

# Dual-Class Stock Structures

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# Introduction

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- A dual-class stock structure(s) (“DCSS”) is a capital structure in which a company has a class of high-vote stock (the “HV Shares”) and a class of low-vote or no-vote stock (the “LV Shares”).<sup>(1)</sup> For U.S. companies, the HV Shares commonly have 10 times the votes as the LV Shares. In an IPO, the LV Shares are issued to the public.
- Although DCSS have been a source of controversy for nearly 100 years, in the past decade, initial public offerings (“IPOs”) by technology and social media companies, and more recently by special purpose acquisition companies (“SPACs”), have drawn heightened attention to the issues attendant to DCSS.
- Prior to the rise of technology and social media startups, DCSS were largely confined to media companies, such as The New York Times Company and The Washington Post Company, which viewed a DCSS as essential to maintaining journalistic integrity and preserving corporate culture.
- A DCSS is designed to allow a company’s founder (“Founder”) to control the company while owning a smaller number of shares than would be necessary in a traditional one-share/one-vote structure. The differential between the Founder’s voting power and economic interest is often referred to in the literature as the “Wedge.”
- Typically, the corporate charter of a company with a DCSS will stipulate that the HV Shares will convert into LV Shares upon (i) the Founder selling the HV Shares (with limited exceptions), (ii) the HV Shares representing less than a specified percentage of the total outstanding shares of stock or voting power of the company, or (iii) a change-of-control transaction.

(1) This presentation does not address one-share/one-vote structures with features such as time-phase voting or different class voting rights, which entitle a class of common stock to elect a specified percentage of the board, except where otherwise noted.

# A Brief History of DCSS

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- Although unequal voting rights had been commonplace in the 19th century, by 1900, a majority of American corporations had adopted one-share/one-vote capital structures.
- 1925: The New York Stock Exchange (the “NYSE”) listed the non-voting common stock of Dodge Brothers, Inc.
- 1926: In response to the ensuing criticism, the NYSE began to refuse listing companies with DCSS, with limited exceptions such as the Ford Motor Company, J.M. Smucker, and American Family. For the next 50 years, the NYSE would not list companies with DCSS.
- 1986: Faced with competition from AMEX and Nasdaq (which had limited and no restrictions, respectively) and the prevalence of hostile takeover attempts, the NYSE proposed amending its listing requirement to permit the listing of low-vote shares.
- 1988: In response to the NYSE rule proposal, the SEC adopted Rule 19c-4 under the Securities Exchange Act of 1934 to limit the ability of existing companies to recapitalize into DCSS in connection with an IPO. In subsequent litigation brought by the Business Roundtable, the rule was invalidated by the U.S. Court of Appeals for the District of Columbia as being beyond the scope of the SEC’s authority.

# A Brief History of DCSS (cont.)

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- 1994: The NYSE, Nasdaq, and the AMEX adopted similar policies that permit the listing of companies that issue multiclass shares in an IPO but restrict the ability of newly listed companies to disparately reduce the voting power of already-issued shares by, for example, issuing a new class of stock with greater voting power.
- 2017: Snap Inc.'s IPO, which featured no-vote stock, prompted the SEC's Investor Advisory Committee (the "IAC") and the Council of Institutional Investors ("CII") to lobby the major stock indices to exclude companies with DCSS from their indices. In response, FTSE Russell announced that in order to be eligible for inclusion in certain FTSE Russell equity indexes, including the Russell 1000, 2000, and 3000, companies from developed markets must have at least 5% of their voting rights held by public investors.
  - Similarly, S&P Dow Jones announced that companies with DCSS would be excluded from the S&P 500 and 1500 indexes, although existing members would be grandfathered in.
- 2021: Institutional Shareholder Services ("ISS") announced that beginning in 2023, it would recommend its clients vote withhold or against directors if the company had a DCSS. The policy contained an exception for newly public companies with a provision that the DCSS would expire within seven years (a "Sunset Provision").
  - Glass Lewis announced that in 2022, it would recommend voting against the governance committee chair at companies with a DCSS without a seven-year Sunset Provision.
  - In the fall of 2021, CII submitted draft legislation to the U.S. House of Representatives that would prohibit the listing of companies with unequal voting rights absent a seven-year Sunset Provision, unless stockholders of all classes approve keeping the DCSS.
- 2023: In April 2023, S&P Dow Jones announces that companies with DCSS will be considered eligible in the various S&P indices, provided all other eligibility criteria are met. Accordingly, companies with DCSS that were previously excluded will again be eligible for inclusion in the S&P indices.

# How Common Are Dual-Class Stock Structures?

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- DCSS have become increasingly commonplace over the past decade with the advent of high-profile technology and social media company IPOs, such as those of Google LLC (nka Alphabet (2004)), LinkedIn (2011), Facebook (nka Meta (2012)) and Snap Inc. (2017).
- Over the past several years, DCSS have become even more prevalent through the IPOs of SPACs.
- As of January 2023, CII reported that there were 342 U.S. incorporated public companies (excluding SPACs and companies with Up-C structures) having market capitalizations of at least \$200 million that have DCSS.<sup>(1)</sup>
- The percentage of companies that IPO with DCSS has increased significantly over the past 10 years. Since 2013, there have been 304 dual-class IPOs in the U.S. (21.0% of the IPOs), as compared to 114 dual-class IPOs (11.0%) in the prior 10 years.<sup>(2)</sup>
- 31.0% of the IPOs completed in 2021 and 2022 had DCSS, of which 47.0% of technology company IPOs and 23.0% of non-technology company IPOs featured a DCSS.<sup>(2)</sup>

(1) [www.cii.org/dualclass\\_stock](http://www.cii.org/dualclass_stock).

(2) See Jay R. Ritter's "Initial Public Offerings: Dual Class Structure of IPOs Through 2022" at <http://site.warrington.ufl.edu/ritter>.

# The Research

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- A large body of research has suggested that companies with DCSS underperform companies with single-class structures. DCSS are generally found to be associated with higher agency costs and lower governance quality. Researchers generally conclude that these outcomes are the result of a DCSS that insulates managers from market forces. Some research, however, finds that companies with DCSS do not underperform their single-class peers.

## Smart, Thirumalai, and Zutter (2008)

- Companies with DCSS trade at lower prices than single-class firms, both at IPO and over the next five years. There are value gains when companies with DCSS reclassify the HV Shares into LV Shares (“Reclassification Transactions”).

## Masulis, Wang, and Xie (2009)

- After examining 503 U.S. companies between 1995 and 2003 with DCSS, they found, among other things, that company value decreases as the size of the Wedge increases.

## Gompers, Ishii, and Metrick (2010)

- While Founder control does not itself significantly reduce a firm’s value, it tends to decrease as the size of the Wedge increases.

## Lukomnik and Pajuste (2015)

- Single-class companies outperform companies with DCSS in three-, five- and 10-year timeframes. The study also suggested that DCSS firms exhibited more weakness in accounting controls and had higher price volatility.

## McGuire, Wang, and Wilson (2014)

- As the Wedge increases, companies with DCSS pay higher effective tax rates.

## Lauterbach and Pajuste (2015)

- Reclassification Transactions are associated with economically significant increases in firm value.



# The Research (cont.)

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## Anderson, Ottolenghi, and Reeb (2017)

- They determined that (i) founding families control 89% of DCSS firms (versus 28% of single-class firms) and (ii) companies with founding families trade at a 12% discount to their peers, while companies with DCSS but no founding family outperform benchmarks by 3.5% annually.

## Bebchuk and Kastiel (2017)

- The potential advantages of DCSS companies tend to recede over time, while potential agency costs tend to increase from the time of the IPO.

## Cremers, Lautenbach, and Pajuste (2018)

- Companies with DCSS (i) have a higher valuation at IPO, but that premium disappears six to nine years later, (ii) are less likely to be taken over within nine years following the IPO, and (iii) have Wedges that increase over time.

## SEC Study (2018)

- A study of 157 dual-class IPOs in the U.S. over the prior 15 years found that while the valuations of DCSS companies with and without Sunset Provisions were similar at the time of the IPO and for two years thereafter, over time, the companies with Sunset Provisions began to trade at a premium compared to the companies with perpetual DCSS (with the premium becoming more significant over time).

## Kim and Michaely (2019)

- While young companies with DCSS tend to trade at a premium and perform as well as single-class firms, as they mature, their valuation declines and they become less efficient in their margin, innovation, and productivity as compared to similarly situated single-class firms.

# DCSS Considerations

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## Benefits

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- ✓ Allows for focus on innovation and long-term value creation without the pressure of market expectations, activists, and others focused on short-term returns
- ✓ Technology companies are research intensive and have long product development cycles
- ✓ May facilitate faster decision-making
- ✓ Intellectual capital contributed by “visionary founder” or controller
- ✓ Increases Founder interest in taking their companies public, thereby giving investors the opportunity to invest in growth companies
- ✓ Centralized control can potentially increase the acquisition value of the company

## Disadvantages

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- ✗ Founder can outvote other stockholders to exert influence over business decisions and operations
- ✗ Potential for conflicts and self-dealing
- ✗ Increases the risk that the Founder will pursue vanity R&D projects and make imprudent acquisitions
- ✗ Can effectively prevent a premium takeover by a third party opposed by the Founder
- ✗ Index investors will not be able to purchase shares in the secondary market because such shares are excluded from major indices

- Proponents of DCSS include technology and social media companies, venture capitalists, and certain law firms and academics. The major critics of DCSS include the IAC, CII, Investor Stewardship Group, ISS, Glass Lewis, and various academics.

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# DCSS Companies: Control Premium Observations

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## Overview of Relevant Market Data

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- ❖ Publicly Traded Companies With DCSS
- ❖ Reclassification Transactions
- ❖ Acquisitions of Companies With DCSS

# Illustrative Control Premium Observations in DCSS Companies

- As of June 5, 2023, there are 369 U.S. companies with DCSS (irrespective of size).
- Of those, 17 companies have (a) two classes of common stock with (i) differentiated voting rights, (ii) public listings on a major U.S. exchange, and (iii) similar economic rights and (b) market capitalizations of greater than \$250 million.
- Qualitative factors that can affect the trading price of LV Shares include the quality and integrity of the Founder and management, liquidity (size of float), limitations on transferability, and the market's view of the likelihood of an acquisition or recapitalization.

Company	# of Votes High Vote / Low Vote	High Vote Class		% of Trading Volume Last 5 Years		High Vote vs. Low Vote Share Premium / (Discount)	
		Voting	Economic	High Vote Shares	Low Vote Shares	Premium / (Discount)	
						1-Year Average	5-Year Average
Bio-Rad Laboratories, Inc.	1.0 / 0.1	67.4%	17.1%	0.1%	99.9%	0.3%	(0.0%)
Brown-Forman Corporation	1.0 / 0	100.0%	35.5%	3.6%	96.4%	(0.3%)	(3.9%)
Fox Corporation	1.0 / 0	100.0%	46.5%	25.7%	74.3%	(7.1%)	(4.2%)
Gray Television, Inc.	10.0 / 1.0	44.9%	7.5%	0.1%	99.9%	(3.5%)	(5.7%)
HEICO Corporation	1.0 / 0.1	86.9%	39.9%	59.3%	40.7%	26.1%	20.2%
John Wiley & Sons, Inc.	1.0 / 0.1	66.0%	16.3%	0.1%	99.9%	(0.3%)	0.0%
Kelly Services, Inc.	1.0 / 0	100.0%	9.1%	2.5%	97.5%	0.4%	3.2%
Lennar Corporation	10.0 / 1.0	58.4%	12.3%	2.6%	97.4%	(17.2%)	(19.1%)
Lions Gate Entertainment Corp.	1.0 / 1.0	100.0%	36.4%	55.0%	45.0%	6.1%	7.8%
McCormick & Company, Inc.	1.0 / 0	100.0%	6.5%	0.1%	99.9%	0.3%	(0.0%)
Moog Inc.	1.0 / 0.1	52.1%	9.8%	0.1%	99.9%	0.5%	1.0%
News Corporation	1.0 / 0	100.0%	33.6%	19.3%	80.7%	1.3%	0.5%
Paramount Global	1.0 / 1.0	100.0%	6.3%	0.6%	99.4%	14.1%	8.1%
Qurate Retail, Inc.	10.0 / 1.0	18.6%	2.2%	0.9%	99.1%	244.2%	63.7%
Rush Enterprises, Inc.	1.0 / 0.1	85.4%	22.6%	5.8%	94.2%	7.8%	(1.5%)
Seneca Foods Corporation	1.0 / 0.1	85.3%	22.5%	0.8%	99.2%	0.8%	0.5%
Watsco, Inc.	10.0 / 1.0	64.2%	15.2%	0.0%	100.0%	0.1%	0.1%
Median		85.4%	16.3%	0.9%	99.1%	0.4%	0.1%

HV Shares typically characterized by very limited trading activity

Generally, no material differential in stock price between HV and LV Shares

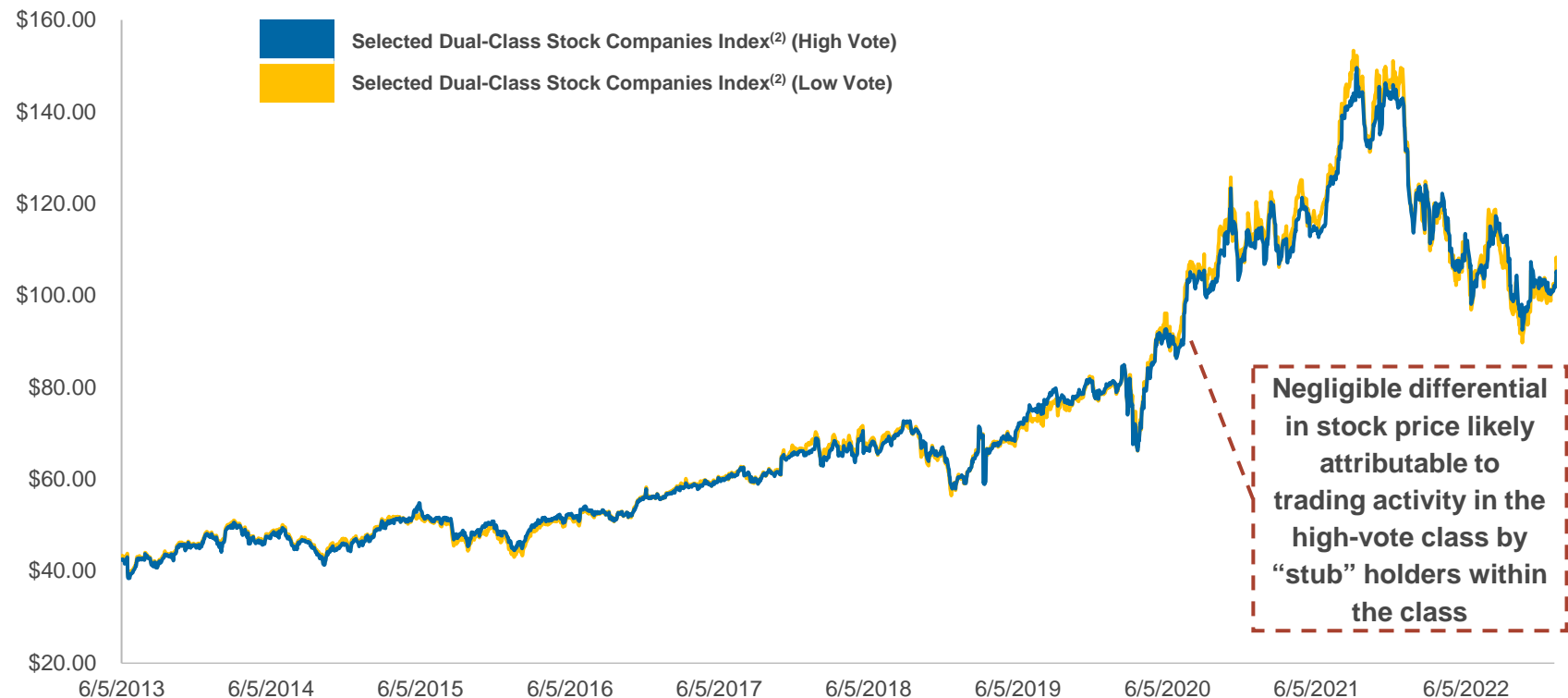
- Most of the 369 U.S. companies with DCSS are not included in the schedule above due primarily to (i) HV Shares not being publicly traded or trading over the counter, (ii) having more than two classes of common stock, (iii) differential economic rights between classes (e.g., differentials in dividend rights/actual recent dividends paid or HV Shares being convertible into a number other than one LV Share, etc.), and a (iv) market cap below \$250 million.

Notes: Based on closing prices as of June 5, 2023. Selected companies based on all dual-class structured companies with unequal voting rights where both classes of stock are publicly traded on major U.S. exchanges.

Sources: S&P Capital IQ, public filings.

# HV Share vs. LV Share Price Differential

## DCSS Index Performance: 10-Year Lookback (6/5/2013–6/5/2023)<sup>(1)</sup>



Note: Index constructed using free-float adjusted market-capitalization weighting. Stock prices are in U.S. dollars. Floats are based on the current float as a percentage of total shares outstanding.

(1) Represents 2,518 trading days.

(2) Index constituents correspond to HV Shares and LV Shares listed on the prior page.

Source: S&P Capital IQ.

# Treatment of Minority Holders of HV Shares

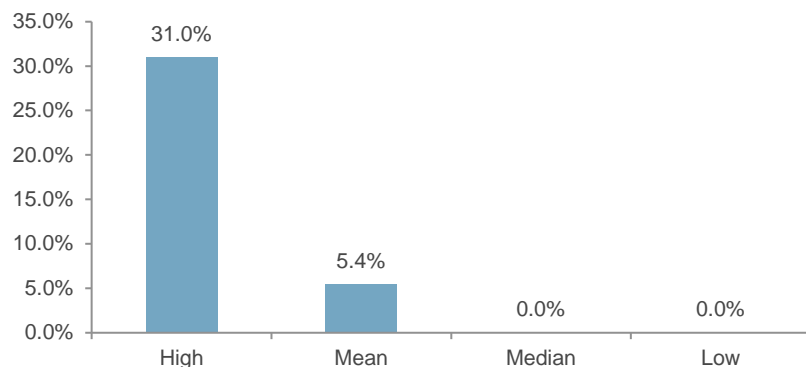
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- Some studies have tried to calculate the per-share premium for a company's HV Shares through a comparison of the public market price of the HV Shares versus the LV Shares. Such comparisons (as illustrated on the immediately preceding pages) indicate that, on average, HV Shares trade at a slightly higher price than the LV Shares. The infirmity of such an approach is that the aggregate float of the publicly traded HV Shares typically does not have the ability to effect control of the company because a single Founder typically owns a majority of the HV Shares and alone has the ability to effect control.
- In this regard, in *Resorts International*, the Delaware Court of Chancery (the "Court") ruled that the minority holders of Resorts International's HV Shares were not entitled to a premium because they were functionally and economically the equivalent of LV Shares. The Delaware Supreme Court affirmed the lower Court decision.
- Due to a Founder's concentrated ownership of the HV Shares, it is not uncommon for the HV Shares of minority holders to sell at a discount to the LV Shares due to the former's lack of liquidity.
- The premium for voting control should not be calculated on a per-share basis but instead should be determined as a percentage of the value of the entire company allocated to the HV Shares. The relevant factor is the relationship between the aggregate premium paid to the HV Shares as a class as a percentage of the aggregate equity value of the company.

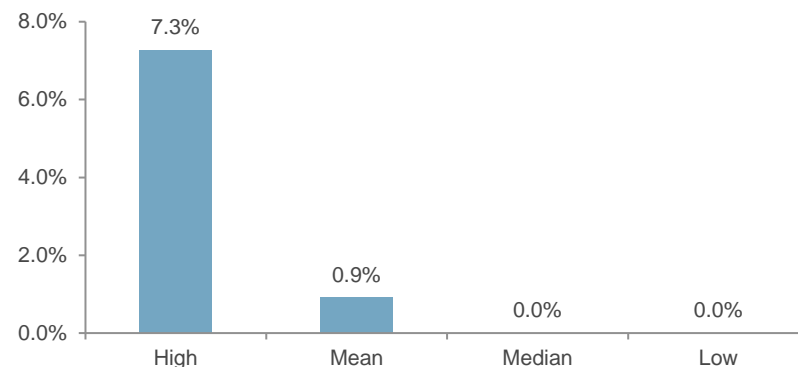
# Selected Reclassification Transactions

- Reclassification Transactions involve an exchange of the HV Shares for LV Shares and/or cash.
- The arguments for undertaking a Reclassification Transaction include:
  - Greater liquidity
  - Alignment of voting and economic rights
  - Increased flexibility to use equity as an acquisition vehicle or to raise capital
- Based on a 25-year lookback, 39 precedent Reclassification Transactions meet the following criteria:
  - i. They involved U.S. companies with two publicly traded classes of shares with differentiated voting rights.
  - ii. The high-vote class held  $\geq 50\%$  of the voting rights of the company (or was able to elect a majority of the company's board of directors) prior to the Reclassification Transaction.

**Implied Premium to LV Share Price<sup>(1,2)</sup>**



**Implied Premium as a Percentage of Market Cap<sup>(1,3)</sup>**



*In 10 of the 39 reclassification transactions (~25%), the class of HV Shares received a premium*

(1) Based on 39 observed transactions.

(2) Calculated as the value of the aggregate cash and stock consideration received per HV Share, less the LV Shares' closing price on the trading day prior to the announcement, divided by the closing price of the LV Shares on the trading day prior to the announcement.

(3) Calculated as the value of the aggregate cash and stock consideration received per HV Share, less the LV Shares' closing price on the trading day prior to the announcement, multiplied by the number of HV Shares, and divided by the market capitalization of the company on the trading day prior to the announcement.

Sources: FactSet, S&P Capital IQ, public filings, press releases.



# Reclassification Transactions: Examples and Premium Calculations

(dollars in millions)

(dollars in millions)

Company	Date Announced	Market Cap at Ann.	# of Votes High Vote / Low Vote	High Vote Class				Premium to Low Vote		Total Premium/Market Value (2)
				Voting		Economic		Stock Price (%) (1)	Total Premium	
				Pre-Reclass	Post-Reclass	Pre-Reclass	Post-Reclass			
Constellation Brands, Inc.	Jun-2022	\$45,297	10 / 1	59.3%	12.7%	12.7%	12.7%	26.5%	\$1,500	3.3%
Forest City (3)	Dec-2016	\$4,991	10 / 1	43.6%	9.2%	7.2%	9.2%	31.0%	\$109	2.2%
Hubbell Incorporated	Aug-2015	\$5,670	20 / 1	73.9%	12.4%	12.4%	12.4%	28.3%	\$201	3.5%
Jo-Ann Stores, Inc.	May-2003	\$411	1 / 0	100.0%	55.4%	52.0%	55.4%	15.0%	\$30	7.3%
Commonwealth Telephone Enterprises LLC	Apr-2003	\$942	15 / 1	58.3%	9.2%	8.5%	9.2%	9.0%	\$7	0.8%
The Reader's Digest Association, Inc. (4)	Oct-2002	\$1,569	1 / 0	100.0%	9.5%	12.3%	9.5%	29.8%	\$56	3.6%
Continental Airlines	Nov-2000	\$3,039	10 / 1	69.8%	10.6%	18.8%	10.6%	30.4%	\$174	5.7%
Dairy Mart Convenience Stores	Dec-1999	\$18	10 / 1	81.3%	33.4%	30.3%	33.4%	10.0%	\$1	3.0%
PacificCare Health Systems, LLC (5)	May-1999	\$3,476	1 / 0	100.0%	32.5%	32.5%	32.5%	5.2%	\$60	1.7%
Remington Oil and Gas Corp.	Jun-1998	\$122	1 / 0	100.0%	19.2%	15.8%	19.2%	26.6%	\$5	4.1%

Aggregate Consideration per HV Share – Last LV Share Close Price

Last LV Share Close Price

(Aggregate Consideration per HV Share – Last LV Share Close Price) x # of HV Shares

Market Capitalization (\$24.56 – \$18.75) x 18.8 million shares

Forest City Transaction Illustrative Calculations:

\$24.56 – \$18.75

\$18.75

= 31.0%

\$109

\$4,991.4

= 2.2%

*In situations where there is a low economic interest among the class of HV Shares, a higher per-share premium translates into a less significant premium to overall market value relative to situations where economic and voting interests are more congruent*

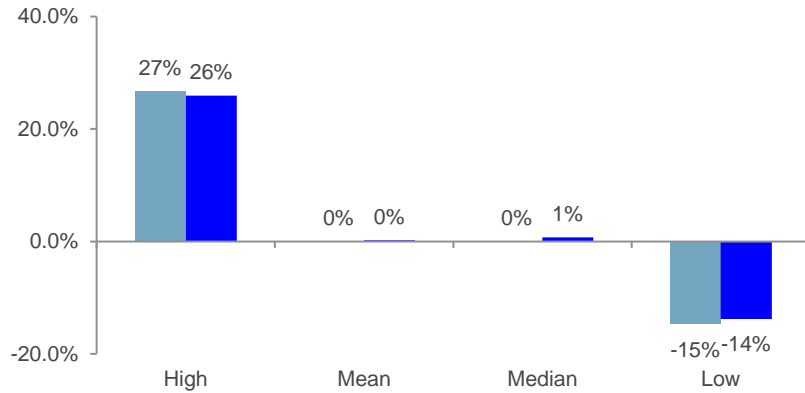
Note: Shading represents transactions with a premium for high-vote shareholders.

- (1) Calculated as the value of the aggregate cash and stock consideration received per HV Share, less the LV Share closing price on the trading day prior to the announcement, divided by the closing price of the LV Shares on the trading day prior to the announcement.
- (2) Calculated as the value of the aggregate cash and stock consideration received per HV Share, less the LV Share closing price on the trading day prior to the announcement, multiplied by the number of HV Shares, and divided by the market capitalization of the company on the trading day prior to the announcement.
- (3) HV Shares entitled to elect at least 75% of the board.
- (4) HV Shares entitled to elect 100% of the board.
- (5) Includes \$60 million cash payment to the largest shareholder for agreeing to sell back shares to the company.
- Sources: S&P Capital IQ, public filings.

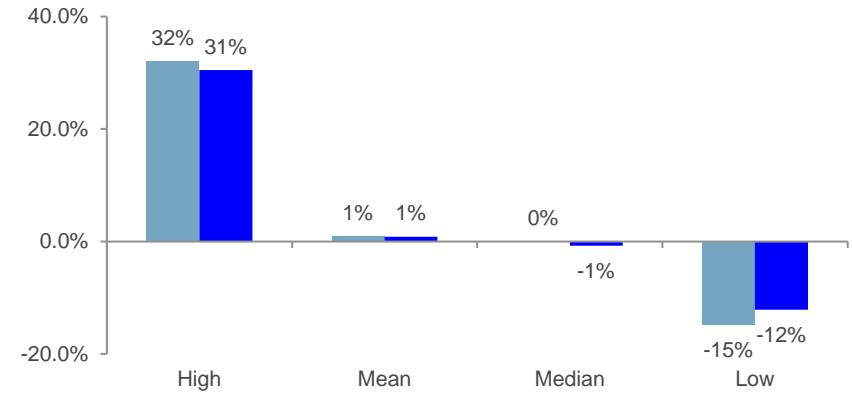
# Selected Reclassification Transactions – Stock Price Reaction

## LV Share Price Reaction and Reaction vs. S&P 500

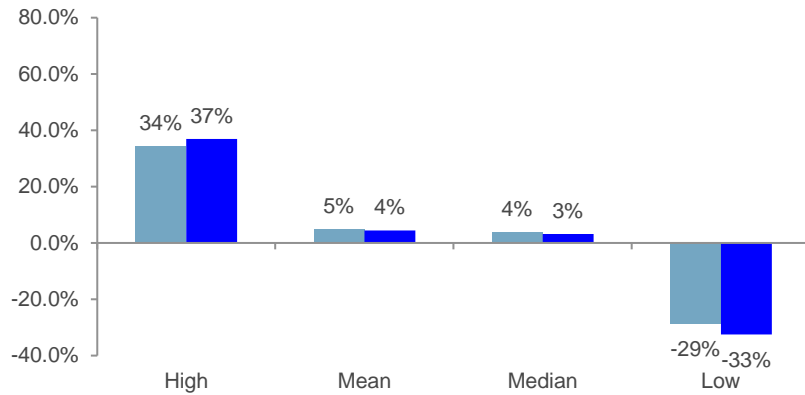
### 1-Day



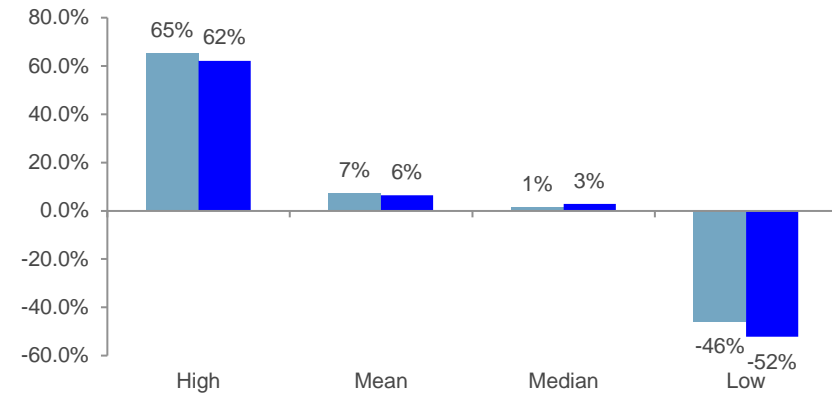
### 5-Day



### 30-Day



### 3-Month



Change in LV Share Price

Change in LV Share Price vs. S&P 500

# Selected M&A Transactions With DCSS Targets: Overview of Financial Observations

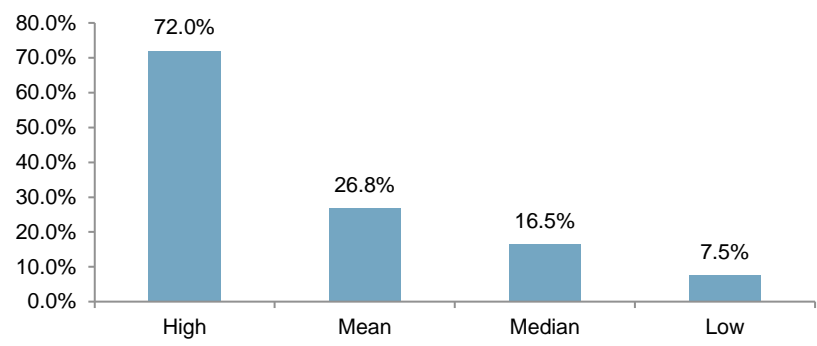
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- Based on a ~25-year lookback, 137 U.S. change-of-control transactions with a value of more than \$250 million involved the acquisition of a company with DCSS.<sup>(1)</sup>
- Of the 137 acquisitions we reviewed, only nine represented situations in which the HV Shares class received a premium (6.6% of all such acquisitions).
  - In eight of the transactions where a premium was paid to the HV Shares, litigation ensued, with settlements thereof ranging from \$10.8 million to \$92.5 million. Refer to pages 29–31 for further details.
  - In two of the eight transactions, the Founder agreed to certain post-transaction restrictions (e.g., non-competition). Refer to pages 29–31 for further details.
- Of the 25 transactions where the HV Shares had 100% of the voting interest, none gave a premium to the HV shareholders.
- Of the 137 acquisition targets, 53 (38.7%) had charter provisions (“Equalization Provisions”) that required equal consideration to be paid to all classes of common stock in a merger, consolidation, or other change-of-control transaction.
  - Of the 68 transactions involving targets that did not have an Equalization Provision, in only four (5.9%) was a premium paid for the HV Shares.
- Of the 34 acquisitions reviewed that were announced since 2018, none featured a premium paid for the HV Shares.

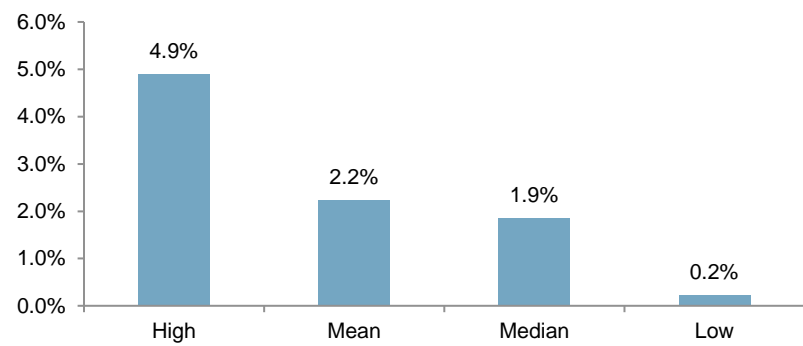
*(1) Based on screens conducted via S&P Capital IQ and FactSet.*

# Selected DCSS M&A Transactions With Control Premiums

Implied Premium to LV Share Price –  
All Selected Transactions With a Premium<sup>(1,3)</sup>



Implied Premium as a Percentage of Transaction Value –  
All Selected Transactions With a Premium<sup>(2,3)</sup>



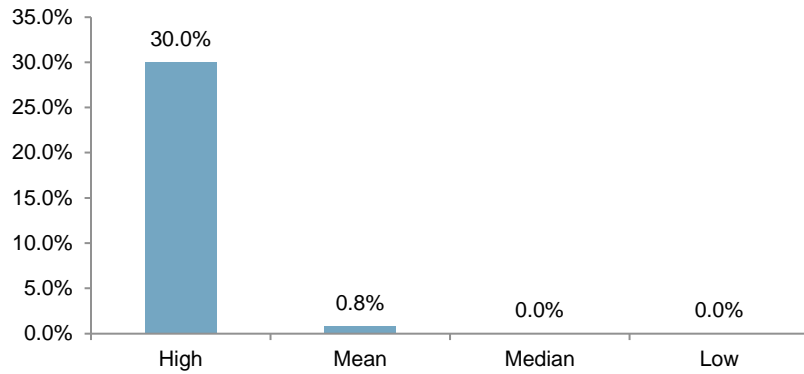
(1) Calculated as the consideration paid per HV Share divided by the consideration paid per LV Share and then subtracting the result by 1.  
(2) Defined as the aggregate premium received by the holders of HV Shares as a percentage of the aggregate transaction value.

(3) Based on nine observed transactions.

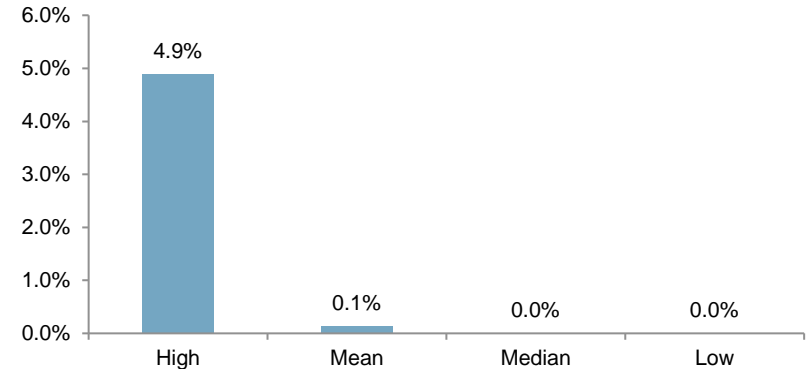
Sources: FactSet, S&P Capital IQ, public filings, press releases.

# Selected DCSS M&A Transactions Involving HV Class > 50% of Voting Interest

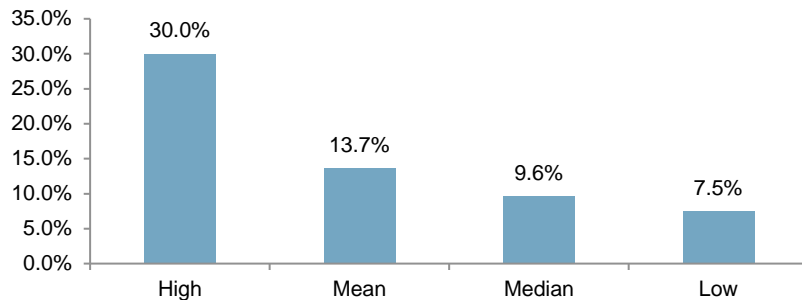
Implied Premium to Low-Vote Share Price<sup>(1,3)</sup>



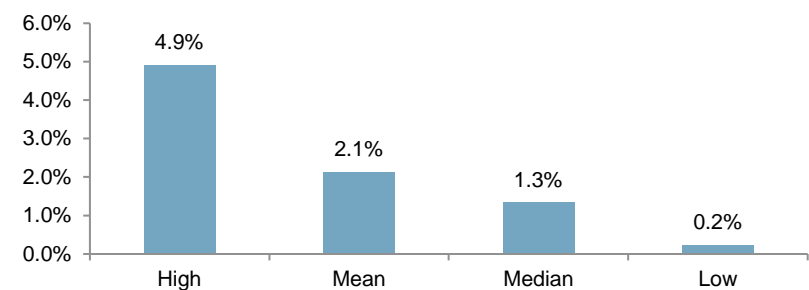
Implied Premium as a Percentage of Transaction Value<sup>(2,3)</sup>



Implied Premium to LV Share Price – Transactions With a Premium<sup>(1,4)</sup>



Implied Premium as a Percentage of Transaction Value – Transactions With a Premium<sup>(2,4)</sup>



(1) Calculated as the consideration paid per HV Share divided by the consideration paid per LV Share and then subtracting the result by 1.

(2) Defined as the aggregate premium received by HV Shareholders as a percentage of the aggregate transaction value.

(3) Based on 104 observed transactions.

(4) Based on six observed transactions.

Sources: FactSet, S&P Capital IQ, public filings, press releases.

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# Policy Proposals

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- As described earlier in this presentation, on the one hand, there are those who would prohibit DCSS, while, on the other, there are those who maintain that the issue should be left to the market and that sophisticated institutional investors are able to protect themselves through negotiation with issuers. The middle ground has been to allow DCSS with limitations or additional disclosure requirements.

## Mandatory Sunset Provisions

- A Sunset Provision is a mechanism under which the “unequal rights” of the DCSS will cease if certain conditions are triggered. There are generally three types of triggers, and a company may have multiple triggers.

### *Event-Based*

- These provisions are triggered upon the occurrence of one or more specified conditions (e.g., the death or disability of the Founder, irrespective of the time at which the condition or event takes place).

### *Ownership-Based*

- When the ownership or voting profile of the Founder falls below certain specified thresholds, the HV Shares convert to LV Shares (e.g., if the number of HV Shares outstanding represents less than 5% of the aggregate number of common shares outstanding, or after the Founder’s equity ownership drops below a specified level).

### *Time-Based*

- The most common Sunset Provision is one that removes unequal voting after a specified period of time after an IPO. In this regard, CII advocates that dual-class IPO companies should include reasonable time-based Sunset Provisions in their charters (i.e., one of seven years or less). Similarly, ISS recommends voting against or withholding votes from incumbent directors at companies with DCSS if there are no reasonable Sunset Provisions.

# Policy Proposals (cont.)

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## Mandatory Sunset Provisions (cont.)

- Proponents of mandatory Sunset Provisions point to the academic studies that indicate that the initial benefit brought by innovative Founder control dissipates over time.
- Opponents of mandatory Sunset Provisions argue that the time it takes a company to mature will depend on the company's technology and business model and that "one size" will not fit "all."
- CII reports that there are 74 companies in the S&P 1500 that have an active Sunset Provision that has not yet been triggered.<sup>(1)</sup>
- Among companies that went public in 2022 with a DCSS, CII observed a 43.0% adoption rate for time-based Sunset Provisions, unchanged from the prior year.

<sup>(1)</sup> [www.cii.org/dualclass\\_stock](http://www.cii.org/dualclass_stock).



# Policy Proposals (cont.)

## Maximum Voting Differentials

- This safeguard seeks to impose the maximum number of votes an HV Share can have. The higher the voting differential, the bigger the Wedge between control and equity ownership. Placing a cap on this number mitigates the distortion.
- Although some investors consider a 10-1 maximum voting differential appropriate, a shareholder with HV Shares needs only 9.1% of the equity to have 50% of the voting rights.

	Shares		Votes Per Share		Votes	
	HV	LV	HV	LV	HV	LV
Number	9.1	90.9	10	1	91.0	90.9
%	9.1%	90.9%			50.0%	50.0%

## Additional Disclosure

- In 2018, the SEC’s IAC issued a recommendation on “Dual Class and Other Entrenching Governance Structures in Public Companies,” which proposed enhanced disclosure requirements with respect to:
  - Wedge data—quantitative information on the Wedge between ownership and control that is created and how the Wedge may increase over time.
  - The risks attendant from the company being excluded from major indices.
  - Reduced liquidity.
  - Potential conflicts of interest.

# Relative Fairness

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- Founders enjoy increased latitude in a company with a DCSS, but their decision-making is still constrained by state law fiduciary principles. Courts have criticized directors who did not consider relative fairness in transactions where HV Shares received greater consideration than low-vote shares. They have similarly criticized financial advisors for not addressing the issue in their fairness opinions.
- Most financial advisors believe that relative fairness opinions involve normative judgments that are beyond the scope of a financial opinion addressing “fairness from a financial point of view,” which focuses on the absolute or relative value of businesses and consideration being paid or received in exchange therefor.
- Relative fairness opinions require normative judgments generally not susceptible to the types of valuation and other financial analyses performed by financial advisors, which are based on analyses with respect to the business taken as a whole. Such opinions typically do not render judgments regarding the appropriate allocation of the aggregate consideration among multiple equity constituencies with competing claims.
- Financial advisors sometimes can separately analyze the intrinsic value of a class of stock and express an opinion with respect to the fairness of the consideration to be received by holders of that class in exchange for their stock independent of the consideration to be received by holders of any other class of stock. Such opinions, however, will disclaim any opinion as to the allocation of the aggregate consideration among competing equity classes.

# Recent Delaware Cases Regarding DCSS

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*City Pension Fund for Firefighters and Police Officers in The City of Miami Beach v. The Trade Desk, Inc., et al.*, C.A. No. 2021-0560-PAF, memo. Op. (Del. Ch. July 29, 2022)

- The Trade Desk, Inc. (“TTD”) is an advertising software company co-founded by Jeff Green, who also served as the company’s CEO and Chairman. Mr. Green controlled TTD through his ownership of most of its HV Shares. TTD’s charter contained a Sunset Provision pursuant to which the HV Shares were required to comprise at least 10% of the total outstanding common stock of the company (the “Ownership Requirement”).
- In light of the fact that his ownership of HV Shares (10.7% of the shares outstanding) was approaching the threshold at which all of the HV Shares would automatically convert into single-vote LV Shares, Mr. Green proposed a charter amendment to eliminate the Ownership Requirement, thereby extending his control of TTD.
- The proposed amendment was conditioned on the satisfaction of the *MFW*’s requirements of (i) approval by a special committee of independent directors and (ii) approval by a majority of the minority stockholders, both of which were obtained.
- In subsequent stockholder litigation, the Court approved the process and, in so doing, rejected the plaintiff’s contention that approval of the amendment, in and of itself, demonstrated that the special committee operated under a “controlled mindset.” The Court indicated that directors could believe in good faith that a DCSS under which a Founder retains control is optimal.

# Recent Delaware Cases Regarding DCSS (cont.)

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## *Garfield v. Boxed Inc.*, C.A. No. 2022-0132-MTZ (Del. Ch. Dec. 27, 2022)

- In connection with the merger of Seven Oaks Acquisition Corp. (“SOAC”), a Delaware SPAC with a DCSS, and Boxed, Inc., SOAC needed stockholder approval of a charter amendment to increase the number of authorized LV Shares. Prior to the vote, a stockholder plaintiff sent the board of SOAC a pre-suit demand, contending that Section 242(b)(2) of the Delaware General Corporation Law (the “DGCL”) required two separate votes by the holders of the LV Shares as well as by the holders of the HV Shares, rather than a single vote of the combined LV and HV shares.
- After SOAC agreed, the plaintiff filed suit seeking attorneys’ fees, claiming that his suit conferred a “corporate benefit” on SOAC by preventing it from holding an invalid vote on the charter amendment. The Court agreed that a separate vote of each of the two classes of stock was required.
- In the aftermath of the Court’s decision, dozens of companies filed petitions with the Court pursuant to Section 205 of the DGCL, seeking to remedy potentially defective votes held in connection with their de-SPAC mergers. In response, the Court has ratified share issuances and confirmed charter amendments for a number of SPACs, including Lordstown Motors Corp., ChargePoint Holdings Inc., Lucid Group, Inc., and Fisker Inc.

## *Elec. Workers Pension Fund, Local 103, I.B.E.W. v. Fox Corp.*, C.A. No-2022-1007-JTL (Del. Ch. Mar. 29, 2023)

- In connection with the adoption of a charter amendment by Fox Corporation to provide for the exculpation of officers, the plaintiffs argued that a separate vote of the company’s LV Shares was required. The Court rejected the challenge, holding that the right to sue and seek monetary damages against officers was not a “power” or “special right” of a class that would be protected by Section 242(b)(2) of the DGCL but rather is a right of all stockholders. Accordingly, the Court held that a class vote was not required to adopt the charter amendment.

# Selected M&A Transactions With DCSS Targets – Additional Detail

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## **SFX Broadcasting Inc.**

- Robert Sillerman, chairman and director of SFX Broadcasting Inc. ("SFXB"), owned 97.8% of the outstanding HV Shares, which represented 52.0% of the combined voting power of the outstanding common stock.
- In connection with its 1997 proposal to acquire the company for \$2.1 billion, Hicks Muse requested Sillerman to enter into a "lock-up" agreement by which Sillerman would agree to vote in favor of the transaction and against any competing offer and to forfeit, under certain circumstances, any future increase in the merger consideration pursuant to the merger agreement or any additional consideration to be received in any other acquisition transaction. In connection with its request, Hicks Muse indicated that it was willing to pay a premium for the HV Shares to induce Sillerman to agree to "lock up" his shares.
- Pursuant to the merger agreement with Hicks Muse, each LV Share was to receive \$75 in cash and each HV Share was to receive \$97.50 per share.
- The litigation was ultimately settled with SFX agreeing not to seek an amendment to the merger agreement to reduce the consideration to be received by SFXB stockholders in order to offset an indemnity obligation (estimated to be \$54 million) to another company controlled by Mr. Sillerman.

## **Tele-Communications Inc.**

- John Malone, the controlling stockholder of TCI, insisted that in order to obtain his consent to a 1998 merger with AT&T, he needed to receive a 10% premium to the LV Shares. The premium shifted \$240 million of value (in an \$8 billion merger) from the LV Shares to the HV Shares
- Litigation was commenced challenging the transaction. Such litigation was ultimately settled for \$52 million.

## **SFX Entertainment**

- Robert Sillerman, chairman of SFX, owned 90% of the HV Shares. Other members of senior management owned the other 10%.
- In early 2000, Clear Channel Communications Inc. ("CCI") and Mr. Sillerman discussed in general terms whether a premium for the HV Shares would be a part of any proposed merger transaction. Sillerman agreed that if an agreement were reached on a satisfactory price, he would allow SFX to bind him to a non-disclosure and non-competition agreement and agree to other obligations sought by CCI.
- A special committee was formed to discuss the differential consideration. During these discussions, Sillerman clearly stated that the holders of HV Shares would not vote to approve the merger unless they were to receive the proposed additional consideration in light of CCI's requirement that they enter into a voting agreement. This would include obligations not to dispose of any of their SFX common stock while the merger was pending and to remit to CCI a substantial portion of the profit they might attain in any competing transaction, as well as the requirement that Sillerman enter into a non-disclosure and worldwide, five-year non-competition agreement. The merger agreement provided for LV Shares to get 0.6 shares of CCI stock and for HV Shares to get one share of CCI stock.
- The Equalization Provision in SFX's charter required stockholder approval of the merger and an amendment to SFX's amended and restated certificate of incorporation to allow for a greater consideration to be paid to holders of HV Shares.
- Litigation challenging the transaction was commenced. Such litigation was ultimately settled for \$34.5 million.

# Selected M&A Transactions With DCSS Targets – Additional Detail (cont.)

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## **Robert Mondavi**

- Robert Mondavi Corp. (“RMC”) announced a reclassification transaction, pursuant to which it would collapse its DCSS at an exchange ratio of 1.165 to 1.
- While the proxy for the reclassification was under review by the SEC, Constellation Brands (“CB”) submitted an unsolicited offer to acquire RMC in 2004. The offer letter indicated that CB would adopt the premium allocation between RMC’s LV Shares and HV Shares reached in connection with the proposed recapitalization. Accordingly, in the transaction, CB proposed a 16.5% premium to HV Shares.
- Litigation was commenced challenging the transaction. Such litigation was ultimately settled for \$10.8 million.

## **Affiliated Computer Systems**

- Darwin Deason was the founder and chairman of Affiliated Computer Systems (“ACS”) and owned 100% of ACS HV Shares.
- Xerox Corporation (“Xerox”) contacted Deason directly in 2009 to see if he would support a transaction. Deason stated he would only support a transaction involving ACS that provided for a price of at least \$62 per share for the ACS common stock and an aggregate of \$300 million in additional consideration for his HV Shares.
- Ultimately, the HV Shares received the same consideration as LV Shares. However, in addition, the HV Shares received Xerox Convertible Preferred Stock with an aggregate liquidation preference of \$300 million.
- Litigation was commenced in Delaware Chancery Court challenging the transaction. Such litigation was settled for \$69 million.

## **Assisted Living Concepts**

- The company’s articles of incorporation provided that the HV Shares would contractually receive a 7.5% premium relative to LV Shares in a merger transaction.
- Although litigation was commenced, the suit was dismissed because, under applicable New Jersey law, the sole remedy of holders of LV Shares was to seek appraisal of the dissenting shares.

# Selected M&A Transactions With DCSS Targets – Additional Detail (cont.)

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## **Delphi Financial Group**

- The HV Shares were all held by Chairman and CEO Robert Rosenkranz and his affiliates and gave 49.9% of Delphi's voting power to Rosenkranz.
- In July 2011, Tokio Marine Holdings, Inc. ("TMH") expressed its interest in acquiring the company. Meetings ensued between TMH and Delphi's senior management (including Rosenkranz).
- In September 2011, TMH offered \$45 per share for Delphi when it was trading in the low \$20 per share range at the time. Rosenkranz told Delphi's board that it was insufficient and that he would not vote his shares in favor of the deal. He eventually put forward a counterproposal to Delphi's board that reallocated the purchase price paid by TMH such that the LV Shares would receive \$43 per share while the HV Shares would receive \$59.
- A special committee of the Delphi board was unable to get Rosenkranz to reconsider the differential consideration. TMH ultimately agreed to an offer of \$46 per share, and Rosenkranz and the special committee negotiated the allocation of the merger consideration.
- The \$46 per share offer was eventually allocated as \$43.875 for each LV Share and \$52.875 for each HV Share. Given that Delphi's charter contained an Equalization Provision, LV Shares had to vote to amend the charter as part of the deal's approval.
- Litigation challenging the transaction was commenced. Such litigation was ultimately settled for \$49 million.

## **Starz Entertainment, LLC**

- Dr. John Malone owned approximately 46% of the Starz voting interest as well as 10% of Lions Gate.
- In 2016, representatives of Lions Gate Entertainment Corp. ("LGEC") discussed directly with John Malone (in his capacity as a stockholder of Starz) the possibility of a business combination with Starz. Dr. Malone indicated that he might be interested in supporting such a transaction subject to, among other things, the payment of a premium for Starz's HV Shares.
- The parties agreed to a transaction in which the Starz LV Shares received \$18 per share in cash and 0.6784 of a non-voting share of Lions Gate. Dr. Malone and other holders of the HV Shares received \$7.26 per share, 0.6321 shares of LGEC voting stock, and 0.6321 shares of non-voting stock. Based on the price of the LGEC stock at the time of execution of the merger agreement, the Starz LV Shares received consideration worth \$32.21 and the HV Shares received consideration worth \$33.73.
- Shareholder litigation was settled for \$92.5 million.

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# Selected Reclassification Transactions

(dollars in millions)

(dollars in millions)

Company	Date Announced	Market Cap at Ann.	# of Votes High Vote / Low Vote	High Vote Class				Premium to	Total Premium/Market Value (2)	
				Voting		Economic		Low Vote		
				Pre-Reclass	Post-Reclass	Pre-Reclass	Post-Reclass	Stock Price (%) (1)		
Constellation Brands, Inc.	Jun-2022	\$45,297	10 / 1	59.3%	12.7%	12.7%	12.7%	26.5%	\$1,500	3.3%
Forest City (3)	Dec-2016	\$4,991	10 / 1	43.6%	9.2%	7.2%	9.2%	31.0%	\$109	2.2%
Hubbell Incorporated	Aug-2015	\$5,670	20 / 1	73.9%	12.4%	12.4%	12.4%	28.3%	\$201	3.5%
Tecumseh Products Company	Mar-2013	\$177	1 / 0	100.0%	27.5%	27.5%	27.5%	0.0%	\$0	0.0%
SunPower Corporation	Sep-2011	\$1,120	8 / 1	85.3%	42.0%	42.0%	42.0%	0.0%	\$0	0.0%
Benihana Inc.	May-2011	\$168	1 / 0	66.5%	32.1%	35.9%	32.1%	0.0%	\$0	0.0%
Aaron's, Inc.	Sep-2010	\$1,315	1 / 1	14.4%	14.4%	14.4%	14.4%	0.0%	\$0	0.0%
Chipotle Mexican Grill, Inc.	Oct-2009	\$2,803	10 / 1	91.7%	52.4%	52.4%	52.4%	0.0%	\$0	0.0%
Mueller Water Products, Inc.	Oct-2008	\$665	8 / 1	95.9%	74.3%	74.3%	74.3%	0.0%	\$0	0.0%
GameStop Corp.	Dec-2006	\$4,169	10 / 1	86.7%	39.4%	39.4%	39.4%	0.0%	\$0	0.0%
Eagle Materials Corporation (4)	Jan-2006	\$2,130	6 / 1	85.0%	48.3%	48.3%	48.3%	0.0%	\$0	0.0%
LocatePlus Holdings Corporation	Sep-2005	\$18	1 / 0	100.0%	59.8%	59.8%	59.8%	0.0%	\$0	0.0%
Gartner, Inc. (5)	Apr-2005	\$913	16 / 1	80.0%	20.1%	20.1%	20.1%	0.0%	\$0	0.0%
Curtiss-Wright Corporation (5)	Mar-2005	\$1,195	6 / 1	80.0%	40.7%	40.7%	40.7%	0.0%	\$0	0.0%
Agere Systems, Inc.	Dec-2004	\$2,545	4 / 1	81.5%	52.4%	52.4%	52.4%	0.0%	\$0	0.0%
Alberto Culver Company	Oct-2003	\$3,596	1 / 0	92.4%	55.0%	55.0%	55.0%	0.0%	\$0	0.0%
MIPS Technologies, Inc. (5)	Aug-2003	\$139	2 / 1	80.0%	61.8%	61.8%	61.8%	0.0%	\$0	0.0%
Pilgrim's Pride Corporation	Aug-2003	\$499	20 / 1	97.6%	67.1%	67.1%	67.1%	0.0%	\$0	0.0%
Jo-Ann Stores, Inc.	May-2003	\$411	1 / 0	100.0%	55.4%	52.0%	55.4%	15.0%	\$30	7.3%
Commonwealth Telephone Enterprises LLC	Apr-2003	\$942	15 / 1	58.3%	9.2%	8.5%	9.2%	9.0%	\$7	0.8%
Florida East Coast Industries, Inc. (5)	Feb-2003	\$870	4 / 1	80.0%	53.5%	53.5%	53.5%	0.0%	\$0	0.0%
The Reader's Digest Association, Inc. (6)	Oct-2002	\$1,569	1 / 0	100.0%	9.5%	12.3%	9.5%	29.8%	\$56	3.6%
E-Z-EM, Inc.	Jul-2002	\$77	1 / 0	100.0%	40.0%	40.0%	40.0%	0.0%	\$0	0.0%
Freeport-McMoRan Copper & Gold, Inc.	Feb-2002	\$2,056	4 / 1	86.4%	61.5%	61.5%	61.5%	0.0%	\$0	0.0%
Michael Baker Corporation	Dec-2001	\$120	10 / 1	65.0%	15.7%	15.7%	15.7%	0.0%	\$0	0.0%
Conoco, Inc.	Jul-2001	\$17,345	5 / 1	92.1%	70.0%	70.0%	70.0%	0.0%	\$0	0.0%

Note: Shading represents transactions with a premium for high-vote shareholders.

(1) Calculated as the value of the aggregate cash and stock consideration received per high-vote share, less the low-vote stock closing price on the trading day prior to the announcement, divided by the closing price of the low-vote stock on the trading day prior to the announcement.

(2) Calculated as the value of the aggregate cash and stock consideration received per high-vote share, less the low-vote stock closing price on the trading day prior to the announcement, multiplied by the number of high-vote shares, and divided by the market capitalization of the company on the trading day prior to the announcement.

(3) High-vote shares entitled to elect at least 75% of the board.

(4) High-vote shares entitled to elect at least 85% of the board.

(5) High-vote shares entitled to elect at least 80% of the board.

(6) High-vote shares entitled to elect 100% of the board.

Sources: S&P Capital IQ, public filings.

# Selected Reclassification Transactions (cont.)

(dollars in millions)

(dollars in millions)

Company	Date Announced	Market Cap at Ann.	# of Votes High Vote / Low Vote	High Vote Class				Premium to Low Vote	Total Premium	Total Market Value (2)
				Voting		Economic		Stock Price (%) (1)		
				Pre-Reclass	Post-Reclass	Pre-Reclass	Post-Reclass			
AmSurg Corporation	Mar-2001	\$373	10 / 1	76.5%	24.6%	24.6%	24.6%	0.0%	\$0	0.0%
Raytheon Company (3)	Feb-2001	\$11,806	10 / 1	80.1%	29.7%	29.7%	29.7%	0.0%	\$0	0.0%
Waddell & Reed Financial, Inc.	Dec-2000	\$2,742	5 / 1	82.2%	48.1%	48.1%	48.1%	0.0%	\$0	0.0%
Continental Airlines	Nov-2000	\$3,039	10 / 1	69.8%	10.6%	18.8%	10.6%	30.4%	\$174	5.7%
The J. M. Smucker Company	May-2000	\$438	10 / 0	100.0%	50.3%	50.3%	50.3%	0.0%	\$0	0.0%
Mitchell Energy & Development	Apr-2000	\$1,031	1 / 0	100.0%	45.4%	45.4%	45.4%	0.0%	\$0	0.0%
Dairy Mart Convenience Stores	Dec-1999	\$18	10 / 1	81.3%	33.4%	30.3%	33.4%	10.0%	\$1	3.0%
InfoUSA, Inc.	Aug-1999	\$289	10 / 1	91.0%	50.3%	50.3%	50.3%	0.0%	\$0	0.0%
PacifiCare Health Systems, LLC (4)	May-1999	\$3,476	1 / 0	100.0%	32.5%	32.5%	32.5%	5.2%	\$60	1.7%
The Cherry Corporation	Mar-1999	\$132	1 / 0	100.0%	41.4%	41.4%	41.4%	0.0%	\$0	0.0%
First Oak Brook Bancshares Inc.	Mar-1999	\$122	20 / 1	94.1%	44.2%	44.2%	44.2%	0.0%	\$0	0.0%
Scott Technologies, Inc.	Oct-1998	\$195	20 / 1	87.2%	25.5%	25.5%	25.5%	0.0%	\$0	0.0%
Remington Oil and Gas Corp.	Jun-1998	\$122	1 / 0	100.0%	19.2%	15.8%	19.2%	26.6%	\$5	4.1%

## All Transactions

Low	14.4%	9.2%	7.2%	9.2%	0.0%	0.0%
High	100.0%	74.3%	74.3%	74.3%	31.0%	7.3%
Median	86.4%	40.7%	40.7%	40.7%	0.0%	0.0%
Mean	83.5%	38.2%	38.3%	38.2%	5.4%	0.9%

## Transactions With Premium

Low	43.6%	9.2%	7.2%	9.2%	5.2%	0.8%
High	100.0%	55.4%	52.0%	55.4%	31.0%	7.3%
Median	77.6%	12.6%	14.3%	12.6%	26.6%	3.4%
Mean	78.6%	20.4%	20.3%	20.4%	21.2%	3.5%

Note: Shading represents transactions with a premium for high-vote shareholders.

(1) Calculated as the value of the aggregate cash and stock consideration received per high-vote share, less the low-vote stock closing price on the trading day prior to the announcement, divided by the closing price of the low-vote stock on the trading day prior to the announcement.

(2) Calculated as the value of the aggregate cash and stock consideration received per high-vote share, less the low-vote stock closing price on the trading day prior to the announcement, multiplied by the number of high-vote shares, and divided by the market capitalization of the company on the trading day prior to the announcement.

(3) High-vote shares entitled to elect at least 80% of the board.

(4) Includes a \$60 million cash payment to the largest shareholder for agreeing to sell back shares to the company.

Sources: S&P Capital IQ, public filings.

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# Selected Reclassification Transactions

## Stock Price Reaction Detail

(dollars in millions)

	Date Announced	Low Vote Stock Price Reaction				Low Vote vs. S&P 500			
		Days After Unaffected Date				Days After Unaffected Date			
		1-Day	5-Day	30-Day	3-Month	1-Day	5-Day	30-Day	3-Month
Constellation Brands, Inc.	Jun-22	(4.3%)	(3.4%)	1.1%	(4.1%)	(3.5%)	(3.5%)	(7.1%)	0.6%
Forest City	Dec-16	9.8%	12.4%	11.4%	24.1%	9.5%	9.9%	8.4%	16.0%
Hubbell Incorporated	Aug-15	(3.1%)	(0.4%)	(13.1%)	(1.4%)	0.8%	(1.3%)	(11.7%)	(7.2%)
Tecumseh Products Company	Mar-13	(13.0%)	(11.6%)	(8.8%)	5.0%	(13.5%)	(12.1%)	(9.3%)	(1.4%)
SunPower Corporation	Sep-11	4.0%	(6.1%)	(28.6%)	(45.7%)	3.1%	(10.7%)	(32.5%)	(52.1%)
Benihana Inc.	May-11	(10.1%)	(6.4%)	(7.2%)	(26.7%)	(9.5%)	(6.7%)	(2.2%)	(14.9%)
Aaron's, Inc.	Sep-10	2.3%	0.6%	5.6%	24.4%	1.2%	(0.8%)	0.2%	12.6%
Chipotle Mexican Grill, Inc.	Oct-09	(8.0%)	(10.9%)	(6.3%)	9.2%	(6.8%)	(8.2%)	(6.2%)	9.3%
Mueller Water Products, Inc.	Oct-08	(6.3%)	0.4%	(10.1%)	1.3%	(8.9%)	(3.5%)	(6.4%)	10.4%
GameStop Corp.	Dec-06	(0.7%)	(0.4%)	3.8%	(3.6%)	(1.0%)	0.4%	3.2%	(1.1%)
Eagle Materials Corporation	Jan-06	26.7%	32.1%	27.6%	65.1%	25.9%	30.5%	25.6%	62.1%
LocatePlus Holdings Corporation	Sep-05	3.3%	0.0%	31.9%	(17.6%)	4.1%	0.2%	36.9%	(19.2%)
Gartner, Inc.	Apr-05	3.9%	4.3%	16.9%	36.3%	3.1%	3.9%	13.7%	29.2%
Curtiss-Wright Corporation	Mar-05	(0.3%)	1.1%	6.8%	(5.6%)	0.8%	2.2%	10.7%	(8.1%)
Agere Systems, Inc.	Dec-04	(9.9%)	(9.9%)	(5.3%)	4.6%	(10.8%)	(11.4%)	(5.1%)	2.8%
Alberto Culver Company	Oct-03	2.0%	0.6%	(1.2%)	2.3%	1.7%	0.5%	(1.7%)	(8.8%)
MIPS Technologies, Inc.	Aug-03	2.3%	17.4%	27.4%	53.4%	2.3%	16.3%	26.8%	47.2%
Pilgrim's Pride Corporation	Aug-03	14.9%	16.8%	34.0%	44.1%	15.9%	17.5%	30.7%	40.9%
Jo-Ann Stores, Inc.	May-03	(7.4%)	(5.1%)	12.0%	33.9%	(7.2%)	(6.5%)	2.3%	25.0%
Commonwealth Telephone Enterprises	Apr-03	(0.5%)	0.4%	8.2%	(1.3%)	0.9%	(0.4%)	5.8%	(9.0%)
Florida East Coast Industries, Inc.	Feb-03	(4.8%)	(3.8%)	(0.7%)	11.2%	(5.3%)	(2.0%)	(3.8%)	(2.4%)
The Reader's Digest Association, Inc. (1)	Oct-02	0.4%	(5.1%)	1.9%	(25.0%)	1.2%	(6.5%)	6.9%	(8.0%)
E-Z-EM, Inc.	Jul-02	3.3%	7.9%	(3.3%)	(6.7%)	6.7%	11.2%	1.6%	11.8%
Freeport-McMoRan Copper & Gold, Inc.	Feb-02	1.8%	6.9%	22.0%	38.9%	1.8%	4.8%	18.6%	41.2%
Michael Baker Corporation	Dec-01	0.0%	4.5%	5.9%	(1.4%)	0.0%	4.1%	7.4%	(2.1%)
Conoco, Inc.	Jul-01	0.4%	3.2%	9.8%	(3.6%)	0.9%	3.5%	12.5%	7.7%
AmSurg Corporation	Mar-01	(9.5%)	(12.7%)	4.9%	22.2%	(6.9%)	(8.8%)	6.1%	18.5%
Raytheon Company	Feb-01	4.0%	1.8%	(12.8%)	(16.1%)	3.4%	2.7%	(3.2%)	(7.6%)
Waddell & Reed Financial, Inc.	Dec-00	11.3%	6.4%	2.8%	(5.7%)	9.3%	4.3%	6.2%	0.3%
Continental Airlines	Nov-00	(5.8%)	(9.1%)	(9.6%)	(1.5%)	(6.2%)	(4.9%)	(6.1%)	3.6%
The J. M. Smucker Company	May-00	17.1%	19.3%	19.7%	27.6%	16.2%	22.4%	18.5%	25.4%
Mitchell Energy & Development	Apr-00	0.9%	3.2%	23.0%	47.5%	(0.1%)	2.1%	26.7%	50.3%
Dairy Mart Convenience Stores	Dec-99	(14.8%)	(4.9%)	(9.8%)	(21.3%)	(13.8%)	(4.5%)	(8.3%)	(19.1%)
InfoUSA, Inc.	Aug-99	(1.1%)	(14.9%)	7.4%	12.8%	(0.1%)	(11.8%)	13.7%	8.8%
PacifiCare Health Systems, LLC	May-99	1.6%	12.1%	17.0%	(15.0%)	3.3%	12.8%	21.4%	(12.6%)
The Cherry Corporation	Mar-99	(2.7%)	(5.4%)	(5.9%)	0.9%	(1.6%)	(4.9%)	(9.1%)	(4.6%)
First Oak Brook Bancshares Inc.	Mar-99	0.0%	0.0%	(5.4%)	8.8%	(0.6%)	(1.5%)	(8.7%)	4.2%
Scott Technologies, Inc.	Oct-98	0.0%	(1.1%)	34.5%	50.6%	0.4%	(0.7%)	21.3%	24.7%
Remington Oil and Gas Corp.	Jun-98	(6.3%)	(2.1%)	(22.9%)	(32.3%)	(7.7%)	(4.8%)	(28.4%)	(25.6%)
Low		(14.8%)	(14.9%)	(28.6%)	(45.7%)	(13.8%)	(12.1%)	(32.5%)	(52.1%)
High		26.7%	32.1%	34.5%	65.1%	25.9%	30.5%	36.9%	62.1%
Mean		0.0%	1.0%	4.7%	7.4%	0.2%	0.9%	4.5%	6.4%
Median		0.0%	0.0%	3.8%	1.3%	0.8%	(0.7%)	3.2%	2.8%

(1) Based on the initial announcement date in April 2002. The proposal was subsequently revised in October 2002.

Sources: S&P Capital IQ, public filings.

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# Selected M&A Transactions With DCSS Targets

(dollars in millions)

Announced Date	Target	Acquirer	Transaction Value	High Vote / Low Vote Premium (%)	# of Votes High Vote / Low Vote	High Vote Class		Premium Consideration as a % of Total Consideration (1)	Voting Interest of Largest Holder of High Vote Shares	Equalization Provision (2)
						Voting	Economic			
5/18/2023	Urstadt Biddle Properties Inc.	Regency Centers Corporation	\$1,400.6	0.0%	1 / 0.05	87.7%	26.3%	0.0%	68.2%	Yes
4/3/2023	World Wrestling Entertainment, Inc.	Zuffa, LLC	\$9,300.0	0.0%	10 / 1	87.8%	41.7%	0.0%	81.0%	No
3/21/2023	U.S. Xpress Enterprises, Inc.	Thoma Bravo, L.P.	\$835.4	0.0%	5 / 1	61.6%	24.3%	0.0%	42.5%	Yes
3/12/2023	Qualtrics International Inc.	Silver Lake Technology Management; CPPIB	\$10,910.9	0.0%	10 / 1	95.9%	69.8%	0.0%	95.9%	Yes
10/11/2022	ForgeRock, Inc.	Thoma Bravo, L.P.	\$1,999.0	0.0%	10 / 1	88.8%	44.3%	0.0%	42.7%	Yes
10/3/2022	Poshmark, Inc.	NAVER Corporation	\$1,048.7	0.0%	10 / 1	81.8%	31.0%	0.0%	57.4%	Yes
9/19/2022	KnowBe4, Inc.	Vista Equity Partners Management, LLC	\$3,769.3	0.0%	10 / 1	77.0%	25.1%	0.0%	37.5%	Yes
5/16/2022	ManTech International Corporation	The Carlyle Group Inc.	\$4,339.1	0.0%	10 / 1	28.7%	3.9%	0.0%	32.0%	No
5/6/2022	Hemisphere Media Group, Inc.	InterMedia Advisors, LLC; Gato Investments LP	\$2,856.9	0.0%	10 / 1	90.4%	48.6%	0.0%	72.2%	Yes
12/20/2021	Bluerock Residential Growth REIT, Inc.	Blackstone Real Estate Advisors	\$3,131.4	0.0%	50 / 1	11.6%	0.3%	0.0%	6.4%	Yes
9/15/2021	GreenSky, Inc.	Goldman Sachs Bank USA	\$0.0	0.0%	10 / 1	90.9%	50.0%	NA	57.2%	Yes
8/19/2021	Inovalon Holdings, Inc.	Insight Venture Management, LLC	\$7,315.3	0.0%	10 / 1	91.0%	50.3%	0.0%	64.1%	Yes
8/9/2021	Golden Nugget Online Gaming, Inc.	DraftKings Inc.	\$1,951.2	0.0%	10 / 1	87.2%	40.5%	0.0%	81.0%	No
6/28/2021	QAD Inc.	Thoma Bravo, L.P.	\$1,789.5	0.0%	1 / 0.05	79.1%	15.9%	0.0%	67.0%	Yes
6/7/2021	QTS Realty Trust, Inc.	Blackstone Inc.	\$8,558.4	0.0%	50 / 1	7.5%	0.2%	0.0%	7.8%	No
4/7/2021	Century Bancorp, Inc.	Eastern Bankshares, Inc.	\$641.9	0.0%	1 / 0	100.0%	34.3%	0.0%	90.2%	No
3/26/2021	MSG Networks Inc.	Madison Square Garden Entertainment Corp.	\$1,722.4	0.0%	10 / 1	75.8%	23.8%	0.0%	77.9%	Yes
2/16/2021	Protective Insurance Corporation	The Progressive Corporation	\$329.8	0.0%	1 / 0	100.0%	18.4%	0.0%	20.6%	No
12/13/2020	Pluralsight, Inc.	Vista Equity Partners Management LLC	\$3,522.7	0.0%	10 / 1	49.8%	9.0%	0.0%	50.6%	No
12/1/2020	Slack Technologies, Inc.	salesforce.com, inc. (nka:Salesforce, Inc.)	\$27,770.2	0.0%	10 / 1	61.2%	13.6%	0.0%	30.0%	Yes
10/8/2020	Eaton Vance Corp.	Morgan Stanley	\$6,656.4	0.0%	1 / 0	100.0%	0.4%	0.0%	NA	No
6/29/2020	GCI Liberty, Inc.	Liberty Broadband Corp.	\$11,628.6	0.0%	10 / 1	30.7%	4.2%	0.0%	27.9%	No
11/6/2019	William Lyon Homes	Taylor Morrison Home Corp.	\$2,422.5	0.0%	5 / 1	41.5%	12.4%	0.0%	42.2%	Yes
11/1/2019	Fitbit, Inc.	Google LLC	\$1,763.1	0.0%	10 / 1	55.0%	10.9%	0.0%	37.9%	Yes
8/22/2019	Pivotal Software, Inc.	VMware, Inc.	\$3,349.3	NA	10 / 1	94.4%	62.6%	0.0%	94.4%	Yes
8/13/2019	Viacom, Inc.	CBS Corp.	\$20,947.0	0.0%	1 / 0	100.0%	12.3%	0.0%	79.8%	No
6/10/2019	Tableau Software LLC	salesforce.com, inc.	\$17,377.6	0.0%	10 / 1	57.4%	11.9%	0.0%	38.0%	Yes
2/4/2019	Liberty Expedia Holdings, Inc.	Expedia Group, Inc.	\$22,436.0	0.0%	10 / 1	34.2%	4.9%	0.0%	32.9%	No
1/16/2019	First Data Corp.	Fiserv, Inc.	\$41,770.6	0.0%	10 / 1	86.5%	39.1%	0.0%	85.5%	No
12/24/2018	MINDBODY, Inc.	Vista Equity Partners Management LLC	\$2,154.4	0.0%	10 / 1	34.2%	4.9%	0.0%	24.6%	Yes
11/9/2018	International Speedway Corp.	Nascar Holdings, Inc.	\$1,165.3	0.0%	1 / 0.2	80.4%	45.1%	0.0%	74.5%	Yes
3/20/2018	MuleSoft, Inc.	salesforce.com, inc.	\$6,811.6	0.0%	10 / 1	81.4%	30.5%	0.0%	32.3%	Yes
3/6/2018	CommerceHub, Inc.	GTCR LLC; Sycamore Partners Management LP	\$973.7	0.0%	10 / 1	34.2%	1.6%	0.0%	32.4%	No
2/5/2018	8point3 Energy Partners LP	Capital Dynamics AG	\$1,653.7	0.0%	1 / 0	100.0%	35.5%	0.0%	13.1%	No
11/28/2017	Regal Entertainment Group	Cineworld Group Plc	\$5,875.6	0.0%	10 / 1	64.0%	15.1%	0.0%	64.0%	No
7/3/2017	NCI, Inc.	H.I.G. Capital LLC (Private Equity)	\$268.1	0.0%	3 / 1	55.2%	33.0%	0.0%	55.2%	No
5/11/2017	Straight Path Communications, Inc.	Verizon Communications, Inc.	\$2,345.0	0.0%	3 / 0	66.4%	6.2%	0.0%	NA	Yes
5/4/2017	Capital Bank Financial Corp.	First Horizon National Corp. (Tennessee)	\$2,125.3	0.0%	1 / 0	100.0%	68.1%	0.0%	7.5%	Yes
5/2/2017	OneBeacon Insurance Group Ltd.	Intact Financial Corp.	\$1,714.8	0.0%	10 / 1	96.9%	75.7%	0.0%	96.9%	No
4/10/2017	Swift Transportation Co.	Knight Transportation, Inc.	\$3,818.4	0.0%	2 / 1	54.2%	37.1%	0.0%	51.8%	No
4/5/2017	Panera Bread Co.	JAB Holdings BV	\$7,486.1	0.0%	3 / 1	16.3%	6.1%	0.0%	15.4%	No
1/27/2017	Midcoast Energy Partners LP	Enbridge Energy Co., Inc.	\$936.9	0.0%	1 / 0	100.0%	49.0%	0.0%	19.8%	No
1/23/2017	BNC Bancorp	Pinnacle Financial Partners, Inc.	\$1,731.7	0.0%	1 / 0	100.0%	90.8%	0.0%	3.2%	No
1/19/2017	Milestone Apartments REIT	Starwood Capital Group Global LLC	\$2,969.6	0.0%	1 / 0	100.0%	87.9%	0.0%	0.1%	NA
9/26/2016	BATS Global Markets, Inc.	CBOE Holdings, Inc.	\$3,059.6	0.0%	1 / 0	100.0%	95.8%	0.0%	9.7%	No
7/21/2016	Yadkin Financial Corp.	F.N.B. Corporation	\$1,476.6	0.0%	1 / 0	100.0%	97.9%	0.0%	1.0%	Yes

Notes: Shading represents transactions with a premium for high-vote shareholders. The complete lists of acquiring entities for certain transactions have been shortened for presentation purposes.

(1) Calculated by subtracting the consideration paid per share of low-vote stock from the consideration paid per share of high-vote stock, multiplying the result by the total number of shares of high-vote stock outstanding, and dividing the result by the transaction value.

(2) Articles of Incorporation require equal consideration to be paid to all classes of common stock in a merger, consolidation, or other change-of-control transaction.

NA refers to Not Available. The Securities and Exchange Commission website does not contain filings produced prior to 1994. As such, we were unable to research equalization provisions for targets that did not file their Articles of Incorporation (and/or amendments) after 1994.

Sources: FactSet, S&P Capital IQ, public filings, press releases.

# Selected M&A Transactions With DCSS Targets (cont.)

(dollars in millions)

Announced Date	Target	Acquirer	Transaction Value	High Vote / Low Vote Premium (%)	# of Votes High Vote / Low Vote	High Vote Class		Premium Consideration as a % of Total Consideration (1)	Voting Interest of Largest Holder of High Vote Shares	Equalization Provision (2)
						Voting	Economic			
6/30/2016	Starz	Lions Gate Entertainment Corp.	\$4,253.0	8.8%	10 / 1	52.7%	10.0%	0.7%	46.9%	No
6/13/2016	LinkedIn Corporation	Microsoft Corporation	\$26,565.7	0.0%	10 / 1	56.9%	11.7%	0.0%	53.7%	Yes
4/28/2016	DreamWorks Animation SKG, Inc.	NBCUniversal Media LLC	\$3,859.7	0.0%	15 / 1	60.0%	9.1%	0.0%	60.0%	Yes
4/4/2016	Virgin America, Inc.	Alaska Air Group, Inc.	\$2,550.3	0.0%	1 / 0	100.0%	84.5%	0.0%	46.6%	Yes
2/7/2016	Apollo Education Group, Inc.	Apollo Global Management, LLC	\$1,098.6	0.0%	1 / 0	100.0%	0.4%	0.0%	51.2%	Yes
11/23/2015	TeleCommunication Systems, Inc.	Comtech Telecommunications Corp.	\$312.9	0.0%	3 / 1	20.3%	7.8%	0.0%	20.3%	No
10/13/2015	NewBridge Bancorp	Yadkin Financial Corp.	\$445.3	0.0%	1 / 0	100.0%	91.8%	0.0%	9.4%	Yes
9/17/2015	Cablevision Systems Corp.	Canada Pension Plan Investment Board	\$17,806.5	0.0%	10 / 1	71.0%	19.6%	0.0%	71.0%	Yes
8/24/2015	Belk, Inc.	Sycamore Partners Management LP	\$2,816.7	0.0%	10 / 1	99.8%	97.6%	0.0%	26.0%	Yes
8/17/2015	zulily, Inc.	Liberty Interactive Corp.	\$2,041.1	0.0%	10 / 1	89.3%	45.4%	0.0%	39.6%	Yes
6/22/2015	Martha Stewart Living Omnimedia, Inc.	Sequential Brands Group, Inc.	\$303.7	0.0%	10 / 1	88.6%	43.6%	0.0%	91.2%	No
5/28/2015	Broadcom Corp.	Avago Technologies Ltd.	\$34,531.7	0.0%	10 / 1	47.3%	8.2%	0.0%	21.9%	No
4/8/2015	Baltic Trading Ltd.	Genco Shipping & Trading Ltd.	\$276.9	0.0%	15 / 1	65.5%	11.2%	0.0%	65.5%	No
3/21/2014	LIN Media LLC	Mercury New Holdco, Inc.	\$2,403.9	0.0%	40,244,245 / 1	70.0%	0.0%	0.0%	35.0%	Yes
2/17/2014	Chindex International, Inc.	TPG Capital Management LP	\$317.5	0.0%	6 / 1	30.9%	6.9%	0.0%	17.6%	No
8/26/2013	TMS International Corp.	The Pritzker Organization LLC	\$966.1	0.0%	10 / 1	94.3%	62.4%	0.0%	90.2%	No
6/13/2013	Belo Corp.	Gannett Co., Inc.	\$2,146.6	0.0%	10 / 1	46.4%	8.0%	0.0%	24.3%	No
5/29/2013	Stewart Enterprises, Inc.	Service Corp. International	\$1,350.3	0.0%	10 / 1	30.3%	4.2%	0.0%	30.3%	No
2/26/2013	Assisted Living Concepts, Inc.	TPG Capital Management LP	\$445.4	7.5%	10 / 1	59.1%	12.6%	0.6%	55.5%	No
2/21/2013	Berry Petroleum Co.	Linn Energy LLC; LinnCo. LLC	\$4,690.1	0.0%	1 / 0.95	0.0%	0.0%	0.0%	3.6%	No
11/15/2012	Schiff Nutrition International, Inc.	Reckitt Benckiser Group Plc	\$1,344.2	0.0%	10 / 1	77.4%	25.5%	0.0%	77.4%	No
11/8/2012	Kayak Software Corp.	Priceline.com, Inc.	\$1,364.1	0.0%	10 / 1	97.2%	77.4%	0.0%	32.7%	No
9/26/2012	American Greetings Corp.	American Greetings Corp.	\$795.2	0.0%	10 / 1	48.0%	8.5%	0.0%	30.4%	No
12/21/2011	Delphi Financial Group, Inc.	Tokio Marine & Nichido Fire Insurance Co.	\$2,791.1	20.5%	10 / 1	49.9%	10.6%	1.9%	49.9%	Yes (3)
6/13/2011	Timberland LLC	VF Corp.	\$1,920.9	0.0%	10 / 1	72.0%	20.4%	0.0%	48.3%	No
4/1/2011	SRA International, Inc.	Providence Equity Partners, Inc.	\$1,696.6	0.0%	10 / 1	74.4%	22.5%	0.0%	69.7%	Yes
11/15/2010	Mediacom Communications Corp.	Mediacom Communications Corp.	\$3,610.7	0.0%	10 / 1	86.8%	39.6%	0.0%	86.8%	Yes
9/29/2010	Keithley Instruments, Inc.	Danaher Corp.	\$298.9	0.0%	10 / 1	61.2%	13.6%	0.0%	60.7%	No
9/20/2010	CarsDirect.com	Hellman & Friedman LLC	\$559.2	0.0%	20 / 1	59.3%	6.8%	0.0%	59.3%	No
9/28/2009	Affiliated Computer Services, Inc.	Xerox Corp.	\$8,067.0	72.0%	10 / 1	42.0%	6.8%	3.7%	42.0%	No
7/28/2009	Virgin Mobile USA, Inc.	Sprint Nextel Corp.	\$482.6	0.0%	6,932,943 / 1	17.6%	0.0%	0.0%	8.8%	No
4/20/2009	The Pepsi Bottling Group, Inc.	PepsiCo, Inc.	\$10,532.0	0.0%	250 / 1	10.2%	0.0%	0.0%	10.2%	Yes
4/28/2008	WM. Wrigley Jr. Co.	Berkshire Hathaway, Inc.; Mars, Inc.	\$22,649.6	0.0%	10 / 1	73.2%	21.4%	0.0%	31.8%	No
10/30/2007	Bradley Pharmaceuticals, Inc.	Altana, Inc.	\$360.4	0.0%	5 / 1	11.5%	2.5%	0.0%	10.5%	No
7/30/2007	Rural Cellular Corp.	Verizon Communications, Inc.	\$2,669.4	0.0%	10 / 1	18.6%	2.2%	0.0%	6.2%	No
7/9/2007	Sequa Corp.	The Carlyle Group LP	\$2,644.6	0.0%	10 / 1	80.2%	28.8%	0.0%	25.4%	No
6/29/2007	Dobson Communications Corp.	AT&T, Inc.	\$4,893.1	0.0%	10 / 1	56.1%	11.3%	0.0%	56.1%	No
6/22/2007	US Xpress Enterprises, Inc.	Mountain Lake Acquisition Co.	\$493.9	0.0%	5 / 1	55.7%	20.1%	0.0%	27.9%	NA
6/15/2007	Coinmach Service Corp.	Babcock & Brown Ltd. (Australia)	\$1,331.5	0.0%	2 / 1	61.5%	44.4%	0.0%	61.5%	Yes
5/1/2007	Dow Jones & Co., Inc.	News Corp.	\$5,659.0	0.0%	10 / 1	76.0%	24.0%	0.0%	34.8%	No
3/20/2007	Claire's Stores, Inc.	Apollo Management LP	\$2,730.8	0.0%	10 / 1	35.3%	5.2%	0.0%	29.7%	No
2/12/2007	HydriL Co.	Tenaris SA	\$1,914.6	0.0%	10 / 1	61.4%	13.7%	0.0%	44.4%	No
1/18/2007	ION Media Networks, Inc.	General Electric Co.	\$2,621.9	0.0%	10 / 1	56.1%	11.3%	0.0%	56.1%	Yes
12/5/2006	Bridgestone Bandag LLC	Bridgestone Americas Holding, Inc.	\$915.5	0.0%	10 / 1	50.1%	9.1%	0.0%	27.4%	Yes
9/15/2006	Freescale Semiconductor, Inc.	The Carlyle Group LP	\$15,977.9	0.0%	5 / 1	90.7%	66.0%	0.0%	2.6%	Yes
8/8/2006	McData Corp.	Brocade Communications Systems, Inc.	\$617.3	0.0%	1 / 0.1	97.1%	76.8%	0.0%	1.7%	Yes

Notes: Shading represents transactions with a premium for high-vote shareholders. The complete lists of acquiring entities for certain transactions have been shortened for presentation purposes.

(1) Calculated by subtracting the consideration paid per share of low-vote stock from the consideration paid per share of high-vote stock, multiplying the result by the total number of shares of high-vote stock outstanding, and dividing the result by the transaction value.

(2) Articles of Incorporation require equal consideration to be paid to all classes of common stock in a merger, consolidation, or other change-of-control transaction.

(3) In connection with the transaction, a charter amendment was approved that excepted the transaction from the equalization provision.

NA refers to Not Available. The Securities and Exchange Commission website does not contain filings produced prior to 1994. As such, we were unable to research equalization provisions for targets that did not file their Articles of Incorporation (and/or amendments) after 1994.

Sources: FactSet, S&P Capital IQ, public filings, press releases.



# Selected M&A Transactions With DCSS Targets (cont.)

(dollars in millions)

Announced Date	Target	Acquirer	Transaction Value	High Vote / Low Vote Premium (%)	# of Votes High Vote / Low Vote	High Vote Class		Premium Consideration as a % of Total Consideration (1)	Voting Interest of Largest Holder of High Vote Shares	Equalization Provision (2)
						Voting	Economic			
7/24/2006	HCA, Inc.	BAIN CAPITAL LLC	\$31,163.3	0.0%	1 / 0	100.0%	94.9%	0.0%	10.0%	Yes
6/27/2006	Spanish International Communications	Thomas H. Lee Partners LP	\$10,369.0	0.0%	10 / 1	57.9%	12.1%	0.0%	57.9%	No
5/1/2006	ARAMARK Corp.	Thomas H. Lee Partners LP	\$6,085.8	0.0%	10 / 1	83.4%	33.5%	0.0%	33.3%	Yes
4/20/2006	Marsh Supermarkets, Inc.	Sun Capital Partners, Inc.	\$297.3	0.0%	1 / 0	100.0%	47.2%	0.0%	21.0%	NA
2/21/2006	Thomas Nelson, Inc.	InterMedia Partners VII LP	\$429.8	0.0%	10 / 1	40.5%	6.4%	0.0%	42.9%	No
7/22/2005	Priority Healthcare Corp.	Express Scripts, Inc.	\$1,274.3	0.0%	3 / 1	34.5%	14.9%	0.0%	29.3%	Yes
6/15/2005	John Q. Hammons Hotels, Inc.	JQH Acquisition LLC	\$799.3	0.0%	50 / 1	73.7%	5.3%	0.0%	73.7%	No
5/10/2005	OshKosh B'gosh, Inc.	Carter's, Inc.	\$301.6	0.0%	1 / 0	100.0%	18.5%	0.0%	10.3%	Yes
3/16/2005	General Binding Corp.	ACCO World Corp.	\$657.7	0.0%	15 / 1	72.2%	14.8%	0.0%	72.2%	No
3/7/2005	Insight Communications Co., Inc.	The Carlyle Group LP	\$3,301.8	0.0%	10 / 1	62.5%	14.3%	0.0%	28.4%	Yes
1/30/2005	Pulitzer, Inc.	Lee Enterprises, Inc.	\$1,487.9	0.0%	10 / 1	92.2%	54.2%	0.0%	88.1%	Yes
1/10/2005	Triad CELLULAR LP	Alltel Corp.	\$5,807.2	0.0%	10 / 1	42.2%	6.8%	0.0%	37.6%	No
11/8/2004	Infonet Services Corp.	BT Group Plc	\$576.0	0.0%	10 / 1	95.0%	65.3%	0.0%	10.8%	No
10/20/2004	Boca Resorts, Inc.	The Blackstone Group LP	\$1,118.9	0.0%	10,000 / 1	98.5%	0.6%	0.0%	98.5%	No
10/19/2004	The Robert Mondavi Corp.	Constellation Brands, Inc.	\$1,240.6	16.5%	10 / 1	84.4%	35.1%	4.3%	66.2%	NA
9/29/2004	Orbitz, Inc.	Cendant Corp.	\$971.9	0.0%	10 / 1	95.2%	66.6%	0.0%	23.6%	Yes
8/29/2004	LNR Property Corp.	Blackacre Institutional Capital	\$3,573.6	0.0%	10 / 1	83.0%	32.8%	0.0%	82.7%	No
7/22/2004	AMC Entertainment, Inc.	Apollo Advisors LP; J.P. Morgan Partners	\$1,316.9	0.0%	10 / 1	47.2%	8.2%	0.0%	47.2%	No
3/18/2004	Allstream	Manitoba Telecom Services	\$1,605.2	0.0%	1 / 0	100.0%	4.6%	0.0%	50.0%	NA
11/17/2003	Travelers Property Casualty Corp.	The St. Paul Travelers Cos., Inc.	\$16,013.0	0.0%	8 / 1	2.5%	0.3%	0.0%	2.5%	Yes
10/6/2003	FTD, Inc.	Green Equity Investors IV LP	\$420.2	0.0%	1 / 0	100.0%	92.0%	0.0%	49.5%	No
4/11/2002	Herbalife International, Inc.	Whitney & Co. and Golden Gate Capital	\$633.6	0.0%	1 / 0	100.0%	64.4%	0.0%	30.9%	Yes
3/8/2002	Wackenhut Corp.	Group 4 Falck A/S	\$496.3	0.0%	1 / 0	100.0%	25.8%	0.0%	49.6%	No
12/14/2001	Security Capital Group Inc	General Electric Capital Corp	\$4,452.8	0.0%	1 / 0	65.7%	1.0%	0.0%	15.5%	No
9/7/2000	Delhaize America Inc	Etablissements Delhaize Freres	\$1,830.2	0.0%	1 / 0	100.0%	49.3%	0.0%	55.6%	NA
6/28/2000	Central Newspapers Inc	Gannett Co Inc.	\$2,649.1	0.0%	1 / 0	94.5%	63.1%	0.0%	79.0%	NA
4/12/2000	Ben & Jerry's Homemade	Unilever	\$302.5	0.0%	10 / 1	56.7%	11.6%	0.0%	34.6%	NA
3/13/2000	Times Mirror Co.	Tribune Co.	\$7,315.4	0.0%	10 / 1	84.1%	34.6%	0.0%	69.4%	No
2/28/2000	SFX	Clear Channel	\$2,996.9	66.7%	10 / 1	32.1%	4.5%	1.8%	28.9%	Yes
1/18/2000	Coastal	El Paso Energy	\$9,756.5	0.0%	100 / 1	14.0%	0.2%	0.0%	6.2%	No
12/22/1999	Jones Intercable	Comcast	\$3,003.9	0.0%	1 / 0	58.1%	12.2%	0.0%	32.7%	NA
12/20/1999	Pittway Corp.	Honeywell International	\$1,945.4	0.0%	1 / 0	69.3%	18.4%	0.0%	22.4%	Yes
10/4/1999	TV Guide	Gemstar	\$8,733.7	0.0%	10 / 1	90.7%	49.3%	0.0%	45.3%	NA
6/1/1999	Associated Group Inc.	Liberty Media Group	\$3,090.2	0.0%	1 / 0	96.0%	49.2%	0.0%	11.9%	NA
4/22/1999	Hach Co.	Danaher Corp.	\$327.8	0.0%	1 / 0	100.0%	51.1%	0.0%	50.8%	Yes
3/5/1999	Century Comm. Corp.	Adelphia Comm. Corp.	\$3,412.2	9.3%	10 / 1	92.8%	56.4%	4.9%	92.8%	NA
12/14/1998	US Satellite Broadcasting Inc.	Hughes Electronics Corp.	\$2,235.9	0.0%	10 / 1	95.5%	67.8%	0.0%	59.9%	NA
11/24/1998	Genovese Drug Stores	J.C. Penney Co.	\$352.3	0.0%	10 / 1	89.5%	45.9%	0.0%	55.8%	No
10/13/1998	Dominick's Supermarket	Safeway	\$1,304.4	0.0%	1 / 0	100.0%	86.5%	0.0%	36.8%	No
8/20/1998	Sun America	AIG	\$14,510.2	0.0%	1 / 1	0.0%	0.0%	0.0%	0.0%	NA
6/24/1998	TCI Communications	AT&T	\$26,742.9	10.0%	10 / 1	51.5%	9.6%	0.2%	50.7%	No
5/19/1998	Giant Food	Royal Ahold	\$2,759.6	0.0%	1 / 0	50.0%	0.2%	0.0%	50.0%	No
5/8/1998	Dekalb Genetics	Monsanto	\$2,081.6	0.0%	1 / 0	100.0%	13.6%	0.0%	7.8%	No
3/6/1998	Pricellular Corp.	American Cellular	\$489.3	0.0%	10 / 1	86.5%	49.8%	0.0%	20.5%	NA
2/20/1998	SFX Broadcasting	Hicks, Muse, Tate & Furst Incorporated	\$1,200.0	30.0%	10 / 1	52.4%	7.7%	2.0%	52.0%	NA

Notes: Shading represents transactions with a premium for high-vote shareholders. The complete lists of acquiring entities for certain transactions have been shortened for presentation purposes.

(1) Calculated by subtracting the consideration paid per share of low-vote stock from the consideration paid per share of high-vote stock, multiplying the result by the total number of shares of high-vote stock outstanding, and dividing the result by the transaction value.

(2) Articles of Incorporation require equal consideration to be paid to all classes of common stock in a merger, consolidation, or other change-of-control transaction.

(3) In connection with the transaction, a charter amendment was approved that excepted the transaction from the equalization provision.

NA refers to Not Available. The Securities and Exchange Commission website does not contain filings produced prior to 1994. As such, we were unable to research equalization provisions for targets that did not file their Articles of Incorporation (and/or amendments) after 1994.

Sources: FactSet, S&P Capital IQ, public filings, press releases.

# Selected M&A Transactions With DCSS Targets (cont.)

	High Vote / Low Vote Premium (%)	High Vote Class		Premium	Voting Interest of Largest Holder of High Vote Shares		Equalization Provision (2)
		Voting	Economic	Consideration as a % of Total Consideration (1)			
<u>All Transactions</u>							
Low	0.0%	0.0%	0.0%	0.0%	0.0%		Count:
High	72.0%	100.0%	97.9%	4.9%	98.5%	Yes	53
Median	0.0%	74.4%	18.5%	0.0%	42.0%	No	68
Mean	1.8%	69.2%	29.3%	0.1%	42.7%	NA	16
<u>Transactions With A High Vote / Low Vote Premium</u>							
Low	7.5%	32.1%	4.5%	0.2%	28.9%		Count:
High	72.0%	92.8%	56.4%	4.9%	92.8%	Yes	2
Median	16.5%	52.4%	10.0%	1.9%	50.7%	No	4
Mean	26.8%	57.4%	17.0%	2.2%	53.9%	NA	3
<u>High Vote Class &gt; 50% of Voting Interest</u>							
Low	0.0%	50.1%	0.0%	0.0%	0.1%		Count:
High	30.0%	100.0%	97.9%	4.9%	98.5%	Yes	45
Median	0.0%	87.0%	32.9%	0.0%	50.4%	No	44
Mean	0.8%	81.9%	37.1%	0.1%	48.5%	NA	15
<u>High Vote Class &gt; 50% of Voting Interest With A High Vote / Low Vote Premium</u>							
Low	7.5%	51.5%	7.7%	0.2%	46.9%		Count:
High	30.0%	92.8%	56.4%	4.9%	92.8%	Yes	0
Median	9.6%	55.9%	11.3%	1.3%	53.7%	No	3
Mean	13.7%	65.5%	21.9%	2.1%	60.7%	NA	3

Notes: Shading represents transactions with a premium for high-vote shareholders. The complete lists of acquiring entities for certain transactions have been shortened for presentation purposes.

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(2) Articles of Incorporation require equal consideration to be paid to all classes of common stock in a merger, consolidation, or other change-of-control transaction.

NA refers to Not Available. The Securities and Exchange Commission website does not contain filings produced prior to 1994. As such, we were unable to research equalization provisions for targets that did not file their Articles of Incorporation (and/or amendments) after 1994.

Sources: FactSet, S&P Capital IQ, public filings, press releases.

# Selected M&A Transactions With DCSS Targets (Since 2018)

(dollars in millions)

Announced Date	Target	Acquirer	Transaction Value	High Vote / Low Vote Premium (%)	# of Votes High Vote / Low Vote	High Vote Class		Premium Consideration as a % of Total Consideration (1)	Voting Interest of Largest Holder of High Vote Shares	Equalization Provision (2)
						Voting	Economic			
5/18/2023	Urstadt Biddle Properties Inc.	Regency Centers Corporation	\$1,400.6	0.0%	1 / 0.05	87.7%	26.3%	0.0%	68.2%	Yes
4/3/2023	World Wrestling Entertainment, Inc.	Zuffa, LLC	\$9,300.0	0.0%	10 / 1	87.8%	41.7%	0.0%	81.0%	No
3/21/2023	U.S. Xpress Enterprises, Inc.	Thoma Bravo, L.P.	\$835.4	0.0%	5 / 1	61.6%	24.3%	0.0%	42.5%	Yes
3/12/2023	Qualtrics International Inc.	Silver Lake Technology Management; CPPIB	\$10,910.9	0.0%	10 / 1	95.9%	69.8%	0.0%	95.9%	Yes
10/11/2022	ForgeRock, Inc.	Thoma Bravo, L.P.	\$1,999.0	0.0%	10 / 1	88.8%	44.3%	0.0%	42.7%	Yes
10/3/2022	Poshmark, Inc.	NAVER Corporation	\$1,048.7	0.0%	10 / 1	81.8%	31.0%	0.0%	57.4%	Yes
9/19/2022	KnowBe4, Inc.	Vista Equity Partners Management, LLC	\$3,769.3	0.0%	10 / 1	77.0%	25.1%	0.0%	37.5%	Yes
5/16/2022	ManTech International Corporation	The Carlyle Group Inc.	\$4,339.1	0.0%	10 / 1	28.7%	3.9%	0.0%	32.0%	No
5/6/2022	Hemisphere Media Group, Inc.	InterMedia Advisors, LLC; Gato Investments LP	\$2,856.9	0.0%	10 / 1	90.4%	48.6%	0.0%	72.2%	Yes
12/20/2021	Bluerock Residential Growth REIT, Inc.	Blackstone Real Estate Advisors	\$3,131.4	0.0%	50 / 1	11.6%	0.3%	0.0%	6.4%	Yes
9/15/2021	GreenSky, Inc.	Goldman Sachs Bank USA	\$0.0	0.0%	10 / 1	90.9%	50.0%	NA	57.2%	Yes
8/19/2021	Inovalon Holdings, Inc.	Insight Venture Management, LLC	\$7,315.3	0.0%	10 / 1	91.0%	50.3%	0.0%	64.1%	Yes
8/9/2021	Golden Nugget Online Gaming, Inc.	DraftKings Inc.	\$1,951.2	0.0%	10 / 1	87.2%	40.5%	0.0%	81.0%	No
6/28/2021	QAD Inc.	Thoma Bravo, L.P.	\$1,789.5	0.0%	1 / 0.05	79.1%	15.9%	0.0%	67.0%	Yes
6/7/2021	QTS Realty Trust, Inc.	Blackstone Inc.	\$8,558.4	0.0%	50 / 1	7.5%	0.2%	0.0%	7.8%	No
4/7/2021	Century Bancorp, Inc.	Eastern Bankshares, Inc.	\$641.9	0.0%	1 / 0	100.0%	34.3%	0.0%	90.2%	No
3/26/2021	MSG Networks Inc.	Madison Square Garden Entertainment Corp.	\$1,722.4	0.0%	10 / 1	75.8%	23.8%	0.0%	77.9%	Yes
2/16/2021	Protective Insurance Corporation	The Progressive Corporation	\$329.8	0.0%	1 / 0	100.0%	18.4%	0.0%	20.6%	No
12/13/2020	Pluralsight, Inc.	Vista Equity Partners Management LLC	\$3,522.7	0.0%	10 / 1	49.8%	9.0%	0.0%	50.6%	No
12/1/2020	Slack Technologies, Inc.	salesforce.com, inc. (nka:Salesforce, Inc.)	\$27,770.2	0.0%	10 / 1	61.2%	13.6%	0.0%	30.0%	Yes
10/8/2020	Eaton Vance Corp.	Morgan Stanley	\$6,656.4	0.0%	1 / 0	100.0%	0.4%	0.0%	NA	No
6/29/2020	GCI Liberty, Inc.	Liberty Broadband Corp.	\$11,628.6	0.0%	10 / 1	30.7%	4.2%	0.0%	27.9%	No
11/6/2019	William Lyon Homes	Taylor Morrison Home Corp.	\$2,422.5	0.0%	5 / 1	41.5%	12.4%	0.0%	42.2%	Yes
11/1/2019	Fitbit, Inc.	Google LLC	\$1,763.1	0.0%	10 / 1	55.0%	10.9%	0.0%	37.9%	Yes
8/22/2019	Pivotal Software, Inc.	VMware, Inc.	\$3,349.3	NA	10 / 1	94.4%	62.6%	0.0%	94.4%	Yes
8/13/2019	Viacom, Inc.	CBS Corp.	\$20,947.0	0.0%	1 / 0	100.0%	12.3%	0.0%	79.8%	No
6/10/2019	Tableau Software LLC	salesforce.com, inc.	\$17,377.6	0.0%	10 / 1	57.4%	11.9%	0.0%	38.0%	Yes
2/4/2019	Liberty Expedia Holdings, Inc.	Expedia Group, Inc.	\$22,436.0	0.0%	10 / 1	34.2%	4.9%	0.0%	32.9%	No
1/16/2019	First Data Corp.	Fiserv, Inc.	\$41,770.6	0.0%	10 / 1	86.5%	39.1%	0.0%	85.5%	No
12/24/2018	MINDBODY, Inc.	Vista Equity Partners Management LLC	\$2,154.4	0.0%	10 / 1	34.2%	4.9%	0.0%	24.6%	Yes
11/9/2018	International Speedway Corp.	Nascar Holdings, Inc.	\$1,165.3	0.0%	1 / 0.2	80.4%	45.1%	0.0%	74.5%	Yes
3/20/2018	MuleSoft, Inc.	salesforce.com, inc.	\$6,811.6	0.0%	10 / 1	81.4%	30.5%	0.0%	32.3%	Yes
3/6/2018	CommerceHub, Inc.	GTCR LLC; Sycamore Partners Management LP	\$973.7	0.0%	10 / 1	34.2%	1.6%	0.0%	32.4%	No
2/5/2018	8point3 Energy Partners LP	Capital Dynamics AG	\$1,653.7	0.0%	1 / 0	100.0%	35.5%	0.0%	13.1%	No

## All Transactions

Low	0.0%	7.5%	0.2%	0.0%	6.4%	Count:
High	0.0%	100.0%	69.8%	0.0%	95.9%	Yes 20
Median	0.0%	80.9%	24.0%	0.0%	42.7%	No 14
Mean	0.0%	70.1%	24.9%	0.0%	51.4%	NA 0

## High Vote Class > 50% of Voting Interest

Low	0.0%	55.0%	0.4%	0.0%	13.1%	Count:
High	0.0%	100.0%	69.8%	0.0%	95.9%	Yes 17
Median	0.0%	87.7%	31.0%	0.0%	65.6%	No 8
Mean	0.0%	84.5%	32.3%	0.0%	60.0%	NA 0

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Sources: FactSet, S&P Capital IQ, public filings, press releases.

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# Houlihan Lokey



Houlihan Lokey is the trusted advisor to more top decision-makers than any other independent global investment bank.

## Corporate Finance

### 2022 M&A Advisory Rankings Global Transactions Under \$1 Billion

	Advisor	Deals
1	<b>Houlihan Lokey</b>	<b>381</b>
2	Rothschild & Co	369
3	JP Morgan	217
4	Lazard	206
5	Goldman Sachs & Co	203

Source: Refinitiv. Excludes accounting firms and brokers.

**No. 1** Global M&A Advisor Under \$1 Billion

**Leading** Capital Markets Advisor

## Financial Restructuring

### 2022 Global Distressed Debt & Bankruptcy Restructuring Rankings

	Advisor	Deals
1	<b>Houlihan Lokey</b>	<b>58</b>
2	PJT Partners Inc	30
3	Lazard	29
4	Rothschild & Co	25
5	Moelis & Co	21

Source: Refinitiv.

**No. 1** Global Restructuring Advisor

**1,500+** Transactions Completed  
Valued at More Than \$3.0 Trillion  
Collectively

## Financial and Valuation Advisory

### 1998 to 2022 Global M&A Fairness Advisory Rankings

	Advisor	Deals
1	<b>Houlihan Lokey</b>	<b>1,232</b>
2	JP Morgan	1,030
3	Duff & Phelps, A Kroll Business	938
4	Morgan Stanley	725
5	BofA Securities Inc	710

Source: Refinitiv. Announced or completed transactions.

**No. 1** Global M&A Fairness Opinion  
Advisor Over the Past 25 Years

**1,000+** Annual Valuation  
Engagements

Our product knowledge, industry expertise, and global reach deliver superior results.

Product Expertise

- Mergers and Acquisitions
- Capital Markets
- Financial Restructuring
- Financial and Valuation Advisory
- Private Funds Advisory

Dedicated Industry Groups

- Business Services
- Consumer, Food, and Retail
- Energy
- Financial Services
- FinTech
- Healthcare
- Industrials
- Real Estate, Lodging, and Leisure
- Technology

Financial Sponsors

- Active Dialogue With a Diverse Group of More Than 1,000 Sponsors
- Private Equity Firms
- Hedge Funds
- Capital Alliances

Our clients benefit from our local presence and global reach.

## Americas

Atlanta  
Baltimore  
Boston  
Chicago  
Dallas  
Houston  
Los Angeles  
Miami  
Minneapolis  
New York  
San Francisco  
São Paulo  
Washington, D.C.

## Europe and Middle East

Amsterdam  
Antwerp  
Dubai  
Frankfurt  
London  
Madrid  
Manchester  
Milan  
Munich  
Paris  
Stockholm  
Tel Aviv  
Zurich

## Asia-Pacific

Beijing  
Fukuoka  
Gurugram  
Hong Kong SAR  
Mumbai  
Nagoya  
Shanghai  
Singapore  
Sydney  
Tokyo

# Leadership in Public Company Board and Special Committee Representation

Houlihan Lokey, given its decades of leadership in providing unbiased, independent advice to public company boards and special committees, is uniquely qualified to navigate the challenges of complex situations and conflict-prone transactions from start to finish.

- Houlihan Lokey has extensive experience advising public company boards with comprehensive guidance to help its clients thoroughly evaluate and analyze a range of strategic situations when an ***independent voice matters most***, including:

- Strategic Alternatives Reviews
- Mergers and Acquisitions (“M&A”)
- Public-to-Private Transactions
- Merger of Equals
- Related Party Transactions
- Activist Shareholder Situations
- Fairness Opinions
- Financing Transactions

## Key Houlihan Lokey Attributes



Our senior bankers provide ***robust and innovative M&A leadership*** on complex assignments, build deep client relationships on the foundation of trust and discretion, and are skilled negotiators across a broad range of transaction structures.



Reputation for integrity and unbiased ***conflict-free*** advice is underscored by our ***institutional independence***, as we do not underwrite, lend, trade, or own securities or publish investment research.



Some of the broadest ***industry coverage*** among independent advisors and ***unparalleled deal velocity*** provide Houlihan Lokey clients with invaluable industry insight and real-time market insight.



We are focused solely on giving the ***best possible advice*** to our clients, even if that means pursuing an alternative that is not economically beneficial to us—our reputation for honesty and integrity is paramount.



***Senior-level attention*** throughout the engagement with the highest degree of focus and attention from deeply involved, experienced bankers.



***Defined Board and Special Committee Advisory*** with expertise in procedural matters surrounding potentially transformational decisions; this expertise is paramount given the ever-increasing regulatory and shareholder scrutiny to which public companies are subject.



# Focused Advisory Capabilities

We offer an integrated, market-driven approach to helping clients realize value and manage risk.

## Strategic Advisory

## Independent Board Advice

### Strategic Alternatives

- Our bankers are dedicated to providing discreet and independent strategic and financial advice, unencumbered by institutional constraints or conflicts
- Relationship-based approach with clients drives our focus on adding value throughout our relationship and not only in transactional situations

### M&A

- Top global M&A Group, led by senior bankers with decades of experience across the most complex transactions
- Senior bankers with a wealth of deep M&A experience that remain intimately involved in transactions throughout a project lifecycle
- Exceptional depth of expertise through our network of more than 1,000 bankers across both industry sectors and geographies

### Complex Transactions

- Our experience includes, among others, M&A transactions, capital issuances (common and preferred), recapitalizations, go-privates, sales to controlling shareholders, and the negotiation and valuation of complex securities
- We have breadth and depth of experiences unmatched by any other firm

### Special Committee and Board Advisory

- Defined practice with expertise advising special committees and boards of directors in navigating complex and conflict-prone transactions
- Institutional experience and leadership in navigating today's challenging legal environment
- Renowned for our independence, experience, and discretion

### Shareholder Activism and Insights

- Dedicated shareholder activism practice
- Active dialogue and relationships with hedge funds and knowledge of institutional investor behavior
- Significant experience with shareholder litigation, including active dialogue with Delaware bench

### Fairness Opinions and Valuations

- No. 1 fairness opinion advisor over the past 25 years\*
- Analytical credibility bolstered by industry-leading valuation practice and rigorous internal fairness committee process
- We have rendered opinions in a variety of complex transactions—and in virtually every conceivable type of situation
- Demonstrable track record of having our opinions upheld in the courts based on the few situations in which our clients have been subject to subsequent litigations

\*Source: Refinitiv. Announced or completed transactions.

# Integrated Suite of Services

We harness the significant breadth of our platform to meet the needs of the special committee (i.e., review of alternatives, M&A advisory, capital raising, fairness opinion, etc.) across a wide range of transactional circumstances.













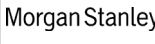

























## Tailored Solutions

Houlihan Lokey will work with the special committee and its counsel to develop a tailored, "arm's-length" process designed to achieve the committee's goals.

# Significant Experience in Public Company Situations





















































## Selected U.S. Public Company Board and Special Committee Advisory Engagements

 has sold TransUnion Healthcare, Inc. to  a company backed by  Fairness Opinion	 has been acquired by an Investor Group led by entrepreneur and collector Nat Turner, D1 Capital Partners, L.P., and Cohen Private Ventures, LLC Sellside Advisor & Fairness Opinion	 has been acquired by  a portfolio company of  Sellside Advisor & Fairness Opinion	 has been acquired by  Sellside Advisor & Fairness Opinion	 has been acquired by  a portfolio company of  Sellside Advisor & Fairness Opinion	 has been acquired by  an affiliate of  Sellside Advisor & Fairness Opinion	 has been acquired by a wholly owned subsidiary of  Financial Advisor	 has been acquired by  Sellside Advisor & Fairness Opinion
 has been acquired by  Special Committee Advisor	 has merged with  Fairness Opinion	 has been acquired by  Fairness Opinion	 completed an \$80M share/warrant repurchase, representing 100% of the outstanding securities of  Financial Advisor	 has been acquired by  Special Committee Advisor	 has closed the effective transfer of certain external investment management agreements to  Special Committee Advisor	 has completed a management company internalization Financial Advisor	 has entered into a Securities Purchase Agreement to sell up to \$102,500,000 of common stock to Funds managed by  Financial Advisor & Placement Agent
 has acquired  and has completed a tender offer for any and all shares of its common stock, partially financed by Vintage Capital Management Special Committee Advisor	 has been acquired by   Financial Advisor & Fairness Opinion	 has been acquired by a wholly-owned subsidiary of  Sellside Advisor & Fairness Opinion	 Eclipse Resources Corporation has acquired ~44,500 net acres in Potter and Tioga Counties, PA from  Financial Advisor & Fairness Opinion	 has acquired  Fairness Opinion	 has acquired  Buyside Advisor	 has been acquired by  Sellside Advisor & Fairness Opinion	 has acquired  Buyside Advisor & Fairness Opinion
 has been acquired by  Sellside Advisor & Fairness Opinion	 has been acquired by  New Mountain Capital LLC Sellside Advisor	 Michael Baker Corporation (now doing business as Michael Baker International) has been acquired by  a portfolio company of  Sellside Advisor & Fairness Opinion	 has received a \$250 million equity investment from  Financial Advisor	 has been acquired by  Sellside Advisor & Fairness Opinion	 has acquired  Financial Advisor & Fairness Opinion	 has been acquired by  Sellside Advisor & Fairness Opinion	 has acquired  Fairness Opinion

Tombstones included herein represent transactions closed from 2010 forward.

# Deep Expertise in Conflict-Prone Situations

## Selected Related Party and 13e-3 Transaction Engagements

 <p>has been acquired by</p>  <p>Sellside Advisor</p>	 <p>has merged with a wholly-owned subsidiary of</p> <p>Turning Point Brands</p> <p>Financial Advisor</p>	 <p>has eliminated its incentive distribution rights through the issuance of common units to</p>  <p>Financial Advisor &amp; Fairness Opinion</p>	 <p>has amended its Amended and Restated Exhibitor Services Agreements with</p> <p>Cinemark USA, Inc.</p> <p>and</p> <p>Regal Cinemas, Inc.</p> <p>Financial Advisor</p>	 <p>has been acquired by</p>  <p>Financial Advisor</p>	 <p>has been taken private by</p> <p>Clyde B. Anderson on behalf of the Anderson family</p> <p>We served as financial advisor and rendered a fairness opinion to the Special Committee of BAMM's Board of Directors</p> <p>Fairness Opinion</p>	 <p>has been acquired by</p>  <p>Financial Advisor</p>	 <p>has merged with</p>  <p>Financial Advisor</p>
 <p>has merged with</p>  <p>Fairness Opinion</p>	 <p>holder of certain patents acquired from</p>  <p>has merged with</p>  <p>Fairness Opinion</p>	 <p>has purchased 34 dry bulk vessels and certain other assets from</p>  <p>Fairness Opinion</p>	 <p>a portfolio company of</p>  <p>has converted approximately \$498 million of PIK Loans into newly issued common equity and subordinated notes</p> <p>Fairness Opinion</p>	 <p>has acquired a 14.4% interest in</p>  <p>Fairness Opinion</p>	 <p>has agreed to repurchase 15,000,000 shares of its common stock from certain shareholders</p> <p>Fairness Opinion</p>	 <p>has agreed to repurchase 17,452,958 shares of its common stock from certain shareholders</p> <p>Fairness Opinion</p>	 <p>has raised \$92 million from unaffiliated investors, management and</p>  <p>Fairness Opinion</p>
 <p>has been acquired by</p> <p>a consortium led by Yongye's Chairman and CEO, Morgan Stanley Private Equity Asia, Lead Rich International and Full Alliance International</p> <p>Sellside Advisor &amp; Fairness Opinion</p>	 <p>has been acquired by</p> <p>Flora Bloom Holdings Limited</p> <p>Sellside Advisor &amp; Fairness Opinion</p>	 <p>each a portfolio company of SCF Partners</p> <p>have combined to form</p>  <p>Fairness Opinions</p>	 <p>has been acquired and taken private by affiliates of</p>  <p>Fairness Opinion</p>	 <p>has been acquired by</p> <p>Halogen Limited and Halogen Mergersub Limited</p> <p>Sellside Advisor &amp; Fairness Opinion</p>	 <p>has been acquired by</p> <p>a consortium led by ChinaEdu's Chairman and CEO and McGraw-Hill Education</p> <p>Sellside Advisor &amp; Fairness Opinion</p>	 <p>has been acquired by</p> <p>a consortium led by Sino Gas' Chairman and CEO, Morgan Stanley Private Equity Asia and Zhongyu Gas Holdings Ltd.</p> <p>Sellside Advisor &amp; Fairness Opinion</p>	<p>Steel Excel Inc.</p> <p>has announced the acquisition of</p>  <p>from</p> <p>BNS Holding, Inc.</p> <p>Financial Advisor</p>
 <p>has been acquired by a wholly-owned subsidiary of</p>  <p>Sellside Advisor &amp; Fairness Opinion</p>	 <p>has been acquired by</p>  <p>ONCAP II, L.P.</p> <p>Sellside Advisor &amp; Fairness Opinion</p>	 <p>has been taken private by</p> <p>TAS Holdings, Inc.</p> <p>and</p> <p>Owl Creek Management, LP</p> <p>Fairness Opinion</p>	 <p>has completed a recapitalization transaction with</p>  <p>Financial Advisor &amp; Fairness Opinion</p>	 <p>has agreed to a debt-for-equity exchange with</p> <p>PAR Investment Partners, LP</p> <p>and has issued equity securities to</p>  <p>Financial Advisor &amp; Fairness Opinion</p>	 <p>has raised \$187.5 million through the exercise of an amended warrant owned by</p>  <p>Fairness Opinion</p>	 <p>has been acquired by</p> <p>Mustang Group LLC</p> <p>in a going private transaction</p> <p>Fairness Opinion</p>	 <p>has agreed to acquire</p>  <p>Fairness Opinion</p>

Tombstones included herein represent transactions closed from 2005 forward.

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# Richard De Rose

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**Senior Advisor**  
New York

## Qualifications

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<b>B.A.</b>	University of Pennsylvania
<b>Ph.D.</b>	Brown University
<b>J.D.</b>	New York University
<b>PAST</b>	Bear, Stearns & Co. Wachtell, Lipton, Rosen & Katz

Mr. De Rose is a member of Houlihan Lokey's Financial and Valuation Advisory business, where his primary responsibilities include providing investment banking, valuation, and transactional opinion services. He is a member of the firm's Fairness, Solvency, and Technical Standards committees. With over three decades of investment banking experience, Mr. De Rose has extensive expertise in successfully managing complex transactions across a broad spectrum of industries.

Before joining Houlihan Lokey, Mr. De Rose served as Managing Director in the M&A Group of Bear, Stearns & Co. Inc. In that capacity, he advised clients in negotiated M&A, divestitures, leveraged buyouts, contested takeovers, and proxy fights—completing more than 200 M&A transactions. In addition, he was a Managing Director in Bear Stearns' Financial Restructuring Group, advising debtors, senior lenders, bondholders, and prospective acquirers of Chapter 11 debtors and other financially distressed companies. He also served as a member of Bear Stearns' Valuation Committee.

Mr. De Rose began his career as a corporate attorney at Wachtell, Lipton, Rosen & Katz. His responsibilities there included providing counsel to clients in M&A transactions and public and private securities offerings, as well as advising banks and institutional investors in connection with debt financings and troubled loan workouts.

Mr. De Rose earned a B.A. in Philosophy from the University of Pennsylvania, a Ph.D. in Philosophy from Brown University, and a J.D. from the New York University School of Law. He is currently a member of the Mergers & Acquisitions Committee of the American Bar Association and the American Bankruptcy Institute. Mr. De Rose is a member of the Corporation Law Committee and a former member of the M&A Committee of the New York City Bar Association. He is also the past Chairman of the Corporation Law Committee of the New York State Bar Association (NYSBA) and a member of the Executive Committee of the Business Law Section of the NYSBA. Mr. De Rose has been qualified as an expert in valuation by the Delaware Chancery Court.



# Graham Kirby

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**Senior Vice President**  
New York

## Qualifications

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**B.S.** University of Virginia

**PAST** Ernst & Young

Mr. Kirby is a member of Houlihan Lokey's Financial and Valuation Advisory business. He focuses primarily on transaction opinions, for which he assists boards of directors, special committees, company management, and other constituents in evaluating transaction proposals and understanding critical deal-related issues. He has played an integral role in the rendering of numerous transaction opinions, including fairness and solvency opinions, related to M&A transactions, recapitalizations, spinoffs, debt and equity offerings, repurchases, and asset sales.

Before joining Houlihan Lokey, Mr. Kirby interned at Ernst & Young.

Mr. Kirby holds a B.S. in Commerce, with concentrations in Finance and Accounting, from the McIntire School of Commerce at the University of Virginia.

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