

A Look at 2021
U.S. Sponsor-Backed
Going Private
Transactions

June 2022

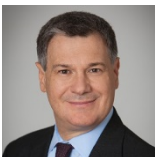
2022
Private Equity
SURVEYS

INTRODUCTION

Welcome to the fifteenth survey of U.S. sponsor-backed going private transactions prepared by Weil, Gotshal & Manges LLP. This survey analyzes and summarizes the material transaction terms of going private transactions completed in calendar year 2021 involving private equity sponsors in the United States. We are happy to discuss the detailed findings and analyses underlying this survey.

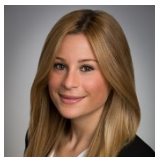
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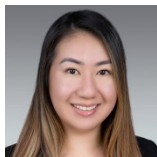
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RESEARCH METHODOLOGY

We surveyed 23 U.S. sponsor-backed going private transactions completed between January 1, 2021 and December 31, 2021 with a transaction value (equity value) of at least \$100 million. This survey focuses on certain key terms of going private transactions that we think are most relevant for U.S. sponsors considering such transactions.

The publicly available information for certain surveyed transactions did not disclose all data points covered by our survey. Therefore, the charts and graphs in this survey may not reflect information from all surveyed transactions. All dollar amounts and percentages referenced in this survey are approximate amounts and percentages.

The 23 surveyed transactions were transactions involving the following target companies:

- At Home Group Inc.
- Casper Sleep Inc.
- Cloudera, Inc.
- CoreLogic, Inc.
- CorePoint Lodging Inc.
- Cornerstone OnDemand, Inc.
- Covanta Holding Corporation
- Cubic Corporation
- Echo Global Logistics, Inc.
- Extended Stay America, Inc.
- IEC Electronics Corp.
- Inovalon Holdings, Inc.
- Lydall, Inc.
- McAfee Corp.
- Medallia, Inc.
- ORBCOMM Inc.
- Perspecta Inc.
- Proofpoint, Inc.
- ProSight Global, Inc.
- QAD Inc.
- QTS Realty Trust, Inc.
- Stamps.com Inc.
- The Michaels Companies, Inc.

KEY CONCLUSIONS

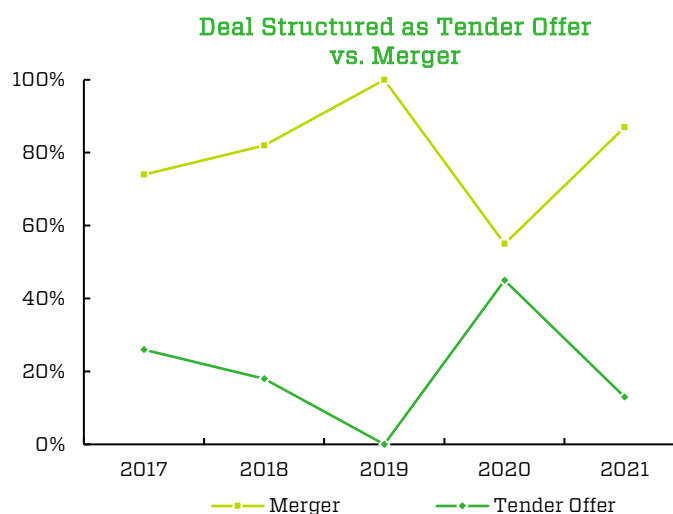
- Transaction Value. The mean transaction value (equity value) of the surveyed going private transactions in 2021 was \$3.6 billion, which is the highest mean transaction value seen over the past several years and represents a 50% increase from the 2020 mean transaction value (\$1.8 billion). Nonetheless, the range of transaction values of the surveyed going private transactions in 2021 was similar to the range of transaction values of the surveyed going private transactions in 2020 (\$163 million to \$11.3 billion and \$172 million to \$9 billion, respectively).
- Transaction Structure. Despite the increased use of tender offers in 2020, tender offers continued to be a relatively unpopular option for sponsors in 2021, as tender offers were used in only 13% of the surveyed going private transactions (as compared to 45% of the surveyed going private transactions in 2020).
- Specific Performance. The “specific performance lite” construct (sometimes referred to as conditional specific performance) continues to be the predominant market remedy with respect to allocating an acquirer’s financing failure and target’s closing risk in sponsor-backed going private transactions. In fact, in a significant increase from last year, the use of the specific performance lite construct increased from 75% of the surveyed going private transactions in 2020 to 91% of the surveyed going private transactions in 2021. Full specific performance was not available to any of the targets in the surveyed going private transactions in 2021, which represents a significant decrease as compared to 25% of the surveyed going private transactions in 2020 where full specific performance was available.
- Termination Fees.
 - Reverse Termination Fees. In an increase from last year, reverse termination fees appeared in 100% of the surveyed going private transactions in 2021 (as compared to 85% of the surveyed going private transactions in 2020). The mean single-tier reverse termination fee that would have been payable by sponsors in certain termination scenarios was 7.2% of the equity value of the target, which represents an increase from the mean single-tier reverse termination fee of 6.6% of the equity value of the target in 2020. Further, in an increase as compared to other prior recent years (none of which have evidenced a two-tier reverse termination fee since 2017), two of the surveyed going private transactions in 2021 included a two-tier reverse termination fee.
 - Target Termination Fees. Target termination fees also appeared in 100% of the surveyed going private transactions in 2021. The mean single-tier target termination fee in 2021 was 3.4% of the equity value of the target, which represents a slight increase from the mean single-tier target termination fee of 3.1% of the equity value of the target in 2020. In addition, 90% of the surveyed going private transactions in 2021 that contained go-shop provisions (discussed below) provided for two-tier target termination fees, ranging from 33% to 58% of the general target termination fee, with the mean being 45% (an increase compared to the 2020 mean of 37%).
- Go-Shop Provisions. The use of go-shop provisions significantly increased in 2021 as compared to last year, appearing in 43% of the surveyed going private transactions (as compared to 10% of the 2020 surveyed going private transactions), which is somewhat more consistent with the prevalence of go-shop provisions in other prior recent years. The mean length of the go-shop periods in the surveyed going private transactions in 2021 was 37 days (as compared to 43 days in the surveyed going private transactions in 2020). Each of the 10 surveyed going private transactions in 2021 that contained a go-shop provision closed successfully without another bidder emerging, which was also the case in 2020 and other recent prior years.

- Change of Board Recommendation. As in the past several years, 100% of the surveyed going private transactions in 2021 allowed the target board to change its recommendation in connection with a superior proposal; however, unlike in other prior recent years, only 96% of the surveyed going private transactions in 2021 allowed the target board to change its recommendation in connection with an “intervening event.”

HIGHLIGHTS OF 2021

Transaction Value. The mean transaction value of the surveyed going private transactions in 2021 was significantly higher than the mean transaction value of the surveyed going private transactions in 2020 and other recent years prior to 2019. The mean transaction value (equity value) of the surveyed going private transactions in 2021 was \$3.6 billion, as compared to \$1.8 billion in 2020, \$3.3 billion in 2019, \$1.7 billion in 2018 and \$1.4 billion in 2017. The transaction values of the surveyed going private transactions in 2021 ranged from \$163 million to \$11.3 billion. In comparison, the transaction values of the surveyed going private transactions in 2020 and 2019 ranged from \$172 million to \$9 billion and \$634 million to \$10.4 billion, respectively.

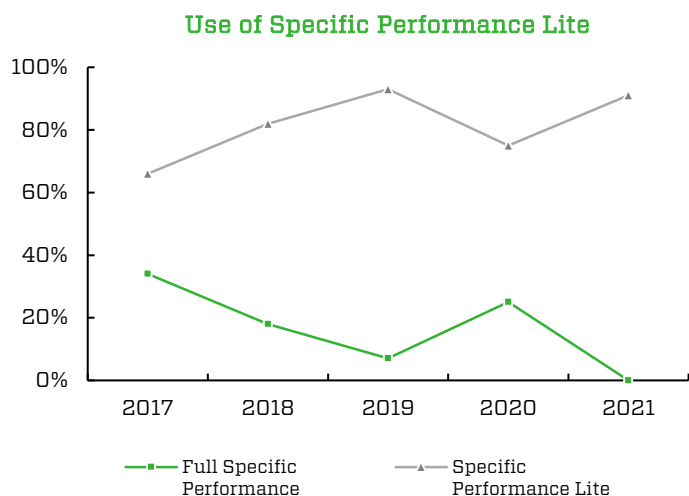
Transaction Structure. The use of tender offers in 2021 significantly decreased as compared to 2020, but was closer to the use of tender offers in other recent years. Sponsors utilized the two-step tender offer / back-end merger structure in only 13% (3 of 23) of the surveyed going private transactions in 2021 (as compared to 45% of the surveyed going private transactions in 2020, 0% of the surveyed going private transactions in 2019, 18% of the surveyed going private transactions in 2018 and 26% of the surveyed transactions in 2017). In addition, as in 2020, 100% of the surveyed going private transactions in 2021 (as compared to 83% of the surveyed going private transactions in 2018 and 78% of the surveyed going private transactions in 2017) that utilized tender offers opted into Section 251(h) of the Delaware General Corporation Law.¹



From a sponsor's perspective, the tender offer remains a less attractive option compared to a one-step merger unless agreeing to a tender offer improves its position in a competitive bid process.

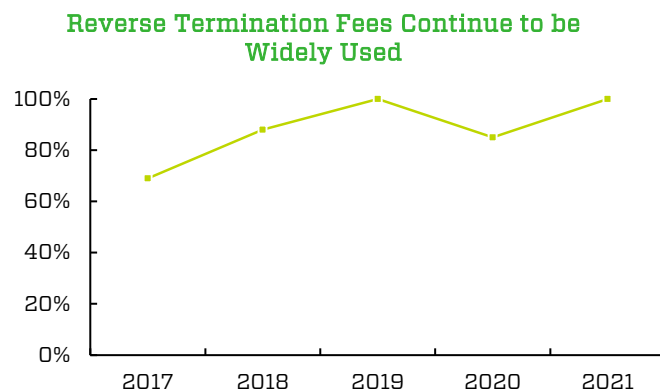
¹ Section 251(h), which became effective on August 1, 2013, was amended on July 15, 2014 and was further amended on June 16, 2016, lowered the ownership threshold at which an acquirer can effect a second-step merger without a vote of the target's stockholders from 90% to generally a majority (unless a higher threshold is specified in the target's organizational documents). The 2014 amendments addressed certain interpretive issues to eliminate certain ambiguities in the statute. The 2016 amendments removed certain ambiguities in a number of the requirements of, and broadened the availability of, Section 251(h). Further, on August 1, 2018, an amendment to Section 262 extended the applicability of the "market out" exception to appraisal rights in a so-called "intermediate form" merger, in which there is an exchange offer followed by a back-end merger consummated without the vote of stockholders pursuant to Section 251(h), effective as to mergers or consolidations consummated pursuant to an agreement entered into on or after August 1, 2018.

Specific Performance. In an increase from 2020, “specific performance lite” was included in 91% (21 of 23) of the surveyed going private transactions in 2021 (as compared to 75% of the surveyed transactions in 2020, 93% of the surveyed transactions in 2019, 82% of the surveyed transactions in 2018 and 66% of the surveyed transactions in 2017). Specific performance lite, whereby the target has the limited right to seek specific performance to force the closing only if all of the acquirer’s conditions to closing are satisfied (or waived) and acquirer’s debt financing is available and ready to be funded, first emerged after the financial crisis as a compromise between targets (which sought to limit the optionality built into the reverse termination fee structure) and sponsors (which could not accept the risk of being forced to close transactions in the event their lenders failed to fund the debt proceeds).



In a decrease from 2020 and other prior recent years, 0% of the surveyed going private transactions in 2021 included a full specific performance construct (as compared to 25% of the surveyed going private transactions in 2020). This represents the lowest occurrence of such construct in other prior recent years.²

Reverse Termination Fee. 100% of the surveyed going private transactions in 2021 included a reverse termination fee construct (as compared to 85% in 2020). The mean single-tier reverse termination fee that would have been payable by sponsors in certain termination scenarios (e.g., financing failure) was 7.2% of the equity value of the target, which represents an increase in the mean single-tier reverse termination fee of 6.6% of the equity value of the target in 2020.



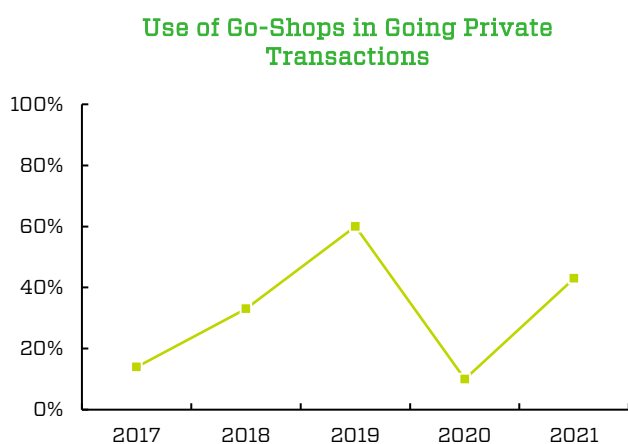
In an increase from other recent prior years, 9% (2 of 23) of the surveyed going private transactions in 2021 included a two-tier reverse termination fee. The two-tier reverse termination fee, whereby the sponsor would pay a higher reverse termination fee for certain events, willful breaches and/or refusal to close (other than in connection with a financing failure), has rarely been utilized in recent years. In fact, 2021 is the first year during which at least one of the surveyed going private transactions included a two-tier reverse termination fee since 2017 (during which it was only used in 6% of the surveyed transactions that year).

² In two of the surveyed going private transactions in 2021, there was no specific performance remedy for target.

Target Termination Fees. 100% of the surveyed going private transactions in 2021 included target termination fees. This target termination fee would be payable by targets in certain termination scenarios (e.g., entering into an alternative acquisition agreement in connection with a superior proposal). The mean single-tier target termination fee in the surveyed going private transactions in 2021 was 3.4% of equity value of the target, which represents a slight increase from the mean single-tier target termination fee of 3.1% of the equity value of the target in 2020. In 22% (5 of 23) of the surveyed going private transactions in 2021, the single-tier target termination fee was set at exactly 50% of the reverse termination fee payable by acquirers under certain termination scenarios. As further discussed below, 90% of the surveyed going private transactions in 2021 that contained go-shop provisions provided that entering into a superior proposal as a result of the go-shop period would trigger the payment of a reduced (i.e., two-tier) target termination fee.

100% of the surveyed going private transactions in 2021 included a target termination fee tail provision. A fee tail provision provides that, in the event a definitive agreement is terminated, the target will be obligated to pay a termination fee to the acquirer if the target subsequently enters into or consummates a definitive alternative acquisition arrangement within a pre-established period of time following such termination with a party other than the original acquirer. A substantial majority (87%) of the surveyed going private transactions in 2021 contained fee tail provisions of 12 months, with two transactions having a 9-month tail period and one transaction having a 6-month tail period.

Go-Shop Provisions. The use of go-shop provisions significantly increased in 2021 as compared to last year. Go-shop provisions, which permit the target to canvas the market and solicit other potential bids after a deal is announced, were used much more frequently in 2021 than in 2020 (which had evidenced a sharp decline in the use of go-shop provisions), returning to levels of usage more consistent with other prior recent years. The use of go-shop provisions appeared in 43% (10 of 23) of the surveyed going private transactions in 2021 (as compared to 10% of the surveyed going private transactions in 2020, 60% of the surveyed going private transactions in 2019, 33% of the surveyed going private transactions in 2018 and 14% of the surveyed going private transactions in 2017). In addition, the length of the go-shop periods in the surveyed going private transactions in 2021 ranged from 25 days to 45 days, with the mean being 37 days (slightly lower than the mean of 43 days in the surveyed going private transactions in 2020).











































Go-shop provisions are often included as a way to assist a target's board in maximizing shareholder value and are particularly prevalent in transactions where the target's board may not have the opportunity to commence a full sales process or otherwise perform a market check prior to the signing of a transaction. Further, the prevalent use of the two-tiered target termination fee is an indicator that the target boards tend to view the general target termination fee as inconsistent with the spirit of the go-shop provision (i.e., as a true post-signing "test the market" process).

Each of the 10 surveyed going private transactions in 2021 that contained a go-shop provision closed successfully without another bidder emerging, which was also the case in 2020 and other recent prior years. A hard-stop was utilized more frequently in 2021 (used in 60% of the surveyed going private transactions in 2021 that included go-shop provisions, as compared to 50% in 2020 and 33% of in 2019). A hard-stop imposes a deadline (often an abbreviated period after the end of the go-shop period) on the target board to negotiate a definitive agreement with a competing bidder solicited during the go-shop period in order for the target to benefit from the reduced go-shop termination fee. None of the 6 applicable transactions in 2021 contemplated a hard-stop at the expiration of the go-shop period (such that the target would only be eligible for the reduced target termination fee to the extent it entered into an alternative acquisition agreement with a competing bidder prior to the expiration of the go-shop period).

Consistent with prior years, almost all (90%) of the surveyed going private transactions in 2021 that contained go-shop provisions provided for a two-tier target termination fee provision. Pursuant to a two-tier target termination fee, the termination fee payable by the target to the initial bidder is decreased if the transaction is terminated due to a superior proposal. The amount of the reduced go-shop target termination fee in the 2021 transactions ranged from 33% to 58% of the general target termination fee, with the mean being 45% (whereas in 2020, the reduced go-shop target termination fee ranged from 32% to 42%, with the mean being 37%).

Change of Board Recommendation. As in the past several years, 100% of the surveyed going private transactions in 2021 allowed the target board to change its recommendation in connection with a superior proposal. However, unlike in other recent prior years, only 96% of the surveyed going private transactions in 2021 allowed the target board to change its recommendation in connection with an “intervening event”. An “intervening event” is typically defined as an event or circumstance unknown or unforeseeable to the target board at the signing of a transaction that later occurring or known would require the target board to change its recommendation in order to satisfy its fiduciary duties.

REPRESENTATIVE PRIVATE EQUITY TRANSACTIONS

Advent International and CPP Investments consortium's take-private of  \$14,000,000,000 November 2021	Advent International merger of  \$3,000,000,000 February 2021	Advent International sale of  \$1,001,000,000 September 2021	Advent International investment in  \$1,075,000,000 October 2021	Advent International ATT's business combination with  \$2,500,000,000 February 2021	Advent International Cobham's sale of Cobham Mission Systems \$2,830,000,000 February 2021	Advent International Culligan's sale to  \$6,000,000,000 May 2021
American Securities acquisition of  Undisclosed May 2022	American Securities acquisition of  Undisclosed March 2021	American Securities acquisition of  Undisclosed July 2021	American Securities sale of Henry \$1,575,000,000 July 2021	American Securities Lasership's acquisition  Undisclosed September 2021	Ardian stake acquisition of  \$1,000,000,000 July 2021	Aterian Investment Partners Pioneer's acquisition  Undisclosed January 2021
Aterian Investment Partners Pioneer's acquisition  Undisclosed February 2021	Blackstone stake acquisition of recurrent Undisclosed May 2022	Blackstone acquisition of DECA DENTAL GROUP Undisclosed July 2021	Blackstone majority stake acquisition of  Undisclosed July 2021	Blackstone acquisition of  Undisclosed August 2021	Blackstone investment in Hotwire Undisclosed April 2021	Blackstone investment in InCloud Undisclosed October 2021
Blackstone sale of  Undisclosed November 2021	Blackstone sale of ConcertGolf Partners Undisclosed March 2022	Cornell Capital acquisition of  Undisclosed May 2022	Cornell Capital acquisition of  Undisclosed March 2021	Cornell Capital INW's acquisition of CAPSTONE NUTRITION Undisclosed April 2021	Cornell Capital kdc/one's acquisition of  Undisclosed February 2022	CPP Investments investment in  \$2,250,000,000 June 2021
CVC Capital Partners majority stake acquisition of  Undisclosed February 2022	CVC Capital Partners stake acquisition of Corporate Finance Group Inc. \$1,850,000,000 August 2021	CVC Growth Partners stake acquisition of icario Undisclosed May 2021	EQT Partners sale of DORNER \$485,000,000 March 2021	EQT Partners WS Audiology's asset acquisition of  Undisclosed July 2021	Genstar Capital acquisition of  Undisclosed May 2021	Genstar Capital acquisition of ARROWHEAD ENGINEERED PRODUCTS Undisclosed July 2021
Genstar Capital sale of INFINITE ELECTRONICS, INC. Undisclosed January 2021	Genstar Capital Arrowhead's acquisition of  Undisclosed September 2021	Golden Gate Capital formation of  Undisclosed April 2021	Goldman Sachs investment in iSpot.tv Undisclosed April 2022	Goldman Sachs sale of nextcapital Undisclosed March 2022	Goldman Sachs sale of RESTAURANT TECHNOLOGIES Undisclosed February 2022	GS Acquisition Holdings Corp II business combination of  \$2,600,000,000 June 2021
Gores Guggenheim, Inc. business combination of Polestar \$20,003,000,000 September 2021	Gores Holdings V, Inc. business combination of  \$8,500,000,000 February 2021	Gores Holdings VI, Inc. business combination of  \$1,900,000,000 February 2021	Gores Metropoulos II, Inc. business combination of  \$1,925,000,000 April 2021	J.C. Flowers stake acquisition of  Undisclosed February 2021	Lee Equity Partners acquisition of  Undisclosed September 2021	Montagu Private Equity acquisition of  Undisclosed January 2021
OMERS acquisition of Partners Group Princess Learning IC \$1,586,240,000 May 2021	OTPP stake acquisition of  Undisclosed October 2021	OTPP sale of  \$650,000,000 July 2021	Providence Equity stake acquisition of  Undisclosed October 2021	Providence Equity investment in  Undisclosed June 2021	Providence Equity Blackboard's sale  Undisclosed September 2021	PSG investment in  Undisclosed August 2021
PSG acquisition of  Undisclosed August 2021	PSP Investments consortium sale of Kindred Real Estate Undisclosed June 2021	PSP Investments investment in  Undisclosed January 2021	PSP Investments minority investor in merger of  Undisclosed March 2021	Searchlight Capital Partners acquisition of  Undisclosed October 2021	Sumeru Equity Partners acquisition of  Undisclosed April 2022	TPG Growth majority stake acquisition of MORROW SODALI Undisclosed March 2022
TPG Growth acquisition of  Undisclosed September 2021	TPG Pace Solutions Corp. business combination  \$4,500,000,000 July 2021	TPG Tech Adjacencies stock acquisition of  Undisclosed March 2021	TPG Tech Adjacencies investment in  \$300,000,000 February 2021	TPG Tech Adjacencies investment in  \$550,000,000 May 2021	Trive Capital acquisition of  Undisclosed September 2021	Trive Capital sale of  Undisclosed February 2021

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BY THE NUMBERS

5

Years

1,100+

Deals

More Than

\$1T

In Total Deal
Value

Over

300

Sponsors

Ranked

Tier 1

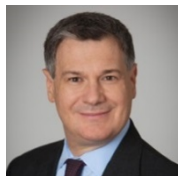
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