



# 2016 / 2017 Going Private Transaction Study

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OCTOBER 2018



HOULIHAN LOKEY

THOMSON REUTERS

**PRACTICAL LAW™**

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# Definition of Key Items in the Study\*

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- We used the following methodology to analyze each of the transactions:
  - **Transaction Value:** We calculated transaction value (“TV”) using data from S&P Capital IQ. TV represents the cost to acquire all common equity, preferred equity, and convertible securities, plus the face value of all outstanding debt, less cash and marketable securities.
  - **Valuation Multiples:** The valuation multiples include TV/revenue, TV/EBITDA, and TV/EBIT. We derived revenue, EBITDA, and EBIT figures from S&P Capital IQ.
  - **Acquisition Premiums:** We obtained acquisition premiums from S&P Capital IQ. These premiums are calculated by measuring the percentage change from the offer price per share to the trading prices one day, one week, and four weeks prior to the transaction announcement date.
    - **Note:** When analyzing the acquisition premiums, we excluded negative premiums from our high, low, median, and mean calculations, as these transactions involved companies in special or unusual situations and were not considered to be representative of going private acquisition premiums.

# Summary

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- In the 2016/2017 Going Private Transaction Study (the “Study”), we have summarized and analyzed 50 going-private transactions announced in the calendar years ended December 31, 2016, and December 31, 2017.
- For purposes of this Study, a target company is generally considered to have “gone private” if its pre-transaction publicly traded shares were purchased by a privately held financial sponsor, investment company, or similar entity (generically referred to as a “financial buyer”).
- Specifically, this Study analyzes the following key items for each of the 50 transactions:
  - Transaction background, focusing on management, stockholder, and board involvement
  - Transaction valuation (including transaction multiples and acquisition premiums)
  - Deal protection measures and fiduciary provisions
  - Transaction structure and financing
  - Termination provisions

# Transaction Screening Methodology

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- We identified the potential universe of going-private transactions through several screens from widely used transaction databases, including Thomson Reuters, S&P Capital IQ, and MergerMetrics, as well as by reviewing transactions requiring a Schedule 13e-3 filing with the Securities and Exchange Commission (SEC).
- For this Study, we excluded transactions with the following characteristics:
  - Transactions involving target companies that have their primary business operations outside of the United States;
  - Transactions involving targets with an enterprise value of under \$50 million;
  - Transactions for which there was insufficient information regarding terms (generally, smaller transactions);
  - “Going dark” transactions, in which a publicly traded company reduces the number of stockholders of record below a certain threshold (often through reverse stock splits and share repurchases) to avoid SEC filing requirements;
  - Transactions involving a privately held, nonfinancial (i.e., “strategic”) buyer;
  - Transactions involving bankrupt or reorganizing target companies; and
  - Transactions that were cancelled or withdrawn prior to the execution of a merger agreement.

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# Summary Financial Statistics

- In the following table, we summarize the low, high, median, and mean financial metrics of the 50 transactions we analyzed in the Study.

## Summary Metrics

	TV (\$mil)	LTM Multiples			Acquisition Premiums <sup>1</sup>		
		TV/Revenue	TV/EBITDA	TV/EBIT	1-Day	1-Week	4-Weeks
<b>Low</b>	\$76.5	0.20x	2.2x	4.0x	0.0%	0.0%	0.0%
<b>High</b>	\$17,315.9	9.58x	27.8x	48.4x	98.0%	98.0%	89.7%
<b>Median</b>	\$970.6	2.12x	10.6x	19.1x	17.6%	21.1%	29.6%
<b>Mean</b>	\$1,945.1	2.38x	12.3x	22.2x	24.5%	25.4%	32.6%

(1) Calculation excludes negative premiums and other outliers.

Source: S&P Capital IQ.

Note: The high and low metrics shown in this chart represent the high and low TVs, TV multiples, and acquisition premiums shown in the study. The low TV multiples and acquisition premiums, respectively, are not necessarily associated with the transactions with the lowest transaction value, and the high TV multiples and acquisition premiums, respectively, are not necessarily associated with the transaction with the highest transaction value. Similarly, the low and high acquisition premiums, respectively, are not necessarily associated with the transactions with the lowest and highest transaction value or TV multiples.



# Transaction Analysis by Target Company Size

- 31 of the transactions (62%) in the Study had a TV in excess of \$500 million, with 25 transactions (50%) in excess of \$1.0 billion.
- There was one transaction with TV under \$100 million, which exhibited lower transaction multiples but higher acquisition premiums compared with the other size categories.

## Analysis by Target Company Size

Transaction Value	Number of Transactions [1]		TV (\$mil)	LTM Multiples			Acquisition Premiums		
				TV/Revenue	TV/EBITDA	TV/EBIT	1-Day	1-Week	4-Weeks
Over \$1 billion	25	Median	\$2,486.5	2.52x	10.6x	18.9x	12.4%	16.1%	25.7%
		Mean	\$3,512.8	2.99x	12.2x	20.1x	13.6%	15.5%	24.6%
\$100 million to \$1 billion	24	Median	\$401.1	1.42x	11.2x	19.1x	33.7%	34.2%	36.2%
		Mean	\$390.0	1.82x	12.7x	24.8x	34.9%	34.7%	38.4%
Less than \$100 million	1	Median	\$76.5	0.41x	8.5x	NM	46.6%	41.3%	68.8%
		Mean	\$76.5	0.41x	8.5x	NM	46.6%	41.3%	68.8%
All Transactions	50	Median	\$970.6	2.12x	10.6x	19.1x	17.6%	21.1%	29.6%
		Mean	\$1,945.1	2.38x	12.3x	22.2x	24.5%	25.4%	32.6%

Source: S&P Capital IQ.

(1) Excludes one transaction that was structured as a separate asset sale and merger.

Note: Mean and median calculations exclude negative premiums and other outliers. The high and low metrics shown in this chart represent the high and low TVs, TV multiples, and acquisition premiums shown in the study. The low TV multiples and acquisition premiums, respectively, are not necessarily associated with the transactions with the lowest transaction value, and the high TV multiples and acquisition premiums, respectively, are not necessarily associated with the transaction with the highest transaction value. Similarly, the low and high acquisition premiums, respectively, are not necessarily associated with the transactions with the lowest and highest transaction value or TV multiples.

# Transaction Analysis by Date Announced

- Transaction volume during 2016 and 2017 peaked in the second quarter of 2016, with slightly more transactions in 2016 (28) than 2017 (22).
- Median EBITDA and EBIT multiples were somewhat volatile during the two-year period, with the median multiples ranging from 8.7x to 16.5x in the case of EBITDA and from 10.9x to 28.7x in the case of EBIT.

## Analysis by Transaction Announcement Date

Transaction Date	Number of Transactions		TV (\$mil)	LTM Multiples			Acquisition Premiums		
				TV/Revenue	TV/EBITDA	TV/EBIT	1-Day	1-Week	4-Weeks
1/1/2016 - 3/31/2016	5	Median	\$588.6	1.30x	11.1x	10.9x	35.3%	29.3%	25.1%
		Mean	\$1,146.7	3.54x	10.4x	20.7x	47.9%	44.2%	38.5%
4/1/2016 - 6/30/2016	11	Median	\$1,706.4	2.52x	11.3x	28.7x	18.0%	22.8%	29.0%
		Mean	\$2,035.3	2.76x	12.1x	27.5x	20.2%	23.6%	31.0%
7/1/2016 - 9/30/2016	8	Median	\$582.6	1.93x	9.0x	18.2x	24.4%	27.0%	37.6%
		Mean	\$1,234.4	2.47x	11.1x	23.0x	24.1%	25.0%	42.6%
10/1/2016 - 12/31/2016	4	Median	\$445.7	1.49x	16.5x	16.5x	27.5%	18.6%	28.4%
		Mean	\$993.8	1.56x	16.9x	19.4x	32.2%	30.6%	36.1%
1/1/2017 - 3/31/2017	2	Median	\$1,583.9	1.71x	11.3x	17.4x	25.4%	32.2%	40.2%
		Mean	\$1,583.9	1.71x	11.3x	17.4x	25.4%	32.2%	40.2%
4/1/2017 - 6/30/2017	9	Median	\$1,593.5	2.39x	12.3x	19.1x	13.4%	18.9%	35.9%
		Mean	\$3,016.9	2.28x	13.3x	19.6x	18.0%	21.0%	31.8%
7/1/2017 - 9/30/2017	5	Median	\$1,363.5	0.88x	10.6x	22.0x	14.9%	12.5%	11.2%
		Mean	\$4,110.7	1.37x	11.3x	21.3x	17.9%	16.8%	18.8%
10/1/2017 - 12/31/2017	6	Median	\$582.8	2.45x	8.7x	22.5x	15.4%	14.1%	17.6%
		Mean	\$735.4	2.35x	11.2x	22.5x	20.6%	19.4%	22.9%
All Transactions	50	Median	\$970.6	2.12x	10.6x	19.1x	17.6%	21.1%	29.6%
		Mean	\$1,945.1	2.38x	12.3x	22.2x	24.5%	25.4%	32.6%

Sources: Thomson Reuters and S&P Capital IQ.

Note: Mean and median calculations exclude negative premiums and other outliers. The high and low metrics shown in this chart represent the high and low TVs, TV multiples, and acquisition premiums shown in the study. The low TV multiples and acquisition premiums, respectively, are not necessarily associated with the transactions with the lowest transaction value, and the high TV multiples and acquisition premiums, respectively, are not necessarily associated with the transaction with the highest transaction value. Similarly, the low and high acquisition premiums, respectively, are not necessarily associated with the transactions with the lowest and highest transaction value or TV multiples.

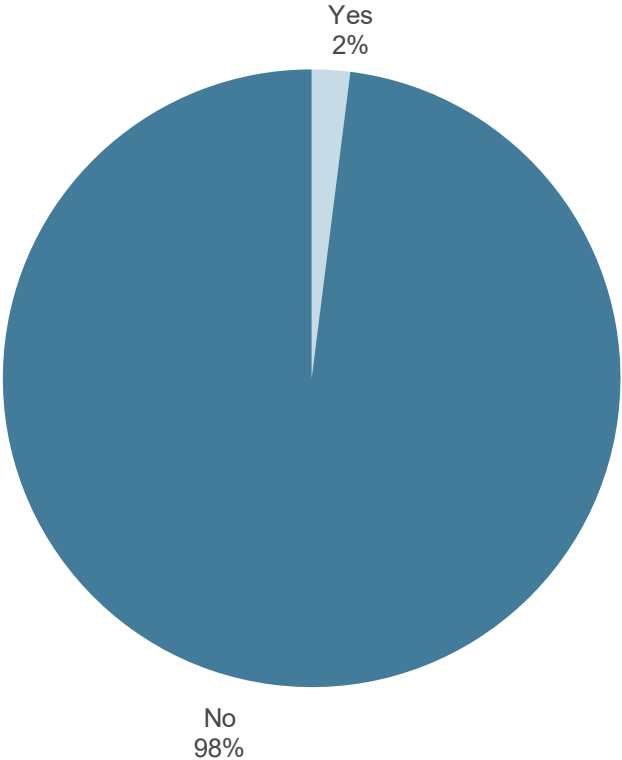
# Management Initiation

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- Only one of the transactions in the Study was initiated by the management of the target. For purposes of the Study, “management” does not include directors.

## Was the transaction initiated by management?

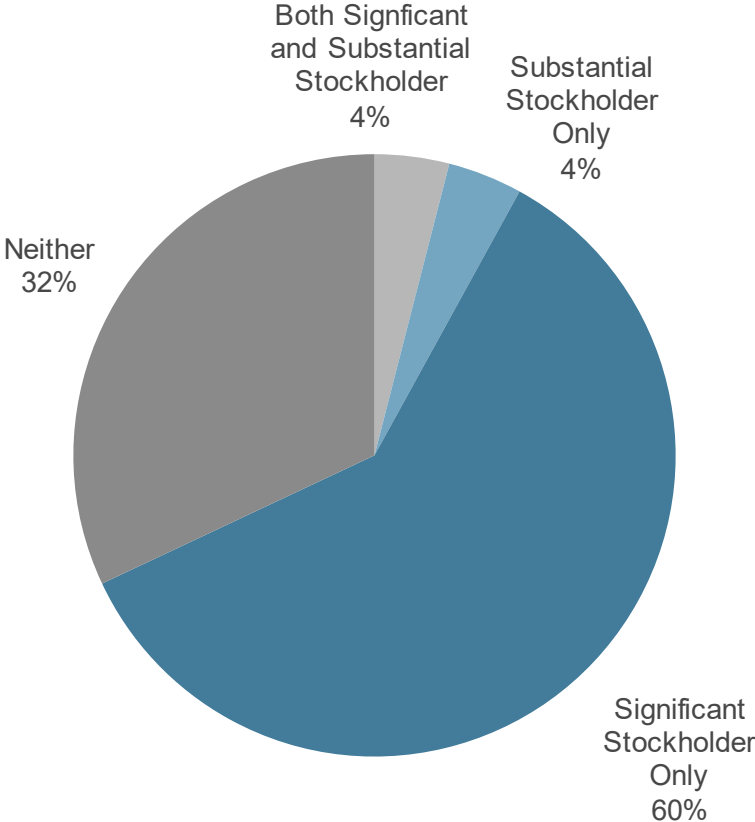
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# Major Stockholders

- 68% of target companies in the Study had at least one significant and/or substantial stockholder prior to the transaction.

Was there a substantial ( $\geq 35\%$ ) or significant ( $> 10\%$  and  $< 35\%$ ) stockholder prior to the transaction?

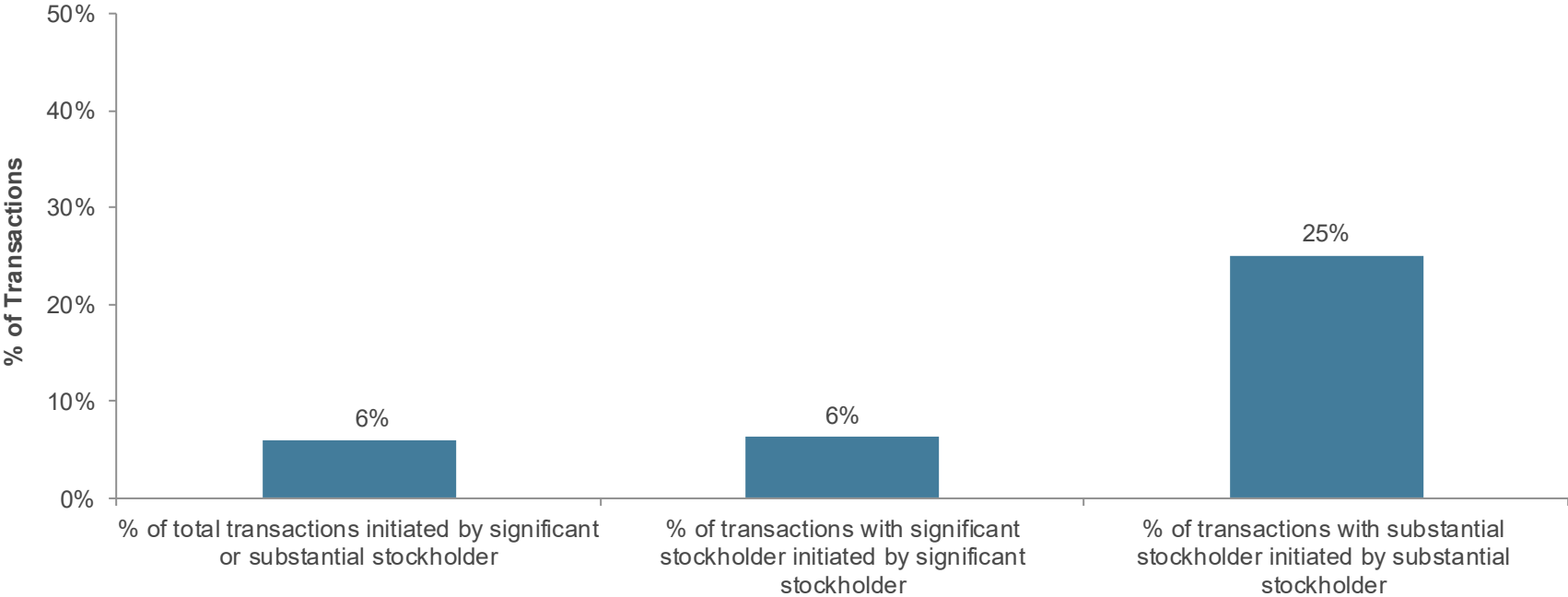


Source: Public filings.

# Stockholder Initiation

- Three of the observed going-private transactions (approximately 6%) in 2016 and 2017 were initiated by an existing significant or substantial stockholder.
- Of the four transactions in which the target company had a substantial stockholder prior to the transaction, only one transaction (25%) was initiated by that stockholder.
- Significant stockholders were less likely to initiate a transaction, doing so in only two (6%) of 32 cases in which there was a significant stockholder.

## Did a significant or substantial stockholder initiate the transaction process?

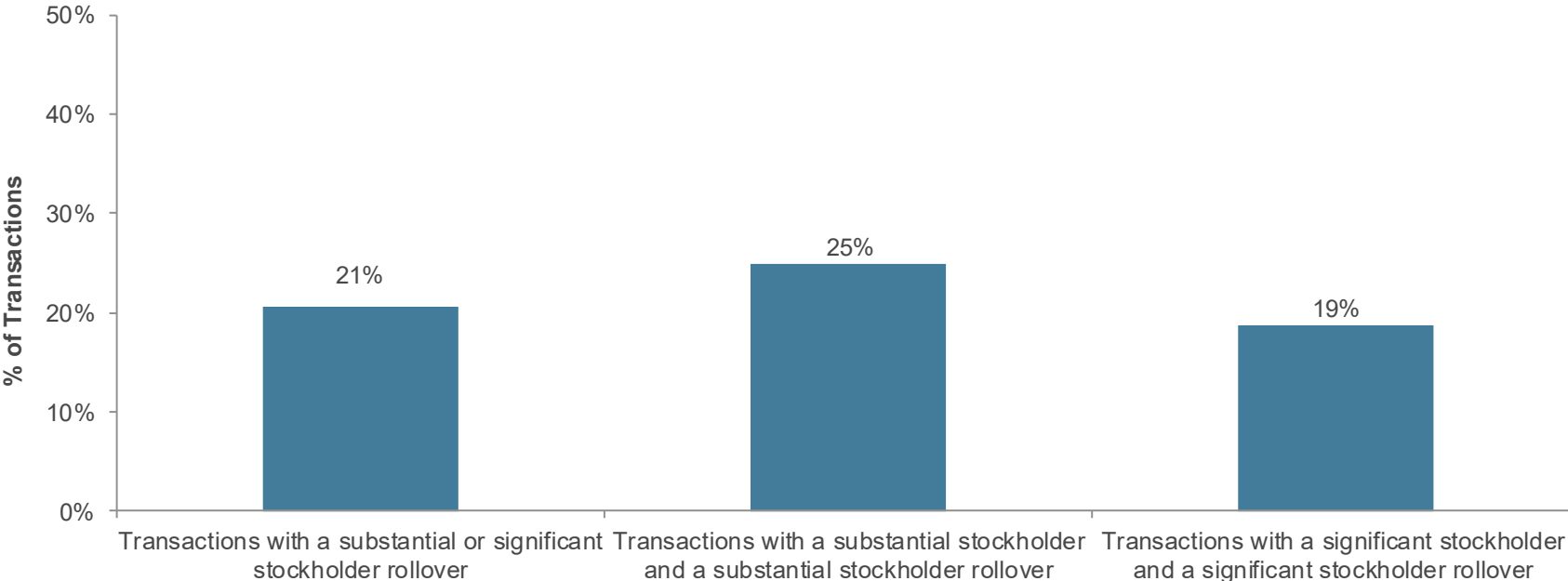


Source: Public filings.

# Major Stockholder Rollover

- In the Study, significant and substantial stockholders rolled over their target stock into stock of the acquisition vehicle or the surviving corporation in seven of the 34 relevant transactions (21%).
- Where a substantial stockholder existed prior to the transaction, at least a portion of that stockholder’s position was rolled over in one of the four relevant transactions (25%).
- In the Study, significant stockholders rolled over a portion of their holdings in six of the 32 relevant transactions (19%).

## Major Stockholder Rollover

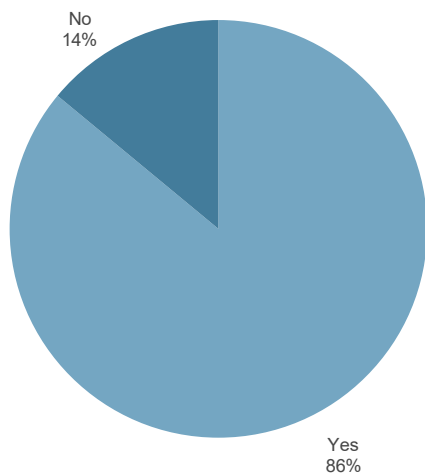


Source: Public filings.

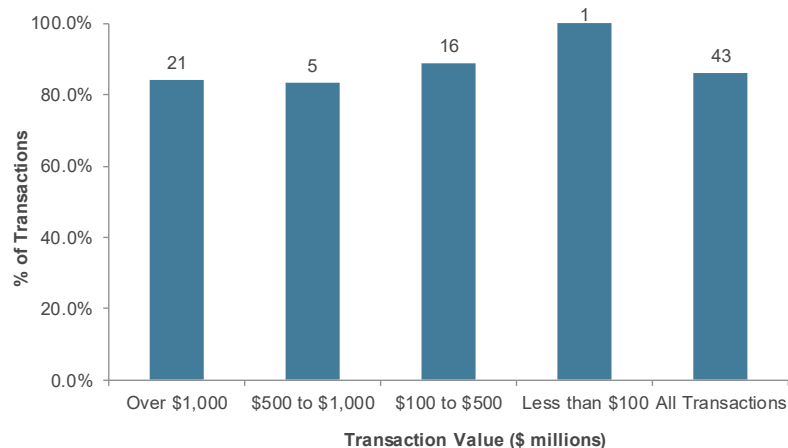
# “Shopped” Companies

- 86% of the targets in the Study undertook a process to “shop” the company prior to the execution of a transaction agreement.
- 21 of 25 of the targets (84%) involved in transactions with TVs above \$1.0 billion were shopped, as compared to 22 of 25 of the targets (88%) with TVs of less than \$1 billion.

## Was the company “shopped?”



## % of Total Transactions “Shopped”



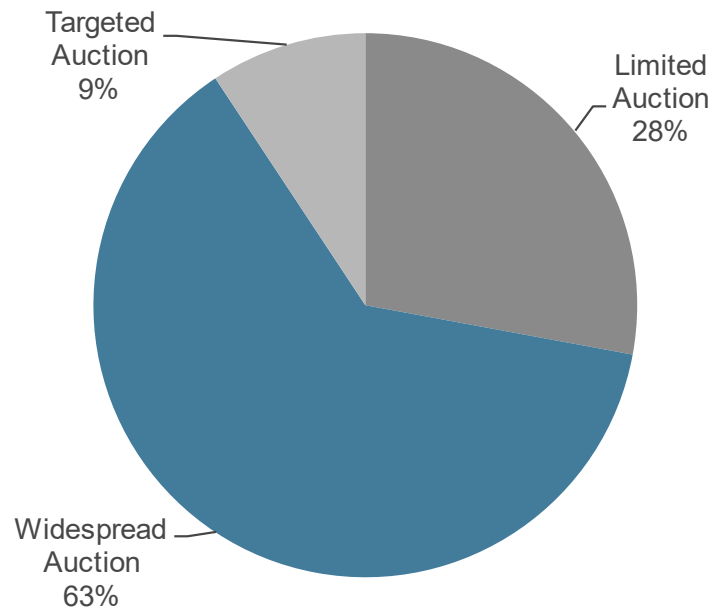
# Auction Process

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- In 27 of the 43 transactions (63%) where the target was shopped prior to the execution of a transaction agreement, the auction process was widespread (in excess of 15 prospective buyers solicited).
- 12 of the 43 shopped transactions (28%) involved limited auctions (five to 15 parties solicited).
- Four of the shopped transactions involved targeted auctions (less than five parties solicited).

**If the company was shopped prior to an acquisition agreement being signed, was the process a widespread, limited, or targeted auction?**

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# Auction Process (cont.)

- Limited auctions generated higher mean and median TV/EBITDA and TV/EBIT transaction multiples in 2016 and 2017 than did widespread and targeted auctions. Widespread and targeted auctions produced generally higher mean and median acquisition premiums.

## Targeted Auction Processes

	TV (\$mil)	LTM Multiples			Acquisition Premiums		
		TV/Revenue	TV/EBITDA	TV/EBIT	1-Day	1-Week	4-Weeks
<b>Low</b>	\$129.5	0.37x	4.6x	7.5x	11.9%	18.4%	14.1%
<b>High</b>	\$6,613.7	2.02x	21.9x	48.4x	70.6%	73.7%	72.6%
<b>Median</b>	\$2,958.8	1.40x	9.8x	8.9x	21.7%	27.0%	21.7%
<b>Mean</b>	\$3,165.2	1.29x	11.5x	21.6x	31.5%	36.5%	32.5%

## Limited Auction Processes

	TV (\$mil)	LTM Multiples			Acquisition Premiums		
		TV/Revenue	TV/EBITDA	TV/EBIT	1-Day	1-Week	4-Weeks
<b>Low</b>	\$153.9	0.58x	8.7x	12.9x	3.2%	2.6%	5.8%
<b>High</b>	\$17,315.9	7.55x	27.8x	34.1x	35.7%	38.9%	74.0%
<b>Median</b>	\$1,412.6	2.27x	11.7x	21.0x	10.5%	11.0%	22.2%
<b>Mean</b>	\$2,786.2	2.64x	14.9x	23.0x	15.0%	15.6%	27.9%

## Widespread Auction Processes

	TV (\$mil)	LTM Multiples			Acquisition Premiums		
		TV/Revenue	TV/EBITDA	TV/EBIT	1-Day	1-Week	4-Weeks
<b>Low</b>	\$76.5	0.20x	2.2x	4.0x	0.0%	0.0%	0.0%
<b>High</b>	\$4,955.0	6.95x	22.8x	47.1x	98.0%	98.0%	89.7%
<b>Median</b>	\$668.2	2.01x	9.3x	19.1x	20.6%	22.6%	31.5%
<b>Mean</b>	\$1,299.9	2.21x	10.7x	22.8x	26.3%	27.4%	34.1%

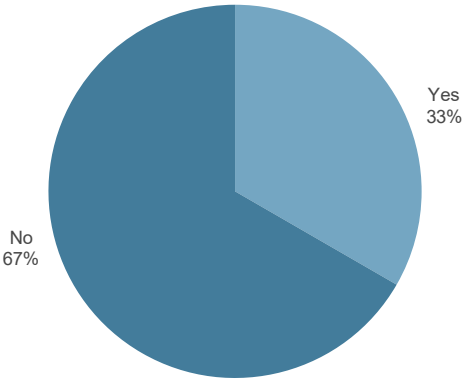
Sources: S&P Capital IQ and public filings.

Note: The high and low metrics shown in this chart represent the high and low TVs, TV multiples, and acquisition premiums shown in the study. The low TV multiples and acquisition premiums, respectively, are not necessarily associated with the transactions with the lowest transaction value, and the high TV multiples and acquisition premiums, respectively, are not necessarily associated with the transaction with the highest transaction value. Similarly, the low and high acquisition premiums, respectively, are not necessarily associated with the transactions with the lowest and highest transaction value or TV multiples.

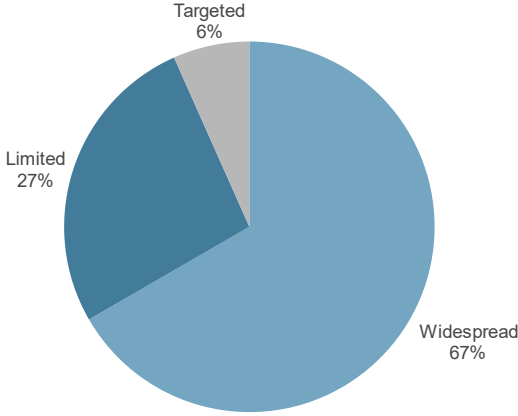
# Public Disclosure

- In 67% of the transactions, there was no contemporaneous public announcement of the auction process.
- The transaction size was generally larger for auctions that were publicly announced.
- Widespread auctions constituted (i) 10 of the 15 (67%) shopped transactions in which the auction process was publicly disclosed and (ii) 17 out of 28 (61%) of those in which the process was not publicly disclosed.

Was there contemporaneous public disclosure of the auction process?



If there was public disclosure, was the process a widespread, limited, or targeted auction?

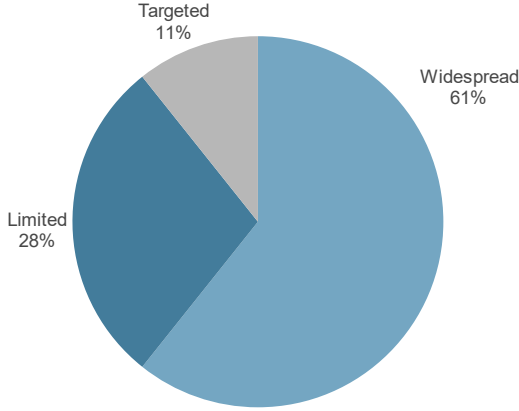


## Transaction Value Analysis

(in millions)

	Public Disclosure	No Public Disclosure
<b>Low</b>	\$137.8	\$76.5
<b>High</b>	\$17,315.9	\$6,613.7
<b>Median</b>	\$2,486.5	\$585.2
<b>Mean</b>	\$3,498.2	\$1,151.1

If there was no public disclosure, was the process a widespread, limited, or targeted auction?

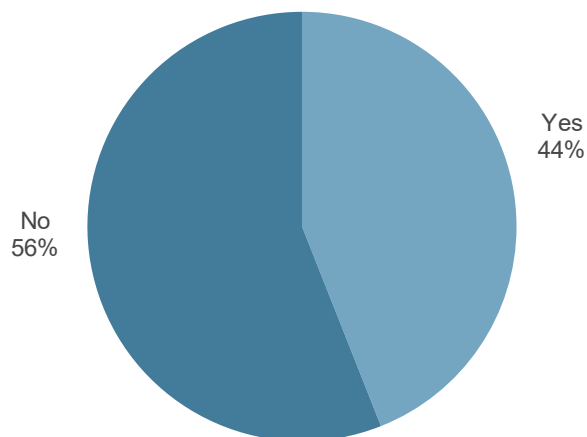


Sources: S&P Capital IQ and public filings.

# Exclusivity

- Exclusivity was granted to a prospective acquiror in 44% of the transactions in the Study.
- Transactions with exclusivity periods generally garnered slightly lower TV/EBITDA multiples and higher premiums as compared to those without exclusivity periods.

## Was there exclusivity granted to any bidder during the auction process?



## Transactions with Exclusivity Periods

	TV (\$mil)	LTM Multiples			Acquisition Premiums		
		TV/Revenue	TV/EBITDA	TV/EBIT	1-Day	1-Week	4-Weeks
<b>Low</b>	\$129.5	0.20x	2.2x	4.0x	0.0%	0.0%	0.0%
<b>High</b>	\$17,315.9	7.55x	21.9x	48.4x	98.0%	98.0%	89.7%
<b>Median</b>	\$434.1	1.77x	10.1x	17.9x	20.6%	23.8%	26.6%
<b>Mean</b>	\$1,431.6	2.15x	11.4x	24.5x	28.9%	29.9%	32.7%

## Transactions with No Exclusivity

	TV (\$mil)	LTM Multiples			Acquisition Premiums		
		TV/Revenue	TV/EBITDA	TV/EBIT	1-Day	1-Week	4-Weeks
<b>Low</b>	\$76.5	0.37x	4.6x	7.5x	0.4%	0.3%	1.1%
<b>High</b>	\$7,596.6	9.58x	27.8x	39.4x	53.9%	61.8%	74.0%
<b>Median</b>	\$1,514.1	2.43x	11.5x	20.0x	17.3%	19.5%	31.5%
<b>Mean</b>	\$2,348.7	2.56x	12.8x	20.8x	21.0%	22.1%	32.5%

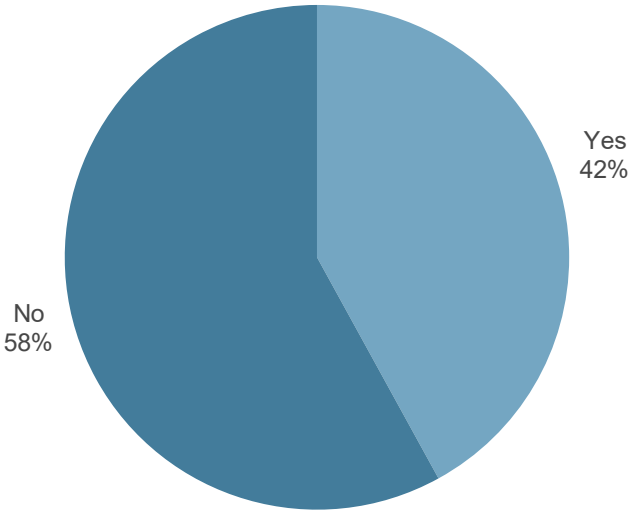
Sources: S&P Capital IQ and public filings.

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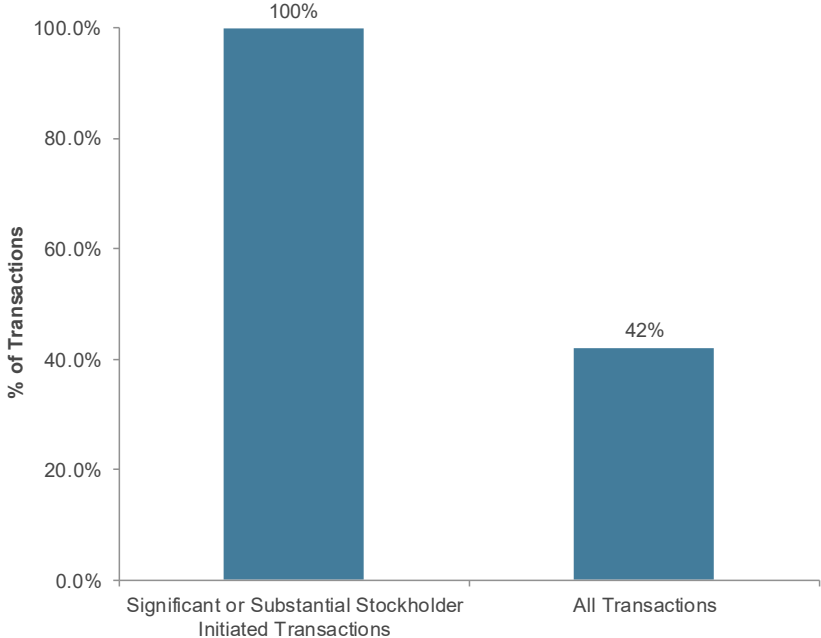
# Special Committees

- In 42% of the transactions, a committee of independent directors was appointed to review and/or negotiate the transaction.
- Special committees were appointed in all three transactions that were initiated by a substantial or significant stockholder.

## Was a special committee of independent directors formed to review the transaction?



## % of Transactions with Special Committees

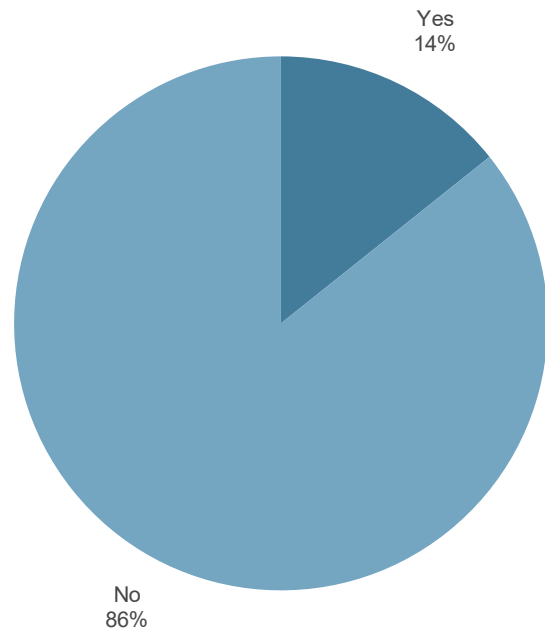


Source: Public filings.

# Special Committees (cont.)

- In three of the 21 transactions (14%) where a special committee was formed, compensation paid to the committee members was disclosed.
  - In one instance, the special committee members were paid per month (\$5,000 per month and \$7,500 per month for the chairman).
  - In the other two instances, each committee member was paid a flat fee, with the committee chair generally being paid more than committee members.

## If there was a special committee formed, was compensation to its members disclosed?



## Summary statistics for special committee member flat fee compensation

	Special Committee Chairperson	Special Committee Member
<b>Low</b>	\$50,000	\$25,000
<b>High</b>	\$60,000	\$50,000
<b>Median</b>	\$55,000	\$37,500
<b>Mean</b>	\$55,000	\$37,500

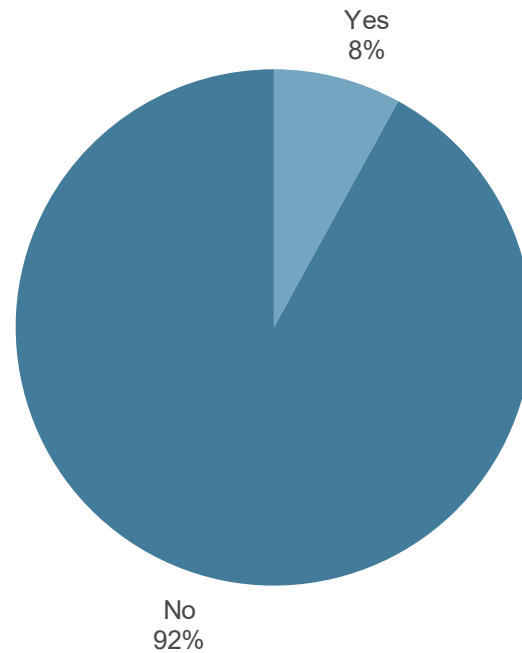
# Post-Transaction Employment

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- Boards of directors of going-private targets are reluctant to allow management to discuss post-transaction employment prior to the board's selection of a winning bidder.

## Did management discuss post-transaction employment prior to the board's selection of a winning bid?

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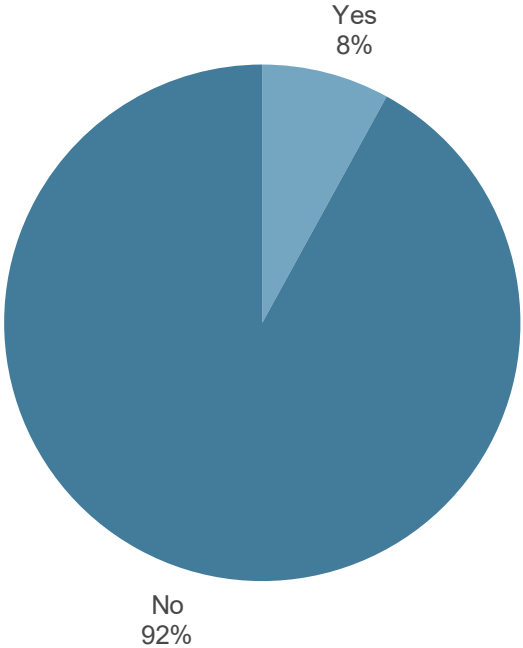
# 13e-3 Transactions

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- Only 8% of the transactions in the Study were “13e-3 transactions” as defined under the Securities Exchange Act of 1934.

## Was the transaction a 13e-3 transaction?

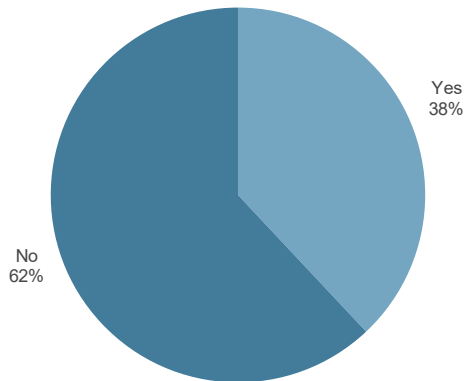
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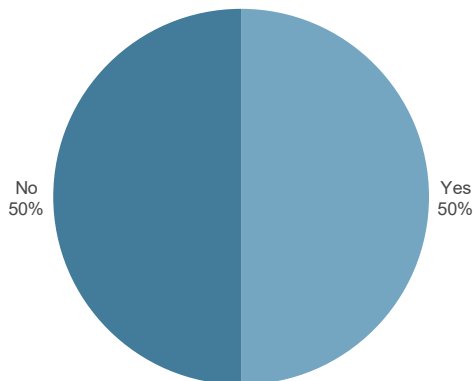
# Stockholder Lock-Ups

- Stockholder agreements to vote in favor of the transaction (a “lock-up”) were observed in 38% of the transactions.
- Of the 32 transactions involving a target with a significant stockholder, 16 (50%) had a lock-up; and all four (100%) of the transactions involving a target with a substantial stockholder had a lock-up of that stockholder.

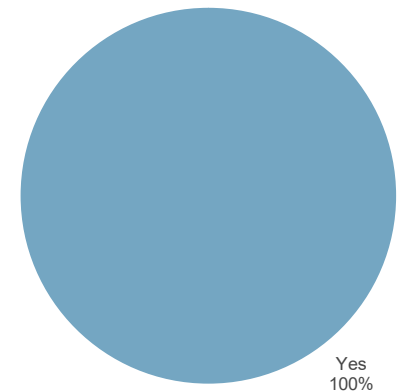
Transactions with stockholder lock-ups as a % of total transactions



Transactions with significant stockholder lock-ups as a % of total transactions with significant stockholders



Transactions with substantial stockholder lock-ups as a % of total transactions with substantial stockholders





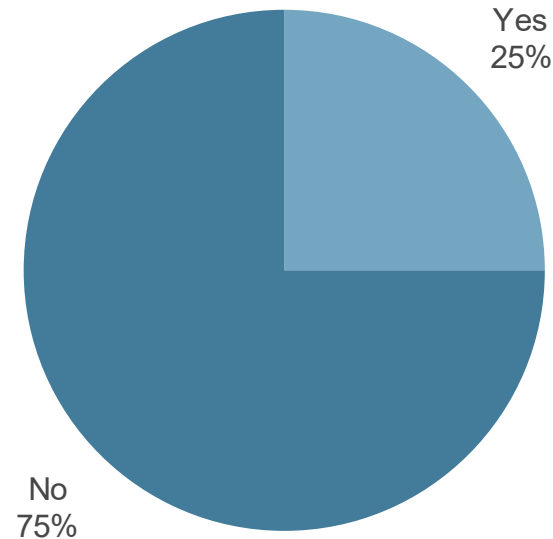
# Approval by a Majority of the Minority

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- In the Study, there were three transactions that were subject to approval by a majority of the minority stockholders.
- Only one of the four transactions (25%) initiated by a substantial stockholder, significant stockholder or management required approval by a majority of the minority stockholders.

**Was the transaction subject to approval by a majority of the minority if initiated by a substantial stockholder, significant stockholder, or management?**

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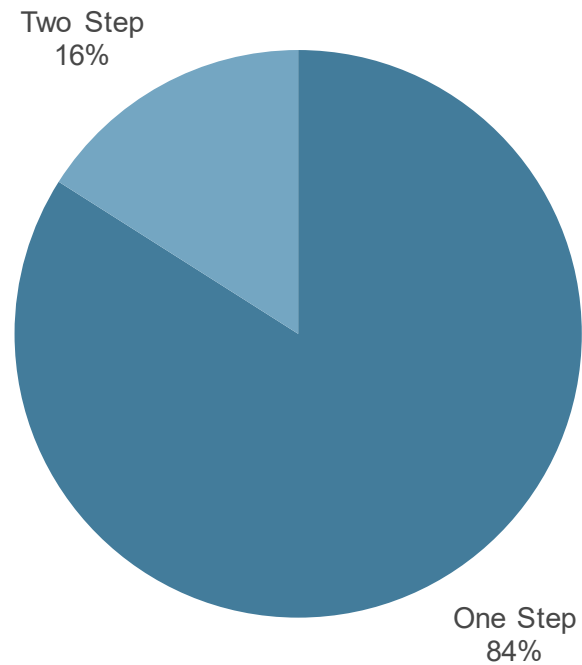
# Transaction Structure

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- Despite the advantage of being able to quickly gain control of a target through the use of a tender offer, 84% of the transactions in the Study were structured as one-step merger transactions.

## Transaction Structure

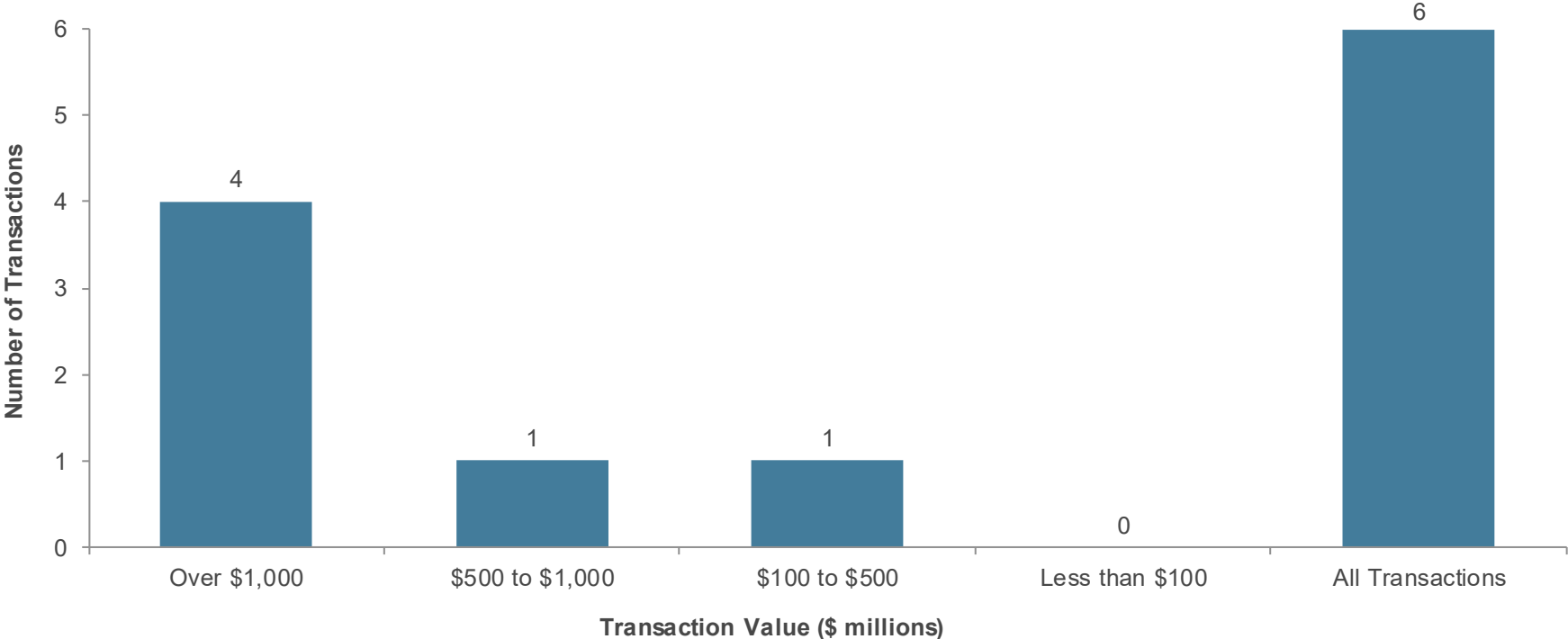
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# Club Deals

- Six of the transactions in the Study were “club deals” involving two or more sponsors.

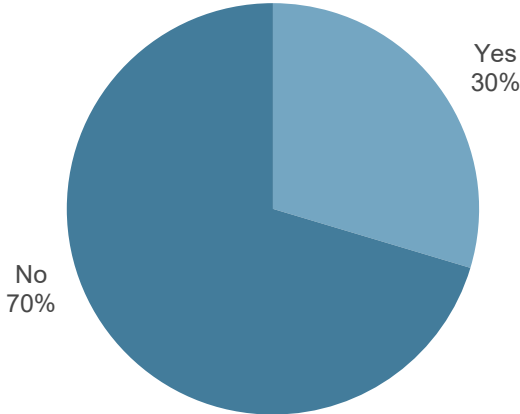
### Number of Club Deals by Transaction Value



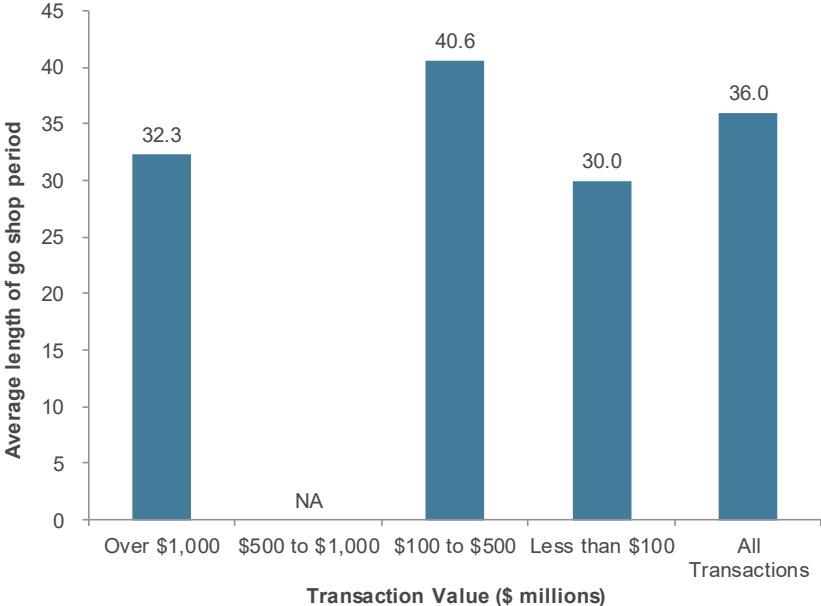
# Go-Shop Provisions

- Only 30% of the transactions in the Study provided for a post-agreement go-shop period.
- The average go-shop period length for all of the observed transactions was 36.0 days, with the smallest transactions having shorter average “shopping days.”

## Was there a go-shop provision?



## Average Length of Go-Shop (days)



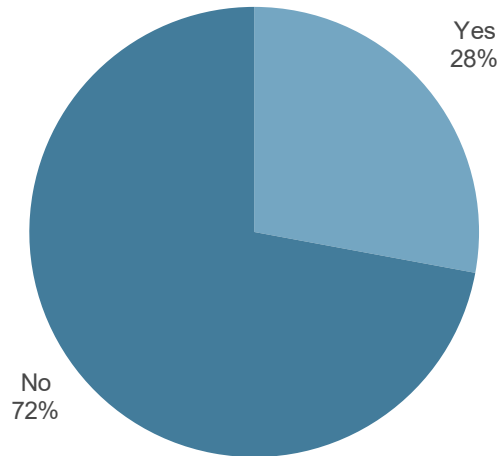
# Go-Shop Provisions (cont.)

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- Go-shop provisions were present in three of the seven (43%) transactions that were not preceded by an auction process.

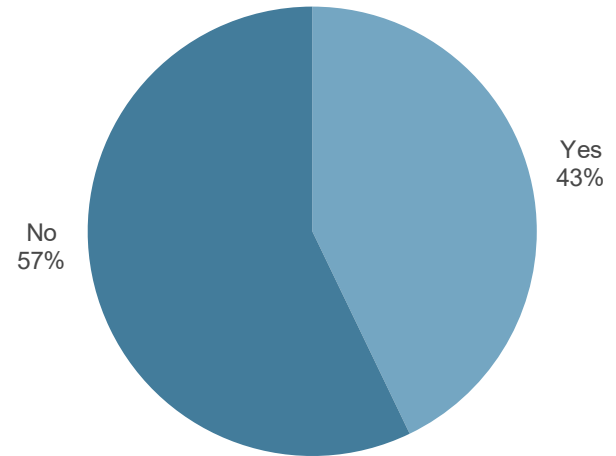
If there was an auction process, was there a go-shop provision?

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If there was not an auction process, was there a go-shop provision?

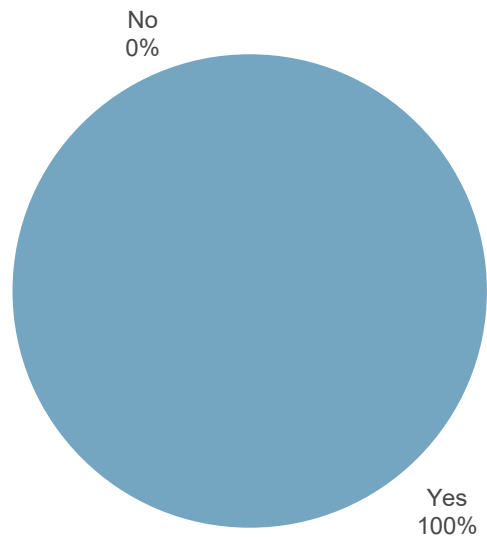
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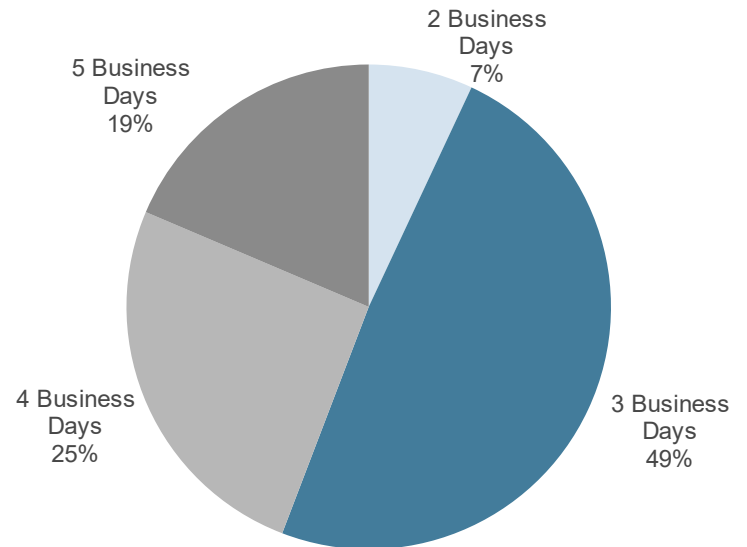
# Fiduciary Out to a Superior Proposal

- All transactions contained a fiduciary out in the event the target received a superior outside proposal (either pursuant to a go-shop provision or otherwise); however, in most cases the original bidder was granted matching rights effective for a period of up to five days.

If there was a fiduciary out for a superior proposal, did the original bidder have matching rights?



If the bidder did have matching rights, over what period were the matching rights effective?<sup>(1)</sup>



<sup>(1)</sup> One transaction that provided for five days included as five business days and one transaction that provided for 72 hours included as three business days.  
Source: Thomson Reuters Practical Law.

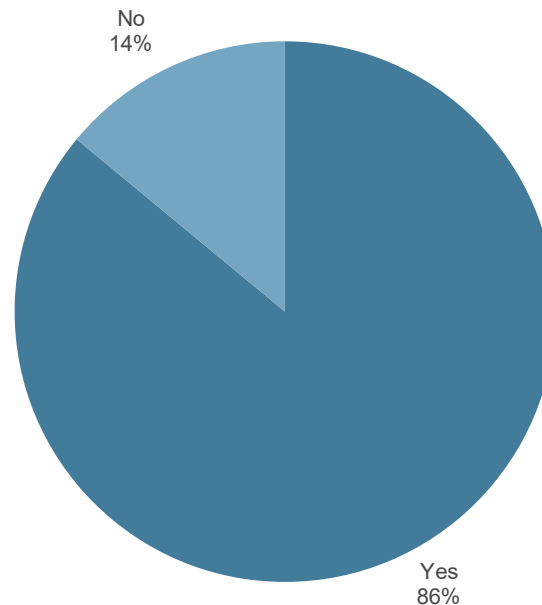
# Fiduciary Out for an Intervening Event

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- In 86% of transactions, the target board was permitted to change its recommendation in favor of a deal by reason of an “intervening event.”
- The definition of an intervening event varies by deal, but typical definitions may include that such event was not known by the target’s board and/or management as of the date of the merger agreement, is material, was not reasonably foreseeable, and/or occurs or arises after the date of the merger agreement.

## Was there a fiduciary out for an “intervening event”?

---



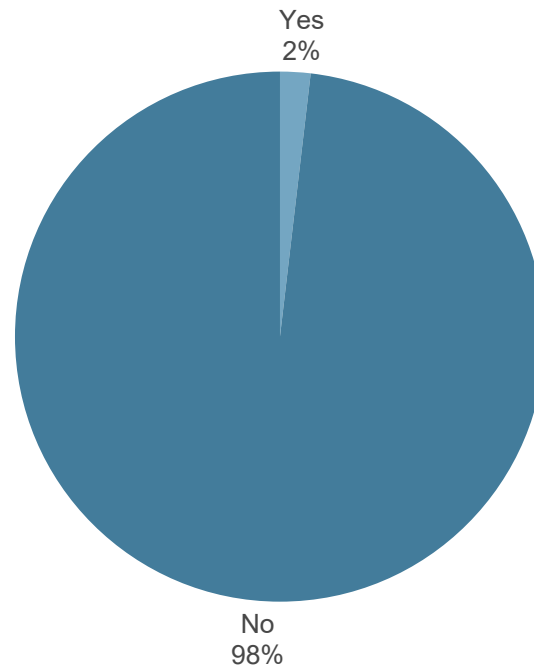
# Financing

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- 2% of the transactions in the Study were conditioned on the availability of financing.

## Was there a financing out in the agreement?

---





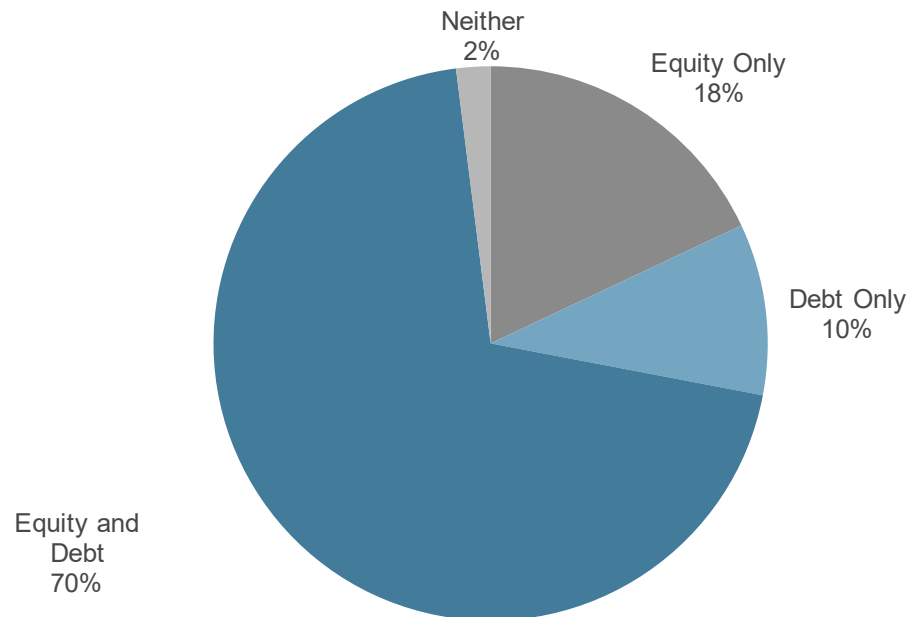
# Financing (cont.)

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- Commitment letters for the provision of debt and/or equity financing were delivered prior to signing the acquisition agreement in 98% of the transactions in the Study.

## Was a commitment letter delivered upon signing of the transaction agreement?

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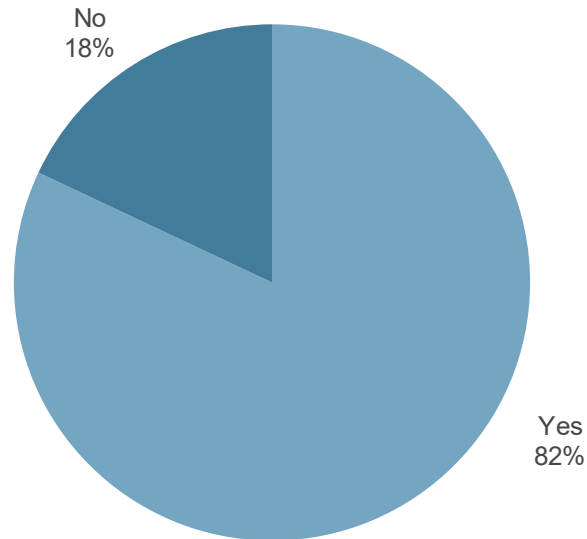
# Financing (cont.)

---

- In 82% of transactions the financial sponsor (through the fund making the investment) guaranteed the payment of any reverse termination fee.

## Did the financial sponsor guarantee the reverse termination fee/expense reimbursement?

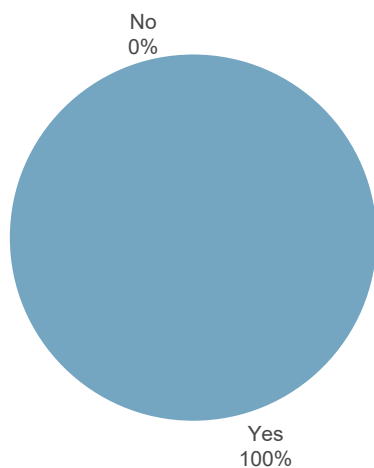
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# Termination Fees

- 100% of the transactions in the Study featured a termination fee payable to the acquiror under certain circumstances in which the transaction did not close.
- Mean and median termination fees as a percentage of transaction value were both approximately 2.8%.

## Did the transaction have a termination fee?



## Termination Fee as a % of Transaction Value

	<u>Over \$1.0 billion</u>	<u>\$500 to 1.0 billion</u>	<u>\$100 million to \$500 million</u>	<u>Less than \$100 million</u>	<u>All Transactions</u>
Low	0.8%	2.1%	1.1%	3.8%	0.8%
High	3.5%	3.6%	5.0%	3.8%	5.0%
Median	2.4%	2.9%	3.3%	3.8%	2.8%
Mean	2.4%	2.9%	3.2%	3.8%	2.8%

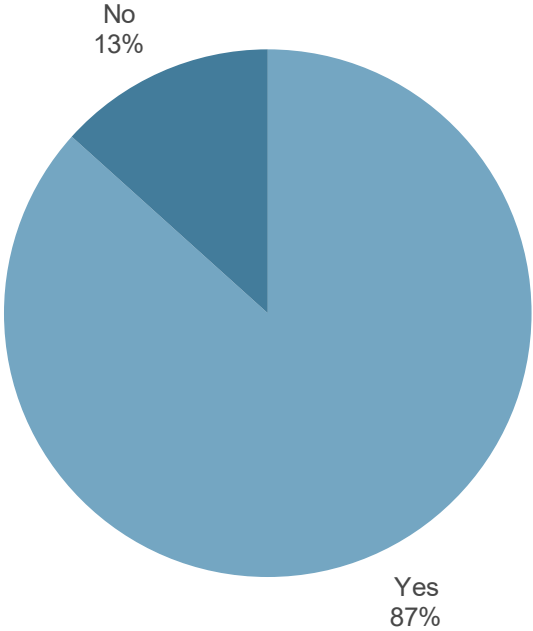
# Bifurcated Termination Fees

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- Most of the transactions in the Study that had “go-shop” provisions had a bifurcated structure pursuant to which the termination fee during the go-shop period was lower than the termination fee payable after the go-shop period had ended.

**For transactions with go-shop provisions, was the fee bifurcated during the go-shop period?**

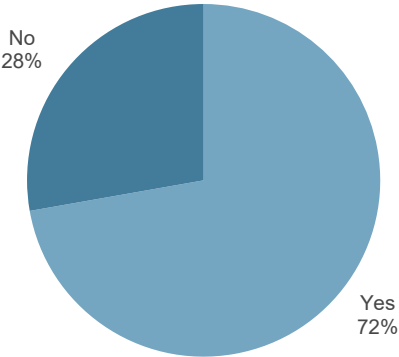
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# Reverse Termination Fees

- Approximately 72% of the transactions in the Study had a reverse termination fee payable by the acquiror if the financing for the transaction fell through or the acquiror otherwise terminated the acquisition agreement.
- The median reverse termination fee as a percentage of transaction value was approximately 4.7%.

## Did the transaction have a reverse termination fee?



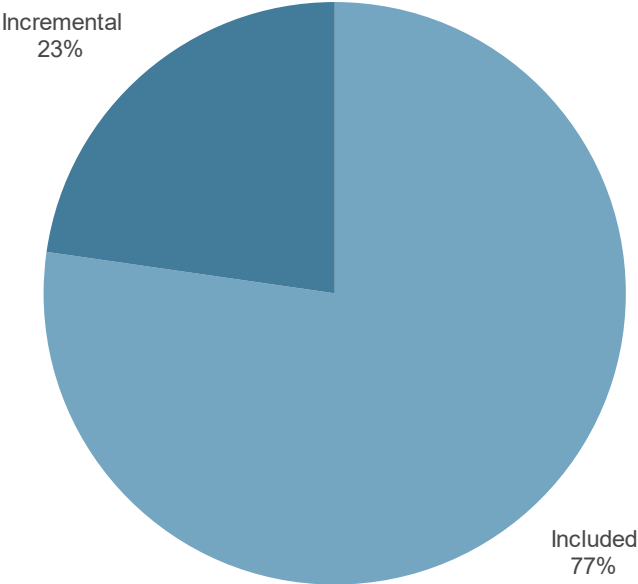
## Reverse Termination Fee as a % of Transaction Value

	Over \$1.0 billion	\$500 to 1.0 billion	\$100 million to \$500 million	Less than \$100 million	All Transactions
Low	1.6%	2.1%	1.6%	NA	1.6%
High	8.2%	5.1%	6.8%	NA	8.2%
Median	5.1%	3.0%	5.0%	NA	5.0%
Mean	5.1%	3.4%	4.5%	NA	4.7%

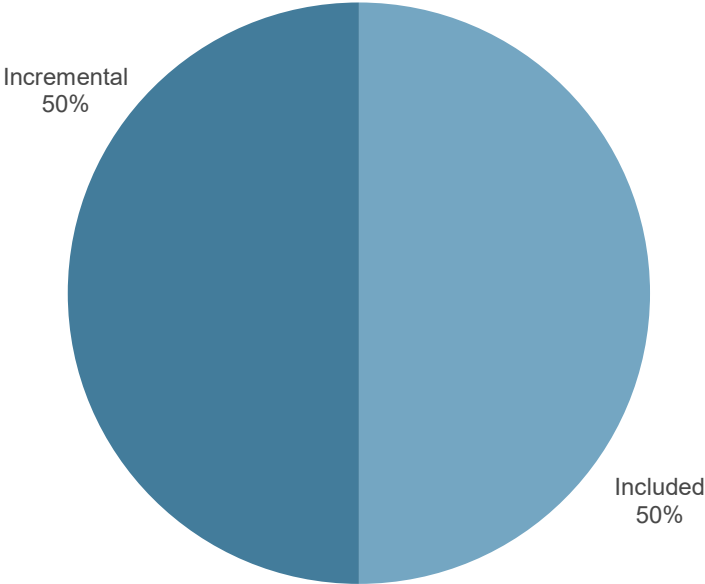
# Expense Reimbursement in the Event of Termination

- 22 (44%) of the termination fee provisions observed in the Study addressed treatment of expenses. Of these, only five transactions provided for the reimbursement of transaction expenses (i.e., expense reimbursement was incremental to the termination fee payable upon termination). Additionally, expense reimbursement was treated as an incremental expense in one of the two reverse termination fee provisions that specified expense treatment.

Were expenses included in the termination fee or incremental?



Were expenses included in the reverse termination fee or incremental?



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# Transactions

Number	Date Announced	Status	Target	Acquiror Name	TV (\$mil)	TV/Revenue	TV/EBITDA	TV/EBIT	1-Day	1-Week	4-Weeks
1	01/19/2016	Closed	Rouse Properties, Inc.	Brookfield Asset Management Inc.	\$2,926.4	9.58x	17.0x	51.3x *	35.3%	29.3%	23.2%
	02/08/2016	Closed	Apollo Education Group, Inc.	Apollo Global Management, LLC; Najafi Companies; Apollo Investment Fund VIII, L.P.; The Vistria Group, LLC	\$588.6	0.25x	2.2x	4.0x	51.7%	44.4%	59.9%
2											
3	02/15/2016	Closed	Diligent Corporation	Insight Venture Partners LLC	\$581.9	5.86x	35.2x *	47.1x	30.7%	24.9%	20.4%
4	02/29/2016	Closed	API Technologies Corp.	J.F. Lehman & Company, Inc.	\$306.7	1.30x	15.2x	293.5x *	98.0%	98.0%	63.9%
5	03/14/2016	Closed	The Fresh Market, Inc.	Apollo Global Management, LLC; Apollo Management VIII, L.P.	\$1,329.9	0.72x	7.0x	10.9x	24.0%	24.1%	25.1%
	04/19/2016	Closed	Lexmark International, Inc.	Legend Capital Management Co., Ltd; PAG Asia Capital; Apex Technology Co., Ltd. (nka: Ninestar Corporation)	\$3,613.5	1.03x	11.3x	37.4x	18.0%	19.3%	29.6%
6											
7	04/27/2016	Closed	ExamWorks Group, Inc.	Leonard Green & Partners, L.P.	\$2,141.4	2.52x	17.8x	34.1x	4.4%	4.7%	26.3%
	05/02/2016	Closed	Symmetry Surgical Inc.	RoundTable Healthcare Management, LLC; RoundTable Healthcare Partners IV, L.P.; RoundTable Healthcare Investors IV, L.P.	\$129.5	1.54x	14.2x	48.4x	26.1%	28.8%	26.6%
8											
9	05/09/2016	Closed	Krispy Kreme Doughnuts, Inc.	Cotton Parent, Inc.	\$1,321.3	2.53x	18.1x	23.3x	24.6%	21.1%	31.7%
10	05/13/2016	Closed	Polycorn, Inc.	Siris Capital Group, LLC	\$1,231.7	1.03x	9.2x	16.1x	11.0%	9.6%	5.8%
	05/31/2016	Closed	SciQuest, Inc. (nka:JAGGAER, Inc.)	Accel-KKR LLC; Accel-KKR Capital Partners IV, LP; Accel-KKR Capital Partners IV Strategic Fund, LP; Accel-KKR Capital Partners V Strategic Fund, LP; Accel-KKR Capital Partners V, LP	\$375.6	3.53x	39.9x *	94.3x *	33.8%	34.2%	28.4%
11											
12	05/31/2016	Closed	Electro Rent Corporation	Platinum Equity, LLC	\$352.1	2.01x	36.1x *	41.3x	46.9%	47.1%	54.8%
13	05/31/2016	Closed	Marketo, Inc.	Vista Equity Partners LLC; Vista Equity Partners Fund VI, L.P.	\$1,706.4	7.55x	NM	NM	9.5%	22.7%	60.3%
14	06/02/2016	Closed	Qlik Technologies, Inc.	Thoma Bravo, LLC; Thoma Bravo Fund XI, L.P.; Thoma Bravo Special	\$2,628.7	4.17x	NM	NM	5.3%	-3.5% *	-1.6% *
	06/03/2016	Closed	Talen Energy Corporation	C/R Energy Jade, LLC; Sapphire Power Holdings LLC; Raven Power Holdings LLC	\$5,719.5	1.25x	4.6x	8.9x	17.3%	25.2%	16.8%
15											
16	08/23/2016	Closed	Skullcandy, Inc.	Mill Road Capital LP; Mill Road Capital II L.P.	\$153.9	0.58x	11.7x	54.1x *	35.7%	38.9%	74.0%
	06/29/2016	Closed	Diamonds Resorts International, Inc.	Apollo Global Management, LLC; Apollo Investment Fund VIII, L.P.; Apollo Overseas Partners VIII, L.P.; Apollo Overseas Partners (Delaware 892) VII, LP; Apollo Overseas Partners (Delaware) VIII, L.P.	\$3,168.4	3.20x	9.2x	10.3x	25.7%	23.0%	29.6%
17											
18	07/13/2016	Closed	Imprivata, Inc.	Thoma Bravo, LLC; Thoma Bravo Fund XII, L.P.	\$496.9	3.79x	NM	NM	32.8%	37.9%	37.5%
19	08/01/2016	Closed	Affinity Gaming	Z Capital Management LLC	\$668.2	1.73x	9.5x	16.3x	0.0%	0.0%	0.0%
20	08/03/2016	Closed	Sizmek Inc.	Vector Capital	\$76.5	0.41x	8.5x	NM	46.6%	41.3%	68.8%
21	08/09/2016	Closed	Press Ganey Holdings, Inc.	EQT Partners AB; EQT VII	\$2,392.6	6.95x	22.8x	39.4x	0.4%	0.3%	1.1%
22	08/26/2016	Closed	Rackspace Hosting, Inc.	Inception Parent, Inc.	\$4,403.9	2.12x	7.5x	18.4x	6.0%	15.9%	37.8%
23	09/02/2016	Closed	Accuride Corporation	Crestview Partners, L.P.; Crestview Partners III, L.P.	\$433.0	0.67x	6.3x	17.9x	55.4%	49.1%	89.7%
24	09/19/2016	Closed	Infoblox Inc.	Vista Equity Partners LLC; Vista Equity Partners Fund VI, L.P.	\$1,250.0	3.49x	NM	NM	16.1%	16.1%	31.6%
	10/10/2016	Closed	Gas Natural Inc.	First Reserve Corporation; First Reserve Energy Infrastructure Fund II LP; BlackRock Real Assets	\$198.1	2.02x	21.9x	168.6x *	70.6%	73.7%	72.6%
25											
26	11/07/2016	Closed	Blue Nile, Inc.	Bain Capital Private Equity, LP; Bow Street, LLC; Bain Capital Fund XI, L.P.	\$456.2	0.97x	27.8x	32.0x	33.9%	16.7%	15.1%
27	12/12/2016	Closed	Lionbridge Technologies, Inc.	H.I.G. Capital, LLC	\$435.3	0.78x	11.2x	16.5x	3.2%	11.5%	18.1%
	12/14/2016	Closed	NeuStar, Inc.	GIC Special Investments Pte. Ltd.; Golden Gate Private Equity, Inc.	\$2,885.9	2.48x	6.9x	9.7x	21.2%	20.5%	38.7%
28											
29	03/14/2017	Closed	Air Methods Corporation	American Securities LLC	\$2,486.5	2.12x	8.7x	12.9x	3.9%	2.6%	14.1%
30	03/31/2017	Closed	TRC Companies, Inc.	New Mountain Capital, L.L.C.	\$681.3	1.29x	13.9x	21.9x	46.9%	61.8%	66.4%

Source: S&P Capital IQ.

TV - Transaction Value.

LTM - Latest 12 Months.

EBITDA - Earnings Before Interest, Taxes, Depreciation, and Amortization.

EBIT - Earnings Before Interest and Taxes.

NA - Not Available.

NMF - Not Meaningful Figure.

\*Excluded from the range.

(1) Calculation excludes negative premiums and other outliers.

# Transactions (cont.)

Number	Date		Target	Acquiror Name	TV (\$mil)	TV/Revenue	TV/EBITDA	TV/EBIT	1-Day	1-Week	4-Weeks	
	Announced	Status										
31	04/05/2017	Closed	Panera Bread Company	Rye Parent Corp.	\$7,596.6	2.68x	17.9x	28.7x	15.0%	23.4%	36.9%	
32	05/09/2017	Closed	West Corporation	Apollo Global Management, LLC	\$4,955.0	2.16x	7.6x	10.8x	-2.5% *	-1.2% *	-3.7% *	
33	05/22/2017	Closed	Nutraceutical International Corporation	HGGC, LLC	\$426.5	1.81x	9.9x	14.8x	49.3%	40.7%	39.8%	
34	05/30/2017	Closed	Xactly Corporation	Vista Equity Partners LLC; Vista Equity Partners Fund VI, L.P.	\$530.6	5.48x	NM	NM	16.8%	19.5%	34.9%	
	06/06/2017	Closed	Albany Molecular Research, Inc.	GTCR, LLC; The Carlyle Group L.P.; Carlyle Partners VI, L.P.; GTCR Fund XII/A LP; Gtrc Fund XI/c Lp; Gtrc	\$1,593.5	2.53x	22.2x	113.7x *	10.0%	9.6%	39.4%	
35												
36	06/20/2017	Closed	PAREXEL International Corporation	Pamplona Capital Management LLP	\$5,007.4	2.39x	14.6x	21.0x	5.0%	6.6%	11.3%	
37	06/21/2017	Closed	ARI Network Services, Inc.	True Wind Capital; True Wind Capital, L.P.	\$137.8	2.69x	21.1x	35.6x	2.0%	15.3%	45.2%	
38	06/28/2017	Closed	Staples, Inc.	Sycamore Partners; Sycamore Partners II	\$6,613.7	0.37x	5.3x	7.5x	11.9%	18.4%	14.1%	
39	06/29/2017	Closed	West Marine, Inc.	Monomoy Capital Partners	\$290.7	0.41x	7.7x	19.1x	33.7%	34.8%	33.0%	
40	07/03/2017	Closed	NCI, Inc.	H.I.G. Capital, LLC; HIG Middle Market LBO Fund II	\$285.1	0.88x	9.6x	12.6x	-5.2% *	-4.5% *	2.6%	
41	07/03/2017	Closed	Bankrate Inc.	Red Ventures LLC	\$1,434.7	3.01x	14.2x	24.5x	8.9%	12.4%	31.5%	
	07/31/2017	Closed	CDI Corp.	AE Industrial Partners, LLC; Ae Industrial Partners Fund I-B, Lp; Ae Industrial Partners Fund I-A, LP; AE Industrial Partners Fund I, LP	\$154.2	0.20x	NM	NM	33.1%	32.0%	41.0%	
42												
	08/02/2017	Closed	PharMerica Corporation	KKR & Co. L.P.; Walgreens Boots Alliance, Inc.; KKR Americas Fund XII LP	\$1,363.5	0.62x	10.3x	19.4x	16.8%	12.5%	11.2%	
43	08/18/2017	Closed	Calpine Corporation	Canada Pension Plan Investment Board; Access Industries, Inc.; Energy Capital Partners; Energy Capital Partners III, LP	\$17,315.9	2.16x	11.0x	28.4x	13.0%	10.4%	7.7%	
44												
45	10/16/2017	Closed	Ruby Tuesday, Inc.	NRD Capital Management, LLC; Nrd Partners II, L.P.	\$314.5	0.34x	8.5x	NM	20.6%	8.1%	6.7%	
46	10/23/2017	Closed	Exactech, Inc.	TPG Capital, L.P.	\$709.6	2.68x	16.5x	31.0x	53.9%	52.5%	57.3%	
	10/26/2017	Closed	Gigamon Inc.	Elliott Management Corporation; Elliott Associates, L.P.; Qatar Investment Authority; Elliott International Capital Advisors Inc.; Elliott International, LP.	\$1,329.1	4.39x	NM	NM	6.2%	5.3%	-7.3% *	
47												
48	11/02/2017	Closed	Hardinge Inc	Investor Group (Privet Fund LP)	\$197.9	0.62x	8.7x	13.9x	12.1%	15.4%	19.4%	
49	11/27/2017	Closed	Barracuda Networks, Inc.	Thoma Bravo, LLC; Thoma Bravo Fund XII, L.P.	\$1,405.1	3.83x	43.1x *	87.2x *	16.3%	22.3%	17.6%	
50	11/27/2017	Closed	Bazaarvoice, Inc.	Marlin Equity Partners, LLC; Marlin Equity IV LP; Marlin Equity V	\$456.0	2.21x	NM	NM	14.6%	12.8%	13.4%	
					Low <sup>1</sup>	\$76.5	0.20x	2.2x	4.0x	0.0%	0.0%	0.0%
					High <sup>1</sup>	\$17,315.9	9.58x	27.8x	48.4x	98.0%	98.0%	89.7%
					Median <sup>1</sup>	\$970.6	2.12x	10.6x	19.1x	17.6%	21.1%	29.6%
					Mean <sup>1</sup>	\$1,945.1	2.38x	12.3x	22.2x	24.5%	25.4%	32.6%

Source: S&P Capital IQ.

TV - Transaction Value.

LTM - Latest 12 Months.

EBITDA - Earnings Before Interest, Taxes, Depreciation, and Amortization.

EBIT - Earnings Before Interest and Taxes.

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\*Excluded from the range.

(1) Calculation excludes negative premiums and other outliers.

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### Corporate Finance

2017 M&A Advisory Rankings All U.S. Transactions		
	Advisor	Deals
1	<b>Houlihan Lokey</b>	<b>174</b>
2	Goldman Sachs & Co	173
3	JP Morgan	164
4	Morgan Stanley	132
5	Barclays	106

Source: Thomson Reuters

**No. 1** U.S. M&A Advisor

**Top 10** Global M&A Advisor

**Leading** Capital Markets Advisor

### Financial Restructuring

2017 Global Distressed Debt & Bankruptcy Restructuring Rankings		
	Advisor	Deals
1	<b>Houlihan Lokey</b>	<b>63</b>
2	Rothschild & Co.	48
3	Lazard	36
4	PJT Partners LP	35
5	Moelis & Co.	22

Source: Thomson Reuters

**No. 1** Global Restructuring Advisor

**1,000+** Transactions Completed  
Valued at More Than \$2.5 Trillion  
Collectively

### Financial Advisory

1997 to 2017 Global M&A Fairness Advisory Rankings		
	Advisor	Deals
1	<b>Houlihan Lokey</b>	<b>1,001</b>
2	JP Morgan	959
3	Bank of America Merrill Lynch	699
4	Duff & Phelps	672
5	Morgan Stanley	660

Source: Thomson Reuters. Announced or completed transactions.

**No. 1** Global M&A Fairness Opinion  
Advisor Over the Past 20 Years

**1,000+** Annual Valuation  
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Our product knowledge, industry expertise, and global reach deliver superior results.

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Capital Markets

Financial Restructuring

Financial Advisory

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Energy

Financial Institutions

Healthcare

Industrials

Real Estate, Lodging & Leisure

Technology•Media•Telecom

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# Thomson Reuters Practical Law

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