectively.
- **Best Efforts Offering.** The shares are offered by the Company on a "best efforts" basis. There is no assurance that all the desired capital will be raised through the offering. The Company has not entered into any agreement with a broker-dealer for the sale of the shares.
- **Industry Risk.** There is a risk that new similar companies may develop services or products which may be more desirable than any services or products developed and marketed by the Company. There may also be market resistance to the acceptance of any services or products developed by the Company. In addition, the Company's services and products, may not always be able to be marketed at a profit. The Company competes with much larger and financially stronger firms which may be developing similar services. Furthermore, there is the risk that new legislation may limit the Company's ability to conduct business as proposed.

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INVESTMENT CONSIDERATIONS

- Alternative Minimum Tax. The investor may be subject to alternative minimum tax because of their investment in the Private Placement. Exposure to the tax may in other instances increase the rate of income tax paid by investors in this investment. Prospective investors are encouraged to seek the advice of their income tax advisor to determine whether the alternative minimum tax will be applicable and its possible ramifications on other transactions they may be involved in.
- No Assurance of Liquidity. There is currently no public market for the Common Shares or any other securities of the Company, and there can be no assurance that a trading market will develop in the future. Further, the Common Shares are not free trading, and cannot be resold without registration under the Act of 1933 or an exemption from registration. As a result, purchasers must bear the economic risk of their investments for an indefinite period of time and may have difficulty in selling their Common Shares, if and when they decide to do so.
- Financial Projections. The financial projections contained in this document and elsewhere contain forward-looking statements. The financial projections have been prepared by management of the Company and represent its estimate of possible results of the Company's operations and a prediction of future events based upon the assumptions, which may or may not occur and should not be relied upon to indicate the actual results that will be attained. In addition, the forward-looking statements involve risks and uncertainties, including, but not limited to, risks associated with successful research and development efforts, technological development, product demand, marketing expenditures, product pricing, market acceptance, economic conditions, competitive activity, and other risks. Accordingly, the actual results achieved during the forecasted periods may vary from the financial projections, and the variations may be material.

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INVESTMENT CONSIDERATIONS

USE OF PROCEEDS

The gross proceeds to be realized by the Company from this offering will be \$1,000,000 if the maximum is sold. The following summary, based on management estimates, illustrates the manner in which the net proceeds of this offering are expected to be applied and allocated over the ensuing twelve (12) months.

Although these amounts indicate the Company's present intentions for the use of the proceeds of this offering, actual expenditures may vary substantially from those indicated depending upon economic conditions and other factors, including the results of future operations. Although the Company estimates that the proceeds of this offering will be used over the next twelve (12) months, due to the uncertainty of the

Company's future sales revenue, it is not possible to predict with certainty the date by which the proceeds will be fully utilized. Pending the specific application of the proceeds of this offering, they will be invested in interest-bearing obligations.

Proceeds from this offering that are not expended for the purposes outlined here may be allocated to working capital of the Company and be available for any valid purpose. Working capital may be utilized for acquisition or development of other products, business assets, for payment of general and administrative expenses, including marketing, advertising, and compensation of the officers and employees of the Company.

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Investment in First Islamic Brokers Purchase of Preferred Shares	\$500,000	50%
Short -Term Investments	\$350,000	35%
Investment Advisors / Closed End Funds Setup	\$150,000	15%
TOTAL	\$1,000,000	100%

INVESTMENT CONSIDERATIONS

DILUTION

As of July 5, 2005, R² Financials, Inc. had 4,000,000 Common Shares issued and outstanding. All dilution figures are based on these outstanding Shares. Dilution is the reduction of value in a purchaser's investment measured by the difference between the price of the Common Shares in this offering and the net book value at June 30, 2005 and the increase attributable to purchases by investors in this offering. Net book value per share represents the amount of the Company's assets in excess of its liabilities, divided by the number of Shares outstanding.

The following table sets forth the dilution to be incurred by investors acquiring shares in this offering, assuming either the minimum sale of \$100,000 or maximum sale of \$1,000,000 in shares.

DILUTION TABLE

		Offering
Net Book Value at 6/30/05	\$1,600	\$1,600
Net Book Value Per Unit at 6/30/05	\$0.000	\$0.000
Net Book Value After Offering	\$101,600	\$1,001,600
Net Book Value Per Unit after Offering	\$0.02	\$0.20
Increase Per Unit Attributable To New Shareholders Investment	\$0.02	\$0.20
Dilution To Purchasers of Shares	\$0.98	\$0.80
Dilution As A Percentage Of Purchase Price	97.97%	79.97%

*Includes a Net Book Value as of 06/30/05, of \$1,600 plus net proceeds from this offering of approximately \$100,000 or \$1,000,000.

INVESTMENT CONSIDERATIONS

MANAGEMENT

The officers of R² Financials, Inc. are as follows:

Mr. Raheel Iqbal is Chairman of The Board of Directors for R² Financials Inc. Based on the urgent need in the Islamic community to have a dependable, trusted source of Shari'ah-compliant financial services and investment options targeted toward the general public, Mr. Iqbal initiated the idea of R² Financials, a boutique firm providing services including saving & investment plans, Shari'ah-compliant business financing services and investment banking services. Mr. Iqbal is the originator of the concept of providing retail customers access to Dow Jones Islamic markets in the United States and Europe, which was before only accessible to large institutions and fund management companies. He's passionate about providing Shari'ah-complaint financial products in the United States and Europe to Islamic and ethical investors. He has years of top-management experience in financial investment activities and in the information technology field. His roles include Strategic Development, Authorizing Investment activities and overseeing the Financing Product Development section in R² Financials. Mr. Iqbal has served as Non-Executive Director and co-founder of Kressol Technologies- PK, an International Technology services company where he was responsible for a 2,400% return on venture investment in five years. He also served as Chief Executive Officer of Novech Islamic Investment Services- PK, a Shari'ah-compliant investment advisory/management firm in Pakistan where he was responsible for over a 180% ROI for the past two years. He also served as Advisor to the President of Genesys International University LLC-USA. He has completed his BSc (Hons) in Management (Accounting and Finance) Part-II from the Manchester Business School – University of Manchester, UK and has a Certificate in Islamic Banking and Finance from the Centre for Islamic Economics in Pakistan.

Mr. C. E. "Skip" Weeks, III serves the company as President and CEO and is on the board of directors. Mr. Weeks brings over 30-years of successful experience in business management, financing and deal structuring and acquisition. He served as Vice President of Technology for Fidelity Investments, where he developed day planner products. He also served as President of a consulting company specializing in start-ups, financing and strategic business planning and execution. He has managed staffs of over 500 and budgets of over \$15 million annually. One of his start-up ventures generated over \$8 million in revenues in its first year. Another produced over \$6 million in six months. After acquiring a struggling company that was losing over \$300,000.00 per year, Mr. Weeks was responsible for a dramatic turnaround that demonstrated an annual profit of over \$500,000.00 per year after just one year. Mr. Weeks is a savvy business leader with deep experience and passion for making a meaningful positive difference in business.

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Mr. James P. Jalil serves R² Financials as a Non-Executive Director. Mr. Jalil is one of the founding partners of Shustak Jalil & Heller and heads that Firm's Securities and Corporate Department. He is resident in the Firm's New York office. Mr. Jalil specializes in securities and corporate transactions, including contract drafting and negotiations, mergers, acquisitions, public offerings registered with the Securities and Exchange Commission, private placements of securities exempt from registration, venture capital financings, and hedge fund and mutual fund formation and compliance. He also counsels public companies in connection with ongoing Securities and Exchange Commission compliance. Speaking fluent Spanish, Mr. Jalil has represented many Latin American, as well as European clients in the United States and abroad in connection with a myriad of securities and corporate matters, including transnational and off-shore financings and corporate transactions. Mr. Jalil has been retained in the past by several European insurers in providing credit enhancement in connection with domestic housing and similar municipal bond financings.

Mr. Jalil also represents clients in securities and corporate arbitrations and litigations, including breaches of contract, employment disputes and securities violations. Mr. Jalil's vast experience in securities and corporate transactions includes representing many clients in connection with their initial public offering, offering legal counsel through complex venture capital financings and transactions, and assisting international clients in complex domestic and offshore negotiations. He is often sought after as much for his counsel as for his legal representation.

Since 1998 Mr. Jalil has served as an Adjunct Professor of Law at Fordham University School of Law in New York City where he teaches Securities Regulation. He is the author of *Proposals For Insider Trading Regulation After the Fall of the House of Enron*, published in the Fordham Journal of Corporate & Financial Law, 8 Fordham J. Corp. & Fin. L. 689 (2003). Mr. Jalil began his career at the prestigious law firm of Cahill Gordon & Reindel in New York where he spent the first ten years of his career representing major investment banking firms and Fortune 500 companies. He brings that legal experience and dedication to client service to every one of his clients, regardless of size. Mr. Jalil is a member of the American Bar Association and the New York State Bar Association, where he served on the securities law committee from 1986 through 1992.

Mr. Muhammad Iqbal is serving as a member of the board of directors and South Asian operations Director for R² Financials. He is an executive with a stellar background in the manufacturing, real estate and capital market investment fields. He is currently serving as General Manager of Imran Crown Cork Pvt Ltd in Karachi, Pakistan. He has 24 years executive experience in the manufacturing industry responsible for production, marketing, business management and administration and investment/financial areas of the company. Mr. Iqbal has been responsible for multimillion dollar budgets and has been responsible for managing a private capital market portfolio for over a 300% return in just three years. Mr. Iqbal received his Bachelors of Commerce degree in India.

Mr. G. Engstrom serves as Advisor to the Board of R² Financials and is the founder of Engstrom International, LLC, a private investment and advisory firm in Boston. He served as CFO for Advanced Cell Technology of Worcester, MA. He also served as a director for ATP Capital, LP of New York, a \$70 million Private Equity fund focused on agricultural biotechnology. He also served as Senior Project Manager at A.T.Kearny, Inc. and worked at McKinsey & Company in Stockholm, Sweden. He received his M.B.A. from Harvard in 1990 and his undergraduate degree from Drexel University in Philadelphia. Mr. Engstrom also received a Master of Science degree from the Royal Institute of Technology in Stockholm. Mr. Engstrom speaks English, Swedish, French and German. His role includes networking and relationship development with Investment companies and banks.

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INVESTMENT CONSIDERATIONS

SECURITY OWNERSHIP

As of June 30, 2005, R² Financials, Inc. had 4,000,000 Common Stock Shares issued and outstanding. The shares offered are Common Stock which will be entitled to all voting rights and privileges as previously issued Common Stock Shares.

The following tabulates the holdings of Common Stock Shares of the Company by each principal member who, at the date of this Memorandum, and / or individuals who hold of record or are known by man-

agement of the Company, to own beneficially more than 10% of the outstanding shares and, in addition, by the officers and/or directors of the Company. The Company is not aware of any arrangement, including the pledge by any person of securities of the Company, which may at a subsequent date result in a change in control of the Company.

SHARES HELD AT DATE OF THIS MEMORANDUM

Current Ownership	Number of Shares/Percent	Number of Shares/Percent	Number of Shares/Percent	Number of Shares/Percent
	Owned	Offered	Owned	Offered
Raheed Iqbal	2,760,000	69%	2,760,000	55.2%
Iqbal Karim	1,080,000	27%	1,080,000	21.6%
James Jalil	80,000	2%	80,000	1.6%
Kashif Lakhani	80,000	2%	80,000	1.6%
Founders, Officers & Directors	4,000,000	100%	4,000,000	80.0%
New Investors	0	0%	1,000,000	20.0%
Total	4,000,000	100%	5,000,000	100%

*Assumes that the maximum number of shares are sold (\$1,000,000 or 1,000,000).

INVESTMENT CONSIDERATIONS

DESCRIPTION OF SECURITIES

SECURITY

Each Share Holder is entitled to one vote for each Common Stock Share held on all matters properly submitted to the Shareholders for their vote. The company has no other classes of stock outstanding which have preferential voting rights or distributions.

Holders of outstanding Common Stock Shares are entitled to those distributions declared by the Board of Directors out of legally available funds; and, in the event of liquidation, dissolution, or winding up of the affairs of the Company, Holders are entitled to receive ratably the net assets of the Company available to the Share Holders. Outstanding Share Holders have no preemptive, conversion, or redemptive rights. All of the issued and outstanding Shares are, and all unissued Shares, when offered and sold will be duly authorized, validly issued, fully paid, and non-assessable. To the extent that a Shareholder is not entitled to a share of the net assets of the Company upon liquidation, the relative Shares of the then existing Share Holders may be diluted.

MARKET FOR SECURITY

There is currently no public market for the shares of the Company, and there can be no assurance that a trading market will develop in the future.

DISTRIBUTIONS POLICY

The Company has not paid any distributions to its Shareholders since inception and intends to follow a policy of initially retaining earnings toward the growth of the Company. Accordingly, it does not anticipate the payment of distributions in the foreseeable future other than the preferred distribution and minimum tax distribution payment (see Operations Agreement for detail).

TRANSFER AGENT

The Company will act as its own transfer agent for the Common Stock Shares until such time as a formal transfer agent is retained.

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OTHER COMPANY SECURITIES

Common Stock Share	4,000,000
Options	None
Other	None

INVESTMENT CONSIDERATIONS

SUBSCRIPTION AND PLAN OF DISTRIBUTION

PLAN OF DISTRIBUTION

The Company intends to offer and sell the Common Shares through its officers on a "best efforts" basis (\$1,000,000 assuming the maximum offering is completed). There can be no assurance that any or all of the shares will be sold. Payment for the shares offered hereby should be made payable to the order of "R² Financials Inc"

NON-PUBLIC OFFERING

The shares being offered hereby are considered "restricted securities" as that term is defined in the state and federal securities laws. The Act of 1933 provides that all securities must be registered with the Securities and Exchange Commission before they may be offered and sold, or such offer and sale must be exempt from registration. The offering described in this Memorandum is being offered by the Company pursuant to exemptions from registration provided by Regulation D, Rule 506, under the Act of 1933, and pursuant to exemptions from registration under corresponding state securities acts. Accordingly, no registration statement has been filed with the Securities and Exchange Commission or with any state regulatory authority.

Certain conditions are imposed on the sale of securities pursuant to Regulation D, Rule 506. These conditions include, but are not limited to, the following:

- **General Conditions.** To qualify for exemption under Rule 506, offers and sales must satisfy the provisions of Rule 501 and Rule 502 promulgated under Regulation D. Rule 501 sets forth definitions of various terms used in Regulation D, including "accredited investor," "affiliate," "executive officer," and "purchaser's representative." Rule 502 sets forth "integration" rules which require that all sales that are part of the same Regulation D offering must meet all of the terms and conditions of Regulation D, except that offers and sales that are made more than six months before the start of a Regulation D offering or are made more than six months after the completion of a Regulation D offering will not be considered part of that Regulation D offering, so long as during those six-month periods there are no offers or sales of securities by or for the issuer that are of

the same or similar class of those offered under a Regulation D. In the case of offerings up to \$5 million, an issuer which is not subject to the reporting requirements of Section 13 or 15(d) of the Securities and Exchange Act of 1934, as amended (the "Act of 1934"), shall furnish to the purchaser the same kind of information as would be required in Part II of Form I-A, except that the issuer's balance sheet, which shall be dated within 120 days from the start of the offering, may be unaudited.

- **Specific Conditions.** The aggregate offering price for an offering of securities under Rule 506 is unlimited for all securities sold within the twelve (12) months before the start of and during the offering of securities under Rule 506 in reliance on any exemption under Section 4(2) of the Securities Act of 1933, as amended, or in violation of Section 5 of the Act of 1933.
- **Limitations on Resale.** Except where registered in one or more states having provision for registration of securities and delivery of a disclosure document before sale, securities acquired in a transaction under Regulation D shall have the status of securities acquired in transactions under Section 4(2) of the Act of 1933 and cannot be resold without registration under the Act of 1933 or an exemption therefrom. The issuer is required to exercise reasonable care to ensure that the purchasers of securities are not underwriters under the meaning of Section 2(11) of the Act of 1933, which reasonable care may be demonstrated by the following:
 - Reasonable inquiry to determine if the purchaser is acquiring the securities for himself or for other persons;
 - Written disclosure to each purchaser prior to sale that the securities have not been registered under the Act of 1933, and therefore, cannot be resold unless they are registered under the Act of 1933 or unless an exemption from registration is available.

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SUBSCRIPTION INSTRUCTIONS

Please carefully follow these instructions. Failure to comply with these instructions may result in your subscription not being accepted by R² Financials, Inc., a Delaware Corporation. After you have completed and executed the applicable subscription documents referenced below, please return all completed documents to the Company. The Company will return a copy of your subscription documents to you if your subscription is accepted. The Company will not sell any securities to any person who has not thoroughly completed all applicable Questionnaires.

1. SUBSCRIBER SUITABILITY QUESTIONNAIRE

Each subscriber must complete in full and sign the Subscriber Suitability Questionnaire for Individuals and/or for Investing Entities. The purpose of the Subscriber Suitability Questionnaire is to provide the Company with sufficient information that the Company may determine, in accordance with Section 4(2) and/or Regulation D, promulgated under the Act of 1933, as amended, and with similar exemptions under applicable state laws, each subscribers suitability to invest in the Company. Each member of a partnership must demonstrate his suitability by completing the Questionnaire for Individuals in his/her separate name. All information provided in the Subscriber Suitability Questionnaire will be considered confidential; however, the Company may present this Questionnaire to such parties as it deems appropriate in order to assure itself that the offer and sale of the securities will not result in a violation of the registration provisions of the Act of 1933 or a violation of the securities laws of any state.

2. SUBSCRIPTION AGREEMENT AND ACKNOWLEDGMENT

Please carefully review the Subscription Agreement and Acknowledgment. The Subscription Agreement contains warranties made by you, the subscriber. If, after your review, you wish to purchase Common Stock Shares of the Company, please complete and sign the Subscription Agreement. If you have any questions with respect to the Questionnaire, please contact, R² Financials, Inc. The telephone number is 1-888-R2F-0708.

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3. SUBSCRIBER REPRESENTATIVE QUESTIONNAIRE

If you are employing a subscriber representative to assist or advise you in evaluating this investment, the Subscriber Representative Questionnaire must be completed by a subscriber representative identified in Item 5 of the Subscriber Suitability Questionnaire for Individuals (Subscription Document 1, herein). The Subscriber Representative Questionnaire is available upon request from the Company.

4. PAYMENT

A check in the minimum amount of \$5,000 must be included with the subscription documents that are to be returned to the Company. Please make your check(s) payable to the order of "R² Financials, Inc."

UPON COMPLETION OF THESE SUBSCRIPTION DOCUMENTS PLEASE DELIVER OR MAIL THEM TO THE COMPANY:

R² Financials
16th Floor, 90 Park Avenue
New York, NY 10016

INCLUDE PAYMENT WITH THESE SUBSCRIPTION DOCUMENTS OR WIRE PAYMENT TO:

R² Financials
Wells Fargo Bank, Salt Lake City, Utah
Routing Number: WFBIUS6S
Account Number: 0075668426

SUBSCRIBER SUITABILITY QUESTIONNAIRE FOR INDIVIDUALS

Each subscriber who is a natural person must complete in full and sign the Questionnaire below. The purpose of the Subscriber Suitability Questionnaire is to provide the Company with sufficient information that the Company may determine, in accordance with Section 4(2) and/or Regulation D, promulgated under the Securities Act of 1933, as amended, each subscribers suitability to invest in the Common Stock Shares being offered by the Company. All offerees and individual members of entities must demonstrate their suitability by completing the Questionnaire in their individual names. All information provided in the Subscriber Suitability Questionnaire shall be considered confidential, subject to the conditions shared in Item 7 herein. Please answer all questions. If the appropriate response is "None" or "Not applicable," so state. Please print or type your answers. Please attach additional sheets of paper if the space provided is not adequate for a complete answer.

QUESTIONNAIRE

Full Name of Subscriber: _____

1. General Information

Age: _____ Marital Status: _____ Social Security No.: _____

Home Address: _____ City: _____ State & Zip: _____

Home Phone: _____

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2. Employment and Business Information

Occupation or Profession: _____

Nature of Business: _____

Name of Current Employer: _____

Business Address: _____

Business Telephone: _____

Current Position: _____

Nature of Principal Responsibilities: _____

Period Employed by Current Employer: _____

Name of Prior Employer (if current employment is less than five years): _____

Prior Position: _____

Nature of Prior Responsibilities: _____

Period Employed by Prior Employer: _____

SUBSCRIBER SUITABILITY QUESTIONNAIRE FOR INDIVIDUALS

3. Educational Background

School	Major	Degrees (if any)
-		
-		
-		

4. Details of any professional licenses, registrations or other training or experience (including courses or seminars attended) in financial, business, or tax matters not disclosed in Items 1 and 2:

-
-

5. Investment Evaluation

Regulations promulgated under the Act of 1933, as amended, and the Blue Sky laws of various states in which this offering may be made, require that each subscriber have such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of an investment in the Company or that the subscriber retains the services of a subscriber representative to advise the subscriber in evaluating the merits and risks of an investment in the Company.

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I HEREBY REPRESENT, WARRANT, AND AGREE THAT I AM NOT PROVIDING THIS INFORMATION TO ANY OTHER PERSON OR ENTITY, OR ALTERNATIVE TWO BELOW, THAT:

ALTERNATIVE ONE: I have such knowledge and experience in financial and business matters and in stock investments in particular that I am capable of evaluating the merits and risks of an investment in the Company and do not desire to utilize a subscriber representative in connection with evaluating such merits and risks. I understand, however, that the Company may request that I use a subscriber representative with respect to an investment in securities of the Company.

For Alternative One, initial here: _____

ALTERNATIVE TWO: I intend to use the services of the following named person(s) as subscriber representative(s)¹ in connection with evaluating the merits and risks of an Investment in the securities of the Company. Please identify each subscriber representative by name, business address, and telephone number:

For Alternative Two, initial here²: _____

Representative Name: _____

Business Address: _____

Telephone Number: _____

1 A subscriber representative is a person who is used by the investor to advise him in evaluating the merits and risks of an investment in the securities of the Company and who satisfies all of the conditions set forth in the Subscriber Representative Questionnaire, which will be supplied by the Company upon request.
2 If this alternative is initiated, a Subscriber Representative Questionnaire will be provided to you upon request and, completed and signed, must accompany the Subscriber Suitability Questionnaire prior to the sale of any securities to you by the Company.

SUBSCRIBER SUITABILITY QUESTIONNAIRE FOR INDIVIDUALS

If you did not check either of the alternatives listed in Item 5 above, please answer the following additional questions:

Please describe any pre-existing personal or business relations that you have with the Company or any members of its management team. If none, so state.

Please describe any business or financial experience that you have had that would allow the Company to reasonably conclude that you are capable of protecting your shares in connection with your prospective investment in the Company. If none, so state.

6. Financial Information

I have adequate means of providing for my current needs and personal contingencies, have no need for liquidity in my investment, and am able to bear the economic risk of an investment in securities of the Company of the size contemplated. In making this statement, consideration has been given to whether I can afford a complete loss of my investment. I offer, as evidence of my ability to bear the economic risk of an investment in securities of the Company of the size contemplated, the following information:

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- The category which most accurately describes my net worth (exclusive of home, home furnishings, and automobiles) is as follows:

_____ Less than \$100,000	_____ In Excess of \$500,000
_____ In Excess of \$100,000	_____ In Excess of \$750,000
_____ In Excess of \$300,000	_____ In Excess of \$1,000,000

- My taxable income for 2003 was \$_____, my taxable income for 2004 was \$_____, and my estimated taxable income for 2005 (computed without regard to the presently contemplated investment in the securities of the Company) is expected to be at least \$_____.

7. **BY SIGNING THIS QUESTIONNAIRE, I HEREBY CONFIRM THE FOLLOWING STATEMENTS:**

- I am aware that this offering is of securities for which no market exists or which are subject to transfer restrictions, thereby requiring any investment to be maintained for an indefinite period of time.
- My answers to the foregoing questions are true and complete to the best of my information and belief, and I will promptly notify the Company of any changes in the information which I have herein provided.
- I also understand and agree that, although the Company will use its best efforts to keep the information provided in answers to this Questionnaire strictly confidential, the Company may present this Questionnaire and the information provided in answers to it to such parties as it may deem advisable if called upon to establish the availability under any state or federal securities laws of an exemption from registration of the Private Placement or if the contents thereof are relevant to any issue in any action, suit or proceeding to which the Company or its affiliates is a party or by which it or they are or may be bound.

SUBSCRIBER SUITABILITY QUESTIONNAIRE FOR INDIVIDUALS

- I realize that this Questionnaire does not constitute an offer by the Company or its affiliates to sell securities, but is merely a request for information.
- I am aware that this is a high risk investment and that there is a possibility of a total loss of my invested funds. By signing the Suitability Questionnaire, I hereby represent that I have sufficient financial resources to suffer such a possible total loss.

IN WITNESS WHEREOF, the undersigned has (have) completed and executed the foregoing Subscriber Suitability Questionnaire this ____ day of _____, 2005.

Print Name of Subscriber(s)

Print Name of Subscriber(s)

Signature of Subscriber

Signature of Subscriber

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Social Security Number

Social Security Number

(Please provide all names if subscription is for joint tenants or tenants in common)

SUBSCRIBER SUITABILITY QUESTIONNAIRE FOR INVESTING ENTITIES

This Questionnaire must be completed and executed on behalf of any subscriber that is not a natural person. the purpose of the Subscriber Suitability Questionnaire is to provide the Company with sufficient information that the Company may determine, in accordance with Section 4(2) and/or Regulation D, promulgated under the Act of 1933, as amended, each such subscribers suitability to invest in the Shares being offered by the Company. Individual members of entities must demonstrate their suitability by completing in their separate names the foregoing Questionnaire for Individuals. All information provided in the Subscriber Suitability Questionnaire shall be considered confidential, subject to the condition shared in Item 5 herein. Please answer all questions. If the appropriate answer is "None" or "Not applicable," so state. Please print or type your answers. Please attach additional sheets of paper if the space provided is not adequate for a complete answer.

QUESTIONNAIRE

1. Name and Address. Please type or print the following information about the investing entity:

Name of Entity: _____

Address of Principal Office (including Zip Code): _____

Telephone No.: (____) _____

Type of Organization: _____

Date of Organization: _____

State (or Country) of Organization: _____

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2. Information Regarding Principles. Please provide the names, addresses, positions, or titles, and ages of all executive officers, trustees, or general partners authorized to act with respect to investments by the investing entity generally:

Name	Address	Position/Title	Age
—			
—			
—			
—			

3. Business. Please describe the business of the investing entity:

—
—

SUBSCRIBER SUITABILITY QUESTIONNAIRE FOR INVESTING ENTITIES

4. Authority. Please provide the following information concerning the investing entity's authority to subscribe for the purchase of the Company's securities:
- The name(s) of the officer(s), trustee(s), or partner(s) of the investing entity who is (are) authorized to subscribe for the purchase of the securities and who will be effecting the purchase.

- Indicate by check mark whether permission or authorization from any person other than those listed in the answer in the previous paragraph is necessary in order for the investing entity to effect the purchase of the securities:

Yes _____ No _____

- If the answer to the question above is "Yes," please provide the following additional information:

- Identify all such persons from whom such permission or authorization is necessary:

–

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- Indicate when such permission or authorization was obtained. (A copy of such permission or authorization must be submitted no later than the date of execution of a Subscription Agreement relating to the purchase of the securities. In addition, the Company may, at its sole discretion, require that an opinion of counsel, satisfactory to the Company, be submitted with respect to the authorizations referred to in this Question 4).

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- If the answer to Question 4 above is "No," indicate what steps are being taken to obtain such authorization:

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- BY SIGNING THIS QUESTIONNAIRE, WE HEREBY CONFIRM THE FOLLOWING STATEMENTS:

- We hereby represent and warrant that the persons authorized to act on our behalf have such knowledge and experience in financial and business matters that they are capable of evaluating the merits and risks of any prospective investment in the Company.

Check if appropriate: _____

- We are aware that the offering of securities will involve securities for which no market exists or which are subject to transfer restrictions, thereby requiring any investment to be maintained for an indefinite period of time.

SUBSCRIBER SUITABILITY QUESTIONNAIRE FOR INVESTING ENTITIES

- We also understand and agree that, although the Company will use its best efforts to keep the information provided in answers to this Questionnaire strictly confidential, the Company may present this questionnaire and the information provided in answers to it to such parties as it may deem advisable if called upon to establish the availability under any federal or state securities laws of an exemption from registration of the Private Placement or if the contents therefore relevant to any issue in any action, suit or proceeding to which the Company or its affiliates is a party or by which it or they are or may be bound.
- We realize that this Questionnaire does not constitute an offer by the Company or its affiliates to sell securities, but is merely a request for information.

IN WITNESS WHEREOF, the undersigned has completed and executed the foregoing Subscriber Suitability Questionnaire this _____ day of _____, 2005 .

Name of Investing Entity: _____

Signature of Officer,
Trustee or Partner

Signature of Officer,
Trustee, or Partner

NOT FOR PUBLIC RELEASE

Date: _____

Date: _____

By: _____

By: _____