



## **EQUUS SHAREHOLDERS GRANT NEW AUTHORIZATION TO WITHDRAW BDC ELECTION**

### **Authorization Supports Company's Continued Intent to Effect a Transformative Reorganization**

**HOUSTON, TX – May 23, 2018** – Equus Total Return, Inc. (NYSE: EQS) (“Equus” or the “Company”) today announced that its shareholders have granted a new authorization to the Company’s Board of Directors (hereinafter, the “Board”) to cause the Company’s withdrawal of its election to be classified as a business development company (“BDC”) under the Investment Company Act of 1940 (the “1940 Act”). Previous authorizations to this effect were given to the Board on January 6, 2017 and again on August 25, 2017, both of which have since expired. The new authorization given to the Board by the Equus shareholders expires on August 31, 2018. These authorizations are a consequence of the Company’s Plan of Reorganization announced on May 15, 2014 (also referred to herein as the “Plan”).

In announcing the Plan, Equus stated its intention to implement the Plan which entailed, among other things: (i) the restructuring of the Company by way of an acquisition of, or merger with, an operating company (referred to in the Plan as a “Consolidation”), and (ii) a withdrawal of the Company’s election to be classified as a BDC. Although Equus has been authorized to withdraw and terminate the Company’s BDC election under the 1940 Act, it will not submit any such withdrawal unless and until Equus has entered into a definitive agreement to effect a Consolidation – which will entail acquiring or merging with an operating company.

The Company’s Board of Directors, together with management, regularly reviews and evaluates the Company’s performance, prospects and long-term strategic plans in light of the Company’s business and the industries in which it invests. These reviews have included periodic consideration of potential strategic transactions to maximize value to shareholders. Commencing in September 2012, management of the Company began to explore various strategic options to maximize shareholder value that could, if effected, result in the acquisition of the Company by another corporation or a change in the Company’s structure from a BDC into an operating company. These efforts culminated in the adoption of the Plan.

Since the adoption of the Plan, Company management has examined a number of potential transactions and strategic alternatives to effect a Consolidation under the Plan. On April 24, 2017, Equus entered into an agreement to acquire U.S. Gas & Electric, Inc. (“USG&E”), a retail and commercial energy services provider. This agreement was terminated on May 30, 2017 by USG&E when it notified Equus that the USG&E board had received an acquisition offer from a third party that was deemed by USG&E to constitute a “Superior Proposal” to the terms and conditions offered to the USG&E shareholders by the Company. Since the termination of the agreement to acquire USG&E, the Company has again examined a number of potential transactions in a variety of industries, including energy, natural resources, containers and packaging, real estate, technology, and telecommunications.

While Equus is endeavoring to achieve a Consolidation and is presently evaluating various opportunities that could enable it to do so, no assurance can be given that the Company will be able to complete a Consolidation before August 31, 2018 or at all. Moreover, no assurance can be given that the terms of any

such transaction that would embody a Consolidation would be acceptable to the Company or its stockholders.

The completion of the Plan and the restructuring of Equus into an operating company are subject to various conditions, risks, and uncertainties, among which include the following:

- Although the Equus shareholders have authorized the Company's withdrawal as a BDC, they have not approved a Consolidation, the consummation of which is the final step in the Plan. Moreover, although Company management is presently reviewing various potential transactions, the Equus Board has not, at this time, approved any proposed Consolidation and the Company cannot guarantee that, once such Board approval is obtained, the Equus shareholders will in turn approve the same. Consequently, the Company cannot guarantee that it will withdraw its BDC election, or the exact timing of such withdrawal, or that Equus will otherwise complete the Consolidation and become an operating company not subject to the 1940 Act.
- Even if Equus enters into a definitive agreement that would result in a Consolidation, it may not be able to fulfill the closing conditions thereunder and, therefore, may ultimately not complete a Consolidation within the time frame authorized by the Equus shareholders to withdraw the Company's BDC election.
- If Equus is able to be restructured as an operating company instead of a closed-end fund, it will continue to be subject to various investor protections afforded to operating company shareholders pursuant to Delaware corporate law and the Securities Exchange Act of 1934. Further, assuming that Equus, following the Consolidation, meets the operating company listing standards of the New York Stock Exchange ("NYSE"), the Company's shareholders will also be afforded protections under applicable NYSE rules. Nevertheless, since Equus will not be regulated under the 1940 Act following a Consolidation, the Company will not be subject to a number of limitations and restrictions of the 1940 Act intended to protect shareholders, including, for example, restrictions on leverage, types and domicile of investments, and restrictions on the Company's ability to change its business. Further, even though Equus would continue to be subject to various restrictions concerning its securities and interested transactions under the Securities Exchange Act, applicable stock exchange rules, and Delaware law, it would not also be subject to more restrictive 1940 Act provisions concerning similar issues, such as share repurchases below net asset value, the issuance of Equus securities other than common stock for investments and acquisitions, the ratio of independent to interested directors on the Equus Board, related party transactions, and director and officer incentive compensation.

These risks should be considered in addition to the items identified as "Risk Factors" in the Company's most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") on April 17, 2018.

### **Forward-Looking Statements**

This press release contains certain forward-looking statements regarding possible future circumstances. These forward-looking statements are based upon the Company's current expectations and assumptions and are subject to various risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements including, in particular, the performance of the Company, including our ability to achieve our expected financial and business objectives, our ability to execute our reorganization (including a possible Consolidation) and complete the transactions contemplated thereby, the other risks and uncertainties described herein, as well as those contained in the

Company's filings with the SEC. Actual results, events, and performance may differ. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as to the date hereof. The Company undertakes no obligation to release publicly any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. The inclusion of any statement in this release does not constitute an admission by the Company or any other person that the events or circumstances described in such statements are material.

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