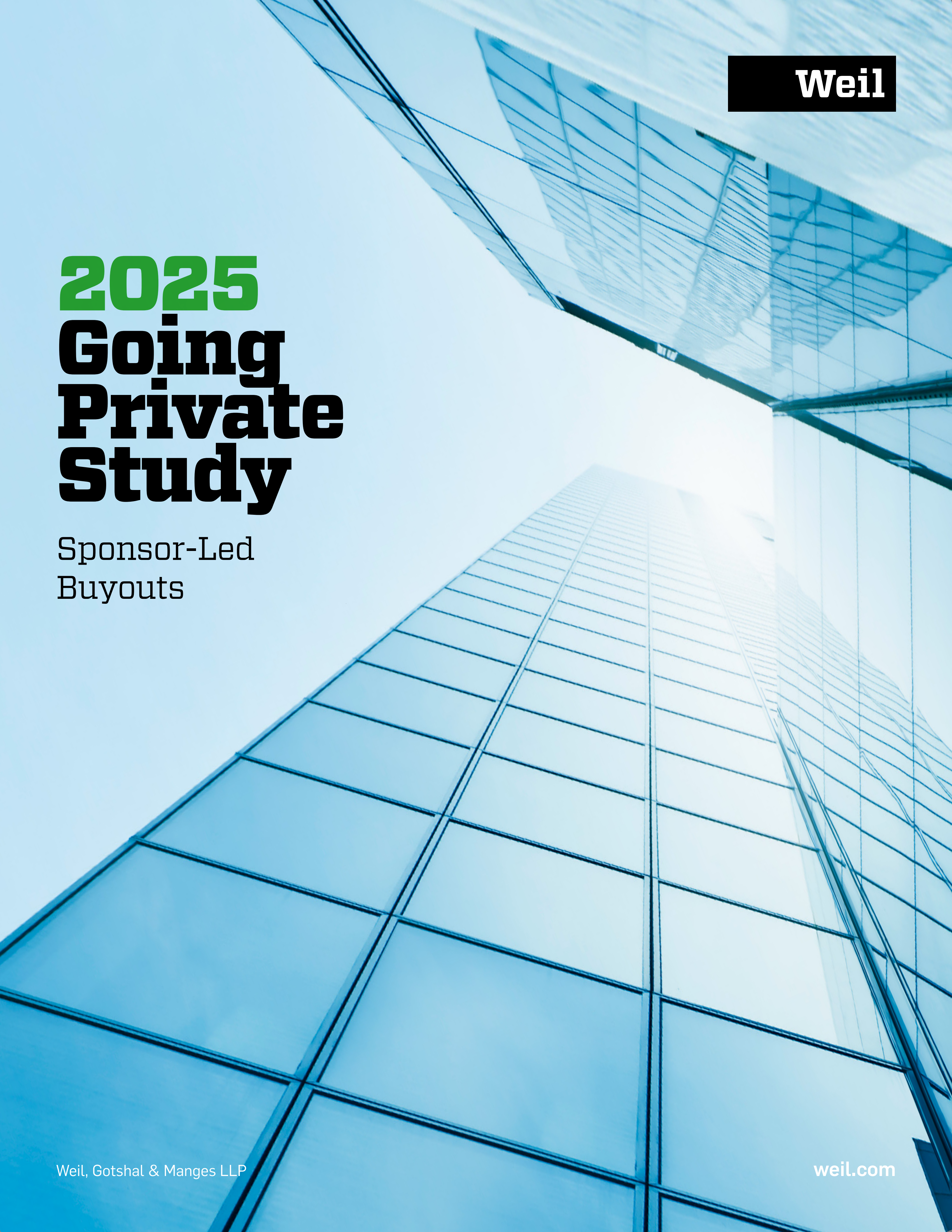


Weil

2025 Going Private Study

Sponsor-Led Buyouts

Weil, Gotshal & Manges LLP

weil.com

INTRODUCTION

Welcome to the 19th survey of U.S. sponsor-backed going private transactions, prepared by Weil, Gotshal & Manges LLP. This survey analyzes certain key transaction terms and trends (and expected future trends) of sponsor-backed going private transactions of U.S. targets that signed in 2025 and that had an equity value of at least $100 million.

RESEARCH METHODOLOGY

We surveyed 35 sponsor-backed going private transactions involving the following U.S. target companies:

Going Private Targets

AL AIR LEASE | ALEXANDER & BALDWIN | ALTUSPOWER | avidxchange | BRIDGE INVESTMENT GROUP | cantaloupe

CLEARWATER ANALYTICS | Couchbase | dayforce | Denny's | dun & bradstreet

Electronic Arts | HEIDRICK & STRUGGLES | HILLENBRAND | HOLOGIC | IAS INTEGRAL AD SCIENCE

jamf | LANDSEA | meridianlink | THE ODP CORPORATION | olo | ON24

PERFORMANT | PLYMOUTH REIT | PREMIER | PROS | Sealed Air

SKECHERS | SOLARWINDS | TaskUs | TRIUMPH | TXNM ENERGY

VERINT | Walgreens Boots Alliance | ZimVie

All dollar amounts and percentages referenced in this survey are approximate. Unless otherwise noted, such amounts and percentages are based on publicly available information about the surveyed transactions involving the targets listed above.

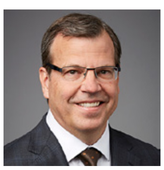
Information is current as of January 31, 2026.

NOTE FROM THE EDITORS

Sponsor-backed going private activity has remained a durable and evolving component of the M&A landscape over the past several years. Despite a broader market slowdown in 2023, sponsor-led going private transactions proved resilient, supported in part by a continued valuation disconnect between public markets and private capital. In 2024, improved market conditions and greater access to debt financing allowed sponsors to grow activity levels while pursuing transactions at higher valuations. That trajectory continued into 2025, with sponsor-backed going privates distinguished by a sharp rise in aggregate deal value driven by a handful of "mega deals," with roughly a quarter of surveyed transactions having an equity value above $5 billion, and highlighted most notably by Silver Lake's pending $55 billion acquisition of Electronic Arts.

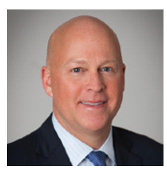
Looking ahead to 2026, we expect sponsor-backed going private transactions to remain a key component of the M&A landscape – especially where sponsors can offer speed, certainty and a differentiated value-creation plan in a market still working through valuation gaps and exit timing. Continued fundraising concentration among large sponsors, coupled with maturing portfolios and a strengthening exit pipeline, is expected to support an active year ahead.

Editors

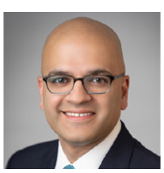


Craig Adas

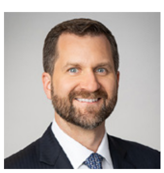
Brittany Butwin



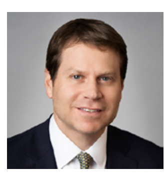
James R. Griffin



Sachin Kohli



Luke Laumann



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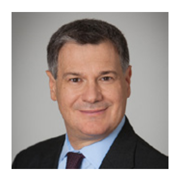


Douglas P. Warner

BEHIND THE SCENES WITH WEIL: A CLOSER LOOK AT THE DUN & BRADSTREET GOING PRIVATE TRANSACTION

On March 23, 2025, Dun & Bradstreet Holdings, Inc., represented by Weil, entered into a definitive agreement to be acquired by Clearlake Capital in a going private transaction valued at $7.7 billion, including outstanding debt.

In a testament to collaboration and teamwork across legal disciplines, the Weil team led negotiations to finalize the merger agreement on a highly compressed timeline. The transaction closed on August 26, 2025.

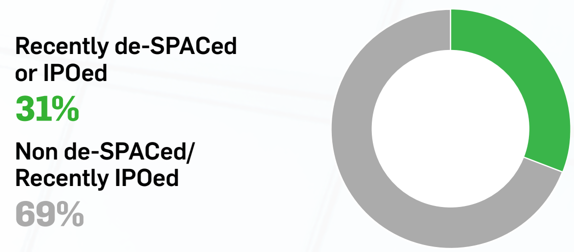
Below we include a few key deal points relating to this transaction, each of which is further discussed in the context of the other surveyed transactions in this study.

dun & bradstreet

CLEARLAKE

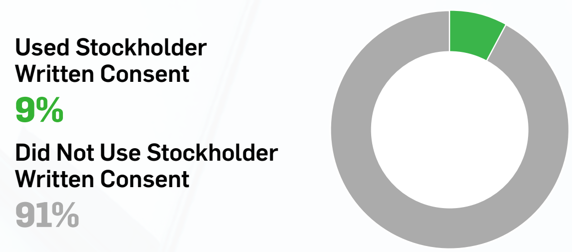
TARGET COMPANY RECENTLY de-SPACed OR IPOed

The Dun & Bradstreet transaction is one of eleven targets in the 2025 survey to have recently (i.e., in the last 5 years) gone public. In this case, Dun & Bradstreet went public via an IPO in 2020. Going private transactions involving recently IPOed targets (or targets that recently went public via a de-SPAC transaction) often involve unique process considerations (e.g., including whether to negotiate voting support agreements with any large minority stockholders and whether obtaining requisite stockholder approval is obtainable via written consent (a "sign-and-consent" structure)) often driven by the fact that these targets tend to have more concentrated ownership than companies that have been publicly traded for longer periods of time.



STOCKHOLDER WRITTEN CONSENT

Despite having a relatively concentrated stockholder base, the Dun & Bradstreet transaction did not use a sign-and-consent structure (where stockholder approval is obtained by written consent immediately following the signing of the merger agreement) and instead proceeded with obtaining the requisite stockholder vote through a traditional stockholder meeting (at which the requisite stockholder vote was obtained).



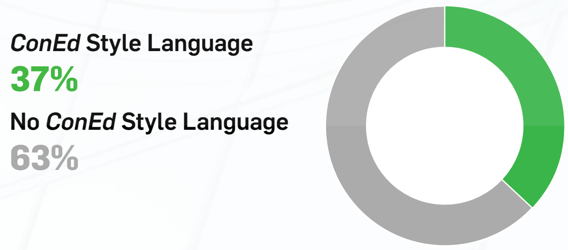
GO-SHOP

The Dun & Bradstreet transaction is one of eight transactions that included a go-shop period (in this case, a 30-day go-shop period, paired with a bifurcated termination fee structure).

BEHIND THE SCENES WITH WEIL:
A CLOSER LOOK AT THE DUN & BRADSTREET GOING PRIVATE TRANSACTION

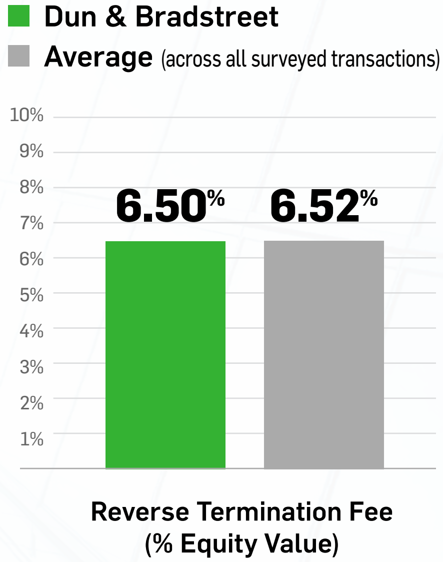
ConEd LANGUAGE

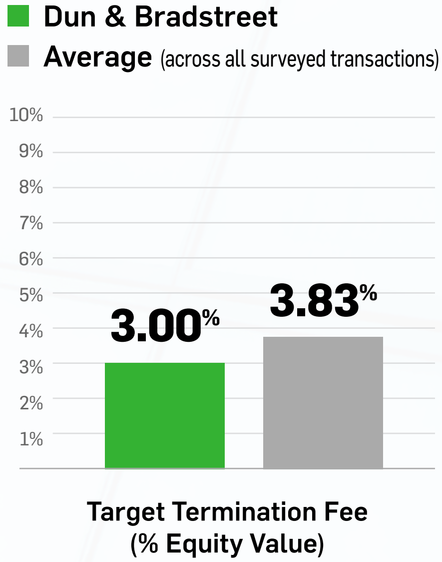
The Dun & Bradstreet merger agreement included *ConEd*-style lost-premium language, which preserves the ability of the target company to recover, on behalf of its stockholders, damages based on the lost premium if a buyer fails to close.



REVERSE / TARGET TERMINATION FEES

Both the reverse termination fee and target termination fee for the Dun & Bradstreet transaction, measured as percentages of equity value and enterprise value, generally were below the averages for the surveyed transactions. Larger deals often feature lower reverse termination fee percentages, since even a modest percentage may yield a significant absolute dollar amount generally sufficient to enhance deal certainty.





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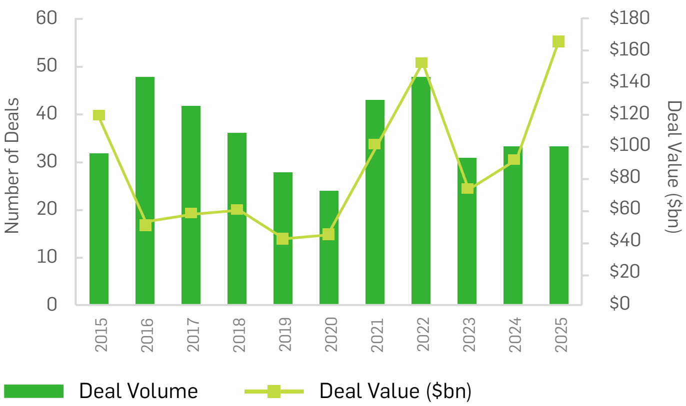
GENERAL MARKET OBSERVATIONS

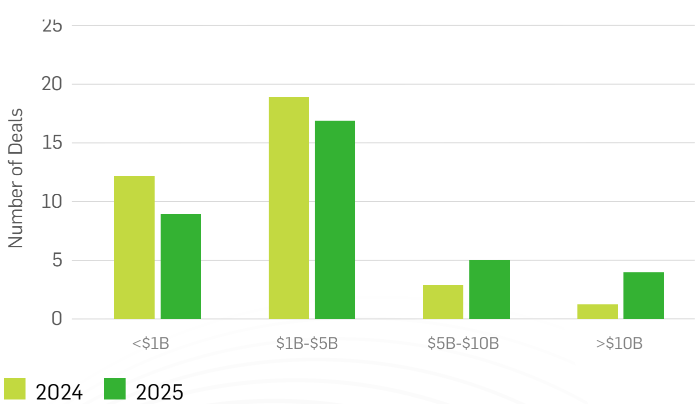
Following a robust 2024, sponsor-backed going private activity in 2025 held steady in terms of the numbers of deals announced, but skewed dramatically higher in aggregate deal value. While the deal count in our 2025 survey is the same as last year's (35), aggregate deal value increased by 90% in terms of total equity value. As discussed below, the increase in deal value was driven in part by several notable $10+ billion mega deals, rather than a broad-based increase in deal size across all transactions.

U.S. Sponsor-Backed Going Private Activity (Total Annual)



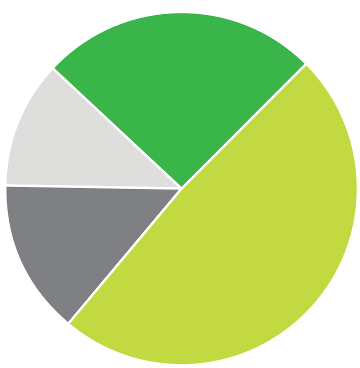
Source: Deal Point Data | Note: Deal value based on target equity value

U.S. Sponsor-Backed Going Private Deal Value Concentration



Source: Deal Point Data | Note: Deal value based on target equity value

By the Numbers. **Building on a trend first highlighted in last year's survey, 2025 continued to exhibit an outsized concentration of sponsor-backed going private transactions at the top end of the market.** Transactions with at least $1 billion of equity value again represented a significant share of overall deal activity, reinforcing the view that private equity sponsors continue to prioritize scale when considering public targets. Many sponsors view going private transactions as a primary avenue for deploying uninvested capital, especially in public companies that sit at the top end of the sponsor addressable market, where valuation dislocations have been more persistent. Large public companies with depressed market capitalizations present sponsors with the opportunity to deploy capital at scale. These opportunities have become increasingly prevalent as constraints on equity check size have eased, driven by larger fund sizes, the ticking time on investment periods, an increased appetite for Continuation Vehicle ("CV") transactions, more frequent use of club deals (fueled in part by sovereign wealth funds and other LPs looking to deploy large pools of capital) and a more accommodating debt financing environment.



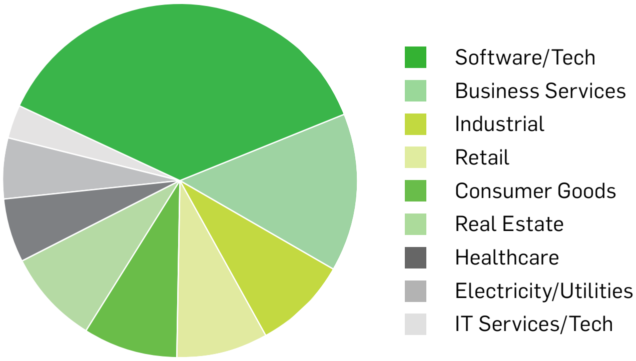
U.S. Sponsor-Backed Going Privates, by Deal Value (2025)

Sector Concentration. **Consistent with prior years, U.S. sponsor-backed going private activity in 2025 was concentrated in technology, with Software/Tech accounting for roughly one-third of the surveyed transactions.** Business Services represented the second-highest number of deals at 14% of the surveyed transactions, reflecting continued sponsor interest in asset-light, cash-generative businesses with

GENERAL MARKET OBSERVATIONS

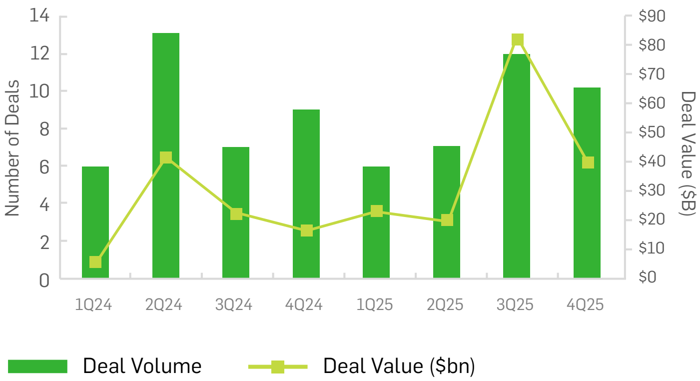
scalable operating models. Industrials, Retail, Consumer Goods and Real Estate Investment each represented 9% of the surveyed transactions, indicating a relatively even distribution of activity across several traditional sectors. Healthcare and Electricity/Utilities each accounted for 6% of deals, while IT Services comprised a smaller share at 3%. Overall, the data reflects a market skewed toward technology-enabled and services-based businesses, while still demonstrating broad sector participation across the U.S. sponsor-backed going private landscape.

U.S. Sponsor-Backed Going Privates, by Sector (2025)



Timing: A Back-Half Uptick. **U.S. sponsor-backed going private activity in 2025 picked up in the latter half of the year, with approximately 63% of surveyed transactions signed in the third and fourth quarters.** This pattern reflects improving market conditions as the year progressed, including greater clarity around U.S. interest-rate policy and reduced uncertainty following earlier tariff and geopolitical developments, which increased sponsor confidence in valuation and execution risk for larger and more complex transactions. The back-half pickup also suggests that sponsors and targets required additional time earlier in the year to align on pricing and capital structure following the volatility experienced in the first half of the year, resulting in a higher proportion of deals being launched and completed once market visibility improved.

U.S. Sponsor-Backed Going Private Activity (Quarterly)



Source: Deal Point Data | Note: Deal value based on target equity value

The S&P 500 index, which serves as a proxy for public equity market performance and investor sentiment, further illustrates these trends. For sponsor-backed going private transactions, a stronger equity market tends to grease the wheels of the M&A machine. When public prices are holding up, valuation gaps are easier to bridge, stockholders are less defensive and sponsors have more confidence underwriting going private bids. The relative stability of the S&P 500 in the second half of 2025 tracked closely with the pickup in sponsor-led going private activity during that period.

S&P 500 (2025)

Source: Yahoo Finance

GENERAL MARKET OBSERVATIONS

Deep Dive: Debt Financing Markets.

Syndicated Debt's Choppy Start. Debt markets in the first half of 2025 were choppy as lenders, investors and borrowers navigated uncertain waters following shifts in trade and tariff policy. By the end of June 2025, U.S. syndicated leveraged loan volume was a mere $693 billion – a 17% decrease from the same period in 2024.[1] By the end of September, however, as the macroeconomic picture settled, volume for the U.S. syndicated leveraged loan market rebounded to more than $1.2 trillion for the year-to-date – a decisive turnaround from the previous two quarters and a modest 2% increase from the same period in 2024.[2] Leveraged loan activity was driven largely by re-pricings, refinancings, maturity extensions and other opportunistic financing transactions. The fourth quarter of 2025 brought a welcome wave of new money issuances, punctuated by a few mega-financings that showcased the continued strength of the syndicated loan market.

Private Credit's Continued Role. In 2025, private credit lenders committed to multiple $2+ billion jumbo LBO financings, demonstrating the vital role private credit lenders have cemented in debt financing markets over many years – particularly for borrowers looking to achieve terms not widely available in the syndicated loan market, such as higher leverage multiples, PIK interest, lower (or no) amortization and/or portability.

Syndicated Debt and Private Credit Convergence. While private credit lenders continued to compete with the syndicated and high yield loan market for market share last year, 2025 also created opportunities for arrangers and private credit lenders to work together, including on mega-financings used to facilitate going private transactions. Blackstone and TPG's roughly $17.5 billion pending take private of Hologic announced in the fall of 2025, for example, is backed by more than $12 billion of debt financing, including roughly $2 billion of second lien loans provided by private credit lenders, including PSP and Oaktree.[3] These mega-financings have also created opportunities for private credit lenders to push into areas of the loan market previously dominated by banks, such as M&A bridge commitments. While still uncertain as to whether the transaction will be completed, Paramount Skydance's hostile $108.4 billion cash-only bid to acquire Warner Bros. Discovery – originally announced December 8, 2025 and anchored by a financing package including a $54 billion 364-day secured bridge loan anchored by traditional banks Bank of America and Citigroup, private credit giant Apollo and an equity backstop from the Ellison family and others – illustrates the scale that has been achieved by certain private credit lenders. Paramount Skydance's offer remains active even as the target's board has repeatedly urged stockholders to reject it. Since late December and early January, Warner Bros. Discovery's board has unanimously recommended stockholders support a competing cash-only acquisition by Netflix that values its studio and streaming assets at about $72 billion. More recently, Paramount Skydance sued Warner Bros. Discovery, demanding an explanation as to how Warner Bros. Discovery evaluated Netflix's lower bid to be superior, and extended the deadline on Paramount Skydance's own bid. If Paramount Skydance's bid is successful, the bridge loan is expected to be syndicated in 2026, with permanent financing that could tap into both the investment grade and leveraged loan markets across a number of different debt instruments.[4]

Easing Rates Environment. The Federal Reserve continued to gradually reduce interest rates last year, announcing in September, October and December a 25 bps cut, with the December reduction intended to achieve a target federal funds rate of 3.50-3.75%. Since leveraged loans are typically floating rate instruments, the pricing for which consists of (i) a benchmark rate plus (ii) an interest rate margin, the general interest rate environment typically directly impacts borrowing costs for leveraged loan borrowers. To illustrate, at the beginning of 2025, Term SOFR (a forward-looking benchmark rate based on the secured overnight funding rate as determined by the Federal Reserve, and the most commonly referenced benchmark rate in both syndicated and private credit leveraged loans) for a 1-month or a 3-month period was 4.32% per annum or 4.30% per annum, respectively. In late December 2025, following three rounds of Federal Reserve interest rate cuts for the year, the same benchmarks had fallen to 3.73% per annum and 3.69% per annum, respectively.[5]

In addition, on December 5, 2025, the OCC and FDIC announced a withdrawal from the 2013 leveraged lending guidelines, which restricted lending leverage multiples for banks, and spurred the growth of non-bank financial institutions to fill the void left in the highly levered loan market.[6] Together, the decreasing interest rate environment and loosening of leveraged lending guidelines set a warm regulatory backdrop for healthy borrowing activity in 2026.

2026 U.S. Going Private Activity Forecast.

2025 data suggests that U.S. sponsor-backed going private activity in 2026 is likely to continue at elevated levels compared to past years and skew toward larger deal values. The concentration of $10+ billion mega deals in 2025 indicates that sponsors and lenders have regained confidence in underwriting large-scale going privates where financing availability, valuation and operational upside align. Sector participation in 2025 – led by Software/Technology and Business Services, but supported by broad-based activity across Industrial, Consumer and Real Estate sectors – suggests that going private activity in 2026 will be driven both by target-specific fundamentals and by improving market conditions generally.

More broadly, the outlook for 2026 points toward a general acceleration in M&A activity, supported by increased stability in international trade, investor confidence in markets despite ongoing geopolitical uncertainty, lower-for-longer interest rates (with the potential for even further rate reductions), a more accommodating regulatory environment and growing pressure on sponsors to both deploy capital and generate realizations for limited partners following a prolonged period of muted activity. Against this backdrop, we expect sponsor-backed going private transactions to benefit disproportionately, particularly where public market valuations lag intrinsic value of the underlying business. If these conditions persist, going private activity in 2026 is likely to reflect not only continued strength at the upper end of the market, but also a broader rebound in transaction volume relative to recent years.

2025 data suggests that U.S. sponsor-backed going private activity in 2026 is likely to continue at elevated levels compared to past years and skew toward larger deal values.

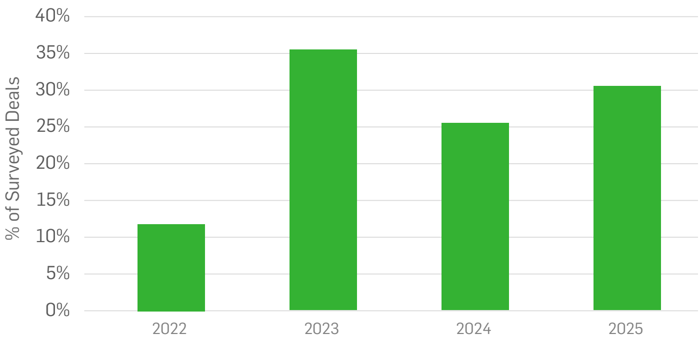
TRANSACTIONS INVOLVING RECENTLY de-SPACed OR IPOed TARGETS

As predicted in last year's survey, recently de-SPACed targets and recently IPOed targets continued to be prime candidates for sponsor-backed going private transactions in 2025. In 2025, 31% of surveyed transactions involved a target that had either de-SPACed or IPOed within the past five years. While slightly more frequent than last year (where 26% of surveyed transactions involved these targets), the prevalence of transactions involving these targets remains below the elevated activity observed in 2023, when a little over 35% of surveyed transactions involved these targets.

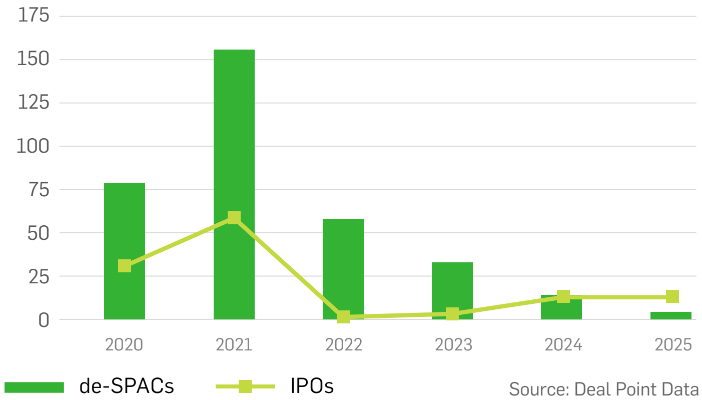
The continued prevalence of sponsor-backed going private transactions involving recently de-SPACed targets or recently IPOed targets reflects a market that continues to normalize following the height of the 2021 SPAC and IPO boom. However, as the chart to the right shows, de-SPAC merger activity has sharply declined year over year since 2021. IPO activity has similarly declined in the aggregate, though activity picked up in 2024 and 2025 as compared to the 2022 and 2023 lows. As a result, the pipeline of newly de-SPACed and IPOed companies continues to shrink, reducing the pool of available targets for future going private transactions. While the existing cohort of companies that went public during the 2020–2022 period may continue to generate going private transaction opportunities, absent a meaningful uptick in de-SPAC mergers and/or IPO activity, transactions involving recently de-SPACed or recently IPOed companies are likely to represent a declining percentage of sponsor-backed going private activity over time.

Absent a meaningful uptick in de-SPAC mergers and/or IPO activity, transactions involving recently de-SPACed or recently IPOed companies are likely to represent a declining percentage of sponsor-backed going private activity over time.

U.S. Sponsor-Backed Going Private Transactions Involving Recently de-SPACed or Recently IPOed Targets



Completed de-SPAC Mergers and Sponsor-Backed IPOs



Source: Deal Point Data

Completed de-SPAC deals and sponsor-backed IPOs reflected herein include only US-based targets and issuers, respectively, and SPACs that are headquartered in the United States but incorporated in the Cayman Islands and the British Virgin Islands (otherwise, all SPACs are incorporated in the United States).

As noted in prior surveys, going privates involving recently de-SPACed or IPOed targets raise certain considerations, primarily stemming from the concentrated stockholder bases these targets often retain from their pre-public days – particularly if they were sponsor-backed. For example, one consideration frequently raised in going private transactions involving a recently de-SPACed or IPOed target with a

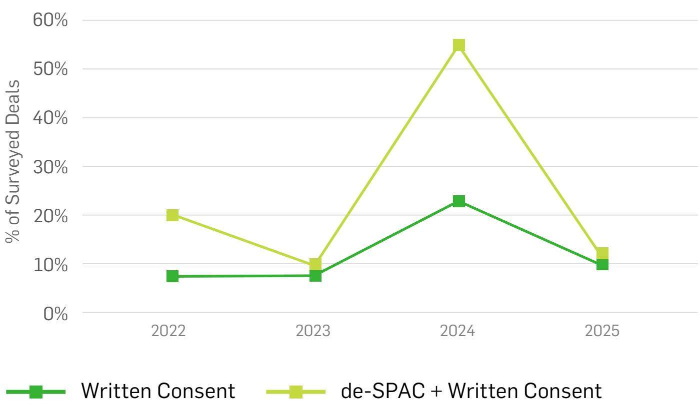
TRANSACTIONS INVOLVING RECENTLY de-SPACed OR IPOed TARGETS

concentrated stockholder base is whether it is possible to obtain stockholder approval by written consent immediately following the signing of the definitive agreement for the deal (i.e., a "sign-and-consent structure"), which increases deal certainty by eliminating the need to subsequently solicit a stockholder vote.

Interestingly, in 2025 only 10% of surveyed transactions involving recently de-SPACed or IPOed targets utilized a sign-and-consent structure, a significant decline compared to last year, when 56% of surveyed transactions involving recently de-SPACed or IPOed targets used a sign-and-consent structure. In addition, among all of the surveyed transactions, only 9% employed a sign-and-consent structure, also reflecting a meaningful dip from last year, when 23% used a sign-and-consent structure. Moreover, unlike in 2024 when, as expected, the use of sign-and-consent structures was significantly higher among transactions involving recently de-SPACed or IPOed targets (56%) as compared to all surveyed transactions (23%), in 2025 that distinction narrowed significantly (10% vs. 9%, respectively).

The material decline in the use of a sign-and-consent structure across transactions and the narrowed distinction between use of a sign-and-consent structure among transactions involving recently de-SPACed or IPOed targets versus all surveyed transactions appears to be driven primarily by differences in the nature of the targets' stockholder bases. The transactions surveyed in our 2024 study involved a higher proportion of targets with controlling stockholders or otherwise more concentrated stockholder bases as compared to the 2025 surveyed transactions, which involved more widely-held targets (2024: 35% concentrated or controlling stockholder vs. 65% widely-held; 2025: 29% concentrated or controlling stockholder vs. 71% widely-held). Nevertheless, recently de-SPACed or IPOed targets we surveyed in 2025 had more concentrated stockholder bases than the other surveyed targets that did not recently de-SPAC or IPO (approximately 80% of the surveyed transactions involving recently de-SPACed or IPOed targets had some degree of concentration in their stockholder bases, with significant legacy sponsor or founder holdings, compared to

U.S. Sponsor-Backed Going Privates with Sign-and-Consent Structures



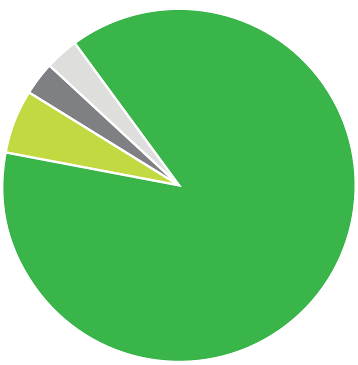
just a little over 10% of the other surveyed transactions that did not involve such targets).

In addition, among the applicable surveyed transactions, the average period of time from the de-SPAC or IPO to the closing of the going private transaction was longer than the corresponding period among the applicable 2024 transactions (approximately one year more than the comparable 2024 cohort). As companies move further from the date they became public (whether through a de-SPAC transaction or IPO), stock ownership becomes more dispersed, which in turn, makes the use of the sign-and-consent structure less likely. As such, we expect the use of the sign-and-consent structure in deals involving former de-SPACed or IPOed targets to continue to decline as the market moves further beyond the 2021 SPAC and IPO boom.

As companies move further from the date they became public (whether through a de-SPAC transaction or IPO), stock ownership becomes more dispersed, which in turn, makes the use of the sign-and-consent structure less likely.

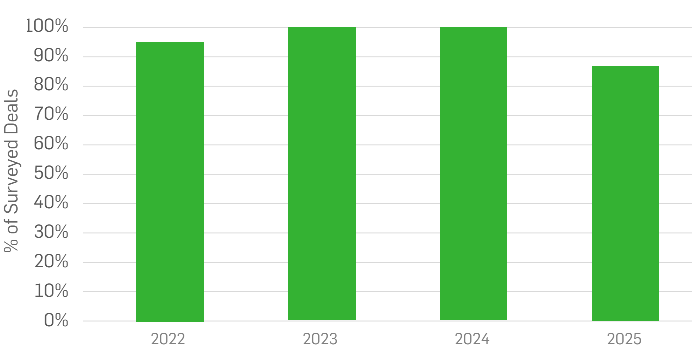
TRANSACTION CONSIDERATION

In all but four of the surveyed transactions, the only form of consideration paid (or to be paid) to the target stockholders was cash. As shown in the chart below, cash-only consideration has been the default for sponsor-led going private transactions over the years. The continued prevalence of cash-only consideration is not surprising due to the legal complexities and practical limitations associated with offering equity in a sponsor or its acquisition vehicle to target stockholders, compared to strategic acquirers that can use publicly-traded equity as consideration. Cash-only consideration also has the advantage of providing target stockholders with a fixed purchase price and immediate liquidity.



Transaction Consideration among the Surveyed Deals

Cash-Only Consideration for U.S. Sponsor-Led Going Private Transactions



However, in 2025, 12% of the surveyed transactions deviated from the cash-only norm:

Apollo Global Management's acquisition of Bridge Investment Group. Structured as an all-stock deal, Bridge stockholders received Apollo's publicly traded shares at a fixed exchange ratio of 0.07081 shares of Apollo common stock per each Bridge common share in this transaction. Consideration in the form of stock was possible in this transaction because the sponsor (Apollo Global Management) is a public company.

Blackstone's and TPG's pending acquisition of Hologic. In this transaction, Hologic stockholders are entitled to receive at closing a fixed cash price per share of $76.00 plus one non-tradable contingent value right (CVR) that could result in additional cash payments if specified post-closing performance milestones relating to Hologic's Breast Health business are achieved. As the name implies, CVRs are a form of contingent consideration, similar to an earnout, payable by an acquirer following the closing of a transaction upon the satisfaction of certain conditions. CVRs have historically been utilized in certain public company lifesciences deals, and are typically used to address value uncertainty and resulting valuation gaps (generally around pending drug approvals).

3G's acquisition of Skechers. In this transaction, Skechers stockholders were offered an election between a cash-only payout of $63.00 per share or a mix of $57.00 cash per share price plus one unlisted, non-transferable equity unit in a newly formed private parent company, with the equity election subject to certain caps, proration mechanics and transfer restrictions. This hybrid approach has the benefit

TRANSACTION CONSIDERATION

of preserving cash certainty for stockholders seeking liquidity, while offering optional rollover-like economics to long-term holders. In this case, 3G Capital framed the transaction as a "long-term partnership opportunity" with Skechers' leadership, positioning the deal as a collaborative growth opportunity rather than a simple exit. The ability to elect a mix of cash and equity allowed key stakeholders to maintain a direct economic interest in the business and participate in the company's potential appreciation under private ownership.

Sycamore Partners' acquisition of Walgreens. In this transaction, Walgreens stockholders received cash at closing ($11.45 per share), together with a non-transferable Divested Asset Proceeds (DAP) Right (to receive up to $3.00 in cash per share), which allowed stockholders to potentially benefit from additional value creation tied to future monetization of the primary care chain VillageMD businesses. The DAP Right effectively carved VillageMD out of the core transaction, allowing Sycamore to pay a cash price at closing based solely on the valuation of the retail pharmacy and specialty health segments, while leaving both the "upside" potential and the valuation risks of the VillageMD divestiture directly in the hands of the former stockholders.

Despite modest variation in consideration type in 2025, we expect cash-only consideration will continue to be the overwhelmingly preferred consideration structure in sponsor-backed going private transactions, as cash-only acquisitions deliver certainty of value to public company stockholders and avoid the challenges associated with non-cash compensation, making it a preferred path for both sponsors and targets. **The use of other forms of consideration is deal-specific and signals the tactical flexibility sponsors employ to address valuation gaps and allocate deal-specific risk.**

TRANSACTION STRUCTURES

One-Step Merger vs. Tender Offer

Consistent with prior years, sponsors continue to favor the one-step merger structure over the two-step tender offer / back-end merger structure (i.e., a tender offer followed by a squeeze-out merger) in going private transactions.

As mentioned in past surveys, a one-step merger may be more advantageous compared to a two-step tender offer structure in a sponsor-backed going private transaction. Given the need for debt financing in most public company acquisitions by sponsors, the tender offer structure presents unique challenges for sponsors due to, among other things, the shorter time period between signing and closing.

Consistent with prior years, sponsors continue to favor the one-step merger structure over the two-step tender offer / back-end merger structure (i.e., a tender offer followed by a squeeze-out merger) in going private transactions. Whereas two transactions surveyed in last year's study used a tender offer structure, in 2025, only one surveyed transaction, The New Home Company's acquisition of Landsea Homes (backed by Apollo), opted for a tender offer structure. There, approximately 83% of Landsea Homes' outstanding shares were tendered, and the transaction closed just six weeks following announcement of its definitive agreement. As shown in the chart to the left, the tender offer structure has not been commonly used over the past few years (other than in 2020, an outlier year when 40% of the surveyed transactions employed the tender offer structure).

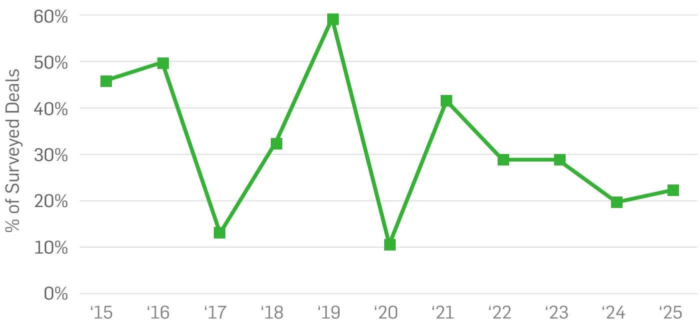
While a tender offer structure can be closed shortly after the expiry of the offer (which must remain open for at least 20 business days), its compressed signing-to-closing timetable can present unique challenges to sponsors in transactions that require debt financing or extended regulatory review.

We anticipate sponsors will continue to favor the one-step structure going forward in transactions that require debt financing or that have regulatory hurdles that cannot be addressed in a short timetable. However, for transactions funded entirely with equity (i.e., no debt financing) and that expect to receive prompt regulatory clearance, two-step structures may be more preferable to sponsors and targets due to the potential for a materially shorter signing-to-closing period.

GO-SHOP PROVISIONS

The use of go-shop provisions in surveyed transactions remained relatively constant in 2025 in comparison to 2024. Current usage remains substantially below the 10-year high of 60% of surveyed transactions in 2019. Use of a go-shop provision is often a reflection of the target board's level of comfort with the robustness of the target's pre-signing market check, an inherently fact-dependent determination.

Surveyed Transactions with Go-Shop Provisions



In our 2025 study, 8 (23%) of the surveyed transactions included a go-shop provision, a slight increase from 20% of surveyed transactions in 2024, but well below the 30% level seen in both 2023 and 2022 (and the 60% peak in 2019). As has been the case over the past decade, the use of go-shop provisions in surveyed transactions has continued to exhibit volatility from year to year. The slight increase in the use of go-shops in 2025 likely corresponds to the slight rebound in the overall M&A market from a slower year in 2024 (because in a "hotter" M&A market there may be less time for pre-signing market checks). In fact, in 2025, 70% of surveyed transactions conducted a pre-signing market check. However, only 33% of the surveyed transactions that contained a go-shop provision in our 2025 study conducted a pre-signing market check.[1]

Generally, a go-shop provision permits a target company to actively solicit superior bids from other potential acquirers for a specified period of time after signing the merger agreement with the initial acquirer. In the deals surveyed in 2025, the length of the go-shop period ranged from 30 to 45 days, with a mean of 39 days and a median of 33 days.[2] This is slightly longer than the 37 day mean and shorter than the 37.5 day median we observed in 2024. If, during the go-shop period, the target and its advisors are successful in sourcing an alternative acquirer (commonly known as an "interloper") who makes a superior proposal, the target is entitled to terminate the original merger agreement, subject to certain conditions (typically including matching rights), to enter into an alternative agreement with the interloper and, in some cases, pay a reduced termination fee to the initial acquirer. This reduced termination fee is typically 50% of the value of the termination fee that would have been due to the initial acquirer under alternative termination scenarios. In 2025, every surveyed transaction containing a go-shop provision had bifurcated termination fees (where a reduced termination fee is payable to the initial acquirer)(*refer* to our discussion on Termination Fees on page 20 for more detail). None of the transactions surveyed in 2025 received acquisition proposals that were determined to be "superior proposals" during the go-shop window.

A primary driver of the use of go-shops remains whether the target and its advisors believe that it has conducted a sufficiently robust market check in advance of signing

Consistent with prior surveys, we did not identify any clear correlations or predictable patterns in the use or effectiveness of go-shop provisions. A primary driver of the use of go-shops remains whether the target and its advisors believe that it has conducted a sufficiently robust market check in advance of signing, which is one element of the process that the target may implement to bolster the position that the target board has effectively exercised its fiduciary duties.

REMEDIES

Specific Performance

A target company's ability to force a closing (i.e., a target's right to specific performance) is not unique to going private transactions, but has been historically tracked in this survey.

As we predicted in last year's study, the prevalence of "specific performance lite" over "full specific performance" has continued in 2025 – with specific performance lite continuing as the preferred market remedy to address an acquirer's financing failure and a target's closing risk in sponsor-backed going private transactions. The more frequent use of the "specific performance lite" construct (as compared to the "full specific performance" construct) among the surveyed transactions is consistent with the surveyed transactions analyzed in prior years (other than in 2023, when full specific performance surpassed, for the first time in a decade, specific performance lite among the surveyed transactions). Yet, as discussed further below, the use of full specific performance continues to grow while the use of specific performance light continues to decline.

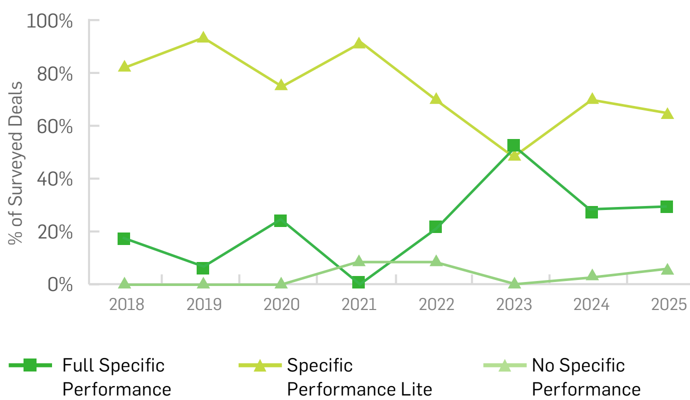
Specific performance lite (whereby the target can only force the acquirer to close if the acquirer's debt financing is available) was first introduced after the financial crisis in the late 2000s and was steadily adopted over the ensuing years.

As shown in the chart to the right, specific performance lite was used in 63% of the surveyed transactions in 2025 (a decrease compared to 71% in 2024). Further, specific performance lite was used in 71% of the surveyed transactions that used debt financing, a slight decrease from 78% in 2024.

Relatedly, the use of full specific performance (whereby the target can force the acquirer to close upon satisfaction or waiver of the applicable closing conditions, regardless of whether an acquirer's debt financing is available) increased as compared to 2024 figures, growing from 26% to 31% in 2025 (but still remaining significantly lower than 2023's 52%). **2025 reflected a continuation of the overall growing use of full specific performance in prior recent years, and a related overall decline in the use of specific performance lite.**

64% of the surveyed transactions that used the full specific performance construct in 2025 also contemplated debt financing. This is notable because the target in these particular transactions can force the acquirer to close, even if the acquirer's debt financing is not available (i.e., the acquirer bears the full closing risk of obtaining debt financing). This is not surprising, as we continue to see acquirers agree to full specific performance, especially in competitive processes, notwithstanding the fact that acquirers seek to obtain debt financing for closing and may be willing to absorb the additional financing risk to remain competitive.

Specific Performance Type



The decrease in the use of the specific performance lite construct among the surveyed transactions in 2025 compared to 2024 was likely attributable to improved financing availability, improving credit markets, and sellers and their advisors feeling more comfortable insisting on full specific performance as a result. As previewed in last year's study, after a challenging few years, we are finally seeing more favorable lending conditions and an increase in M&A financing activity as a consequence.

Nonetheless, we expect specific performance lite to continue through 2026 as the dominant construct for addressing acquirer financing risk in sponsor-backed deals.

REMEDIES

ConEd Language

Ever since the Second Circuit's decision in *Consolidated Edison, Inc. v. Northeast Utilities*, 426 F.3d 524 (2d Cir. 2005) ("ConEd"), which held that a target company's stockholders were not entitled to any lost merger consideration premium as a result of an acquirer's wrongful termination of a merger agreement, target companies in merger transactions have sought to address the Court's decision in *ConEd* by (i) defining damages to include the lost stockholder merger consideration premium and/or (ii) providing target stockholders with third-party beneficiary rights (or third-party beneficiary rights enforceable solely by the target company), as a means of mitigating the risk that stockholders would otherwise be left without a remedy. This protective language has often been referred to as "ConEd language".

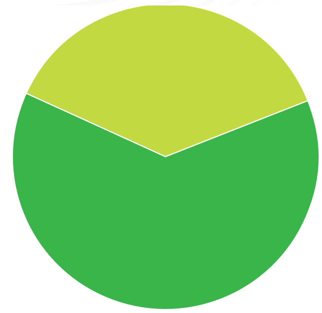
However, in 2023, the Delaware Court of Chancery weighed in on the questions posed in the *ConEd* decision (which was based on the Second Circuit's interpretation of New York law). In *Crispo v. Musk*, 304 A.3d 567 (Del. Ch. 2023). ("Crispo"), Chancellor McCormick commented, in ruling on a mootness fee, that a provision in a merger agreement designed to include the lost merger consideration premium as damages of a target company (i.e., prong (i) of the *ConEd* language mentioned above) would not be validly enforceable, as the target company has no expectation interest in the lost merger consideration premium, only its stockholders do. With respect to the other approaches commonly utilized to address *ConEd*, the Chancellor noted that the idea that a target company could appoint itself as an agent for its stockholders without their consent to recover the lost merger consideration premium as a result of a wrongfully terminated merger agreement would also likely be found invalid, but did not dismiss the idea that third-party beneficiary rights could be given directly to a target's stockholders.

In an effort to align the statutory requirements under the Delaware General Corporation Law (the "DGCL") with market practice, including the use of *ConEd* language, the Delaware legislature passed amendments to the DGCL, which became effective on August 1, 2024 (and which apply retroactively with limited exceptions). The amendments to the DGCL included the addition of Section 261(a), which permits a merger agreement to provide that the target company may recover damages or penalties for a breach of the merger agreement, including the loss of any premium that the target's stockholders may have been entitled to absent such breach. The amendment also allows for the appointment of stockholder representatives (including the target company) to enforce stockholders' rights under a merger agreement, thereby addressing the enforceability concerns raised in *Crispo*.

In 2025, 37% of the surveyed transactions contained *ConEd* language, which was a marked increase in the use of *ConEd* language compared to 2024 (which was found in 23% of the surveyed transactions), and more closely paralleled 2023 figures of 35%. This rebound following the decline in 2024 is likely attributed to the dust settling with respect to Delaware's now codified market practice regarding *ConEd* language.

Use of *ConEd* Language

- *ConEd*
- No *ConEd*

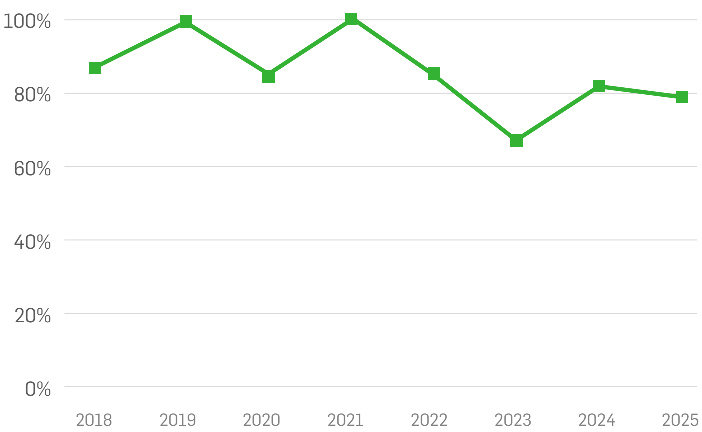


In 2025, 37% of the surveyed transactions contained *ConEd* language, which was a marked increase in the use of *ConEd* language compared to 2024 (which was found in 23% of the surveyed transactions), and more closely paralleled 2023 figures of 35%.

TERMINATION FEES

Clients often ask us about the frequency of use and magnitude of termination fees (both reverse termination fees payable by sponsor-acquirers (in connection with a debt financing failure) and regular termination fees payable by target companies). Below we address trends in reverse termination fees and target termination fees in U.S. sponsor-backed going private transactions.

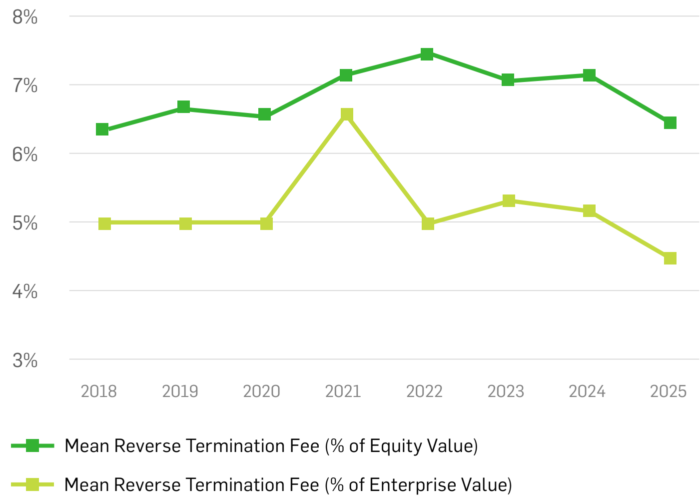
Use of Reverse Termination Fees



Reverse Termination Fees. Reverse termination fees remain widely used in sponsor-backed going private transactions, with the 2025 data reflecting only a slight decrease in the use of such fees from the prior year. In 2024, 83% of the surveyed transactions had a reverse termination fee, compared to just 68% in 2023. In 2025, 80% of the surveyed transactions had a reverse termination fee, which, while a slight decrease compared to 2024, is generally consistent with the overall decline in use since 2018. As we would expect, the decline in use of reverse termination fees appears to be correlated with the overall decline in use of specific performance lite (as discussed above). This is because transactions that use specific performance light nearly always have a reverse termination fee, which provides a way for the target to recover liquidated damages as a substitute for full specific performance in the case of a debt financing failure. Interestingly, approximately 11% of the surveyed transactions in 2025 featured both full specific performance and a reverse termination fee (giving target boards maximum optionality and what is sometimes referred to as "specific performance plus"), which is consistent with 11% of the surveyed transactions in 2024 and was a decrease from 19% in 2023. This is likely due to continued improvement in financing markets and increased certainty regarding the ability of sponsors to obtain financing that emerged in 2024.

Since 2018, we have seen an overall decline in the use of reverse termination fees, although they remain widely used in sponsor-backed going private transactions.

Reverse Termination Fee Amounts



As shown in the chart above, there was a notable decrease in the mean amount of the reverse termination fee as a percentage of target equity value in 2025 (in 2025 it was 6.5% compared to 7.2% in 2024 and 7.1% in 2023). Similarly, the mean reverse termination fee as a percentage of target enterprise value meaningfully decreased (4.6% in 2025 compared to 5.1% in 2024 and 5.3% in 2023). The mean reverse termination fee of 4.6% of enterprise value is the lowest observed in past recent years, and is on the lower end of the market in private company deals. This shift toward smaller reverse termination fees (which are consistent with levels seen prior to 2021) may be attributable to a general

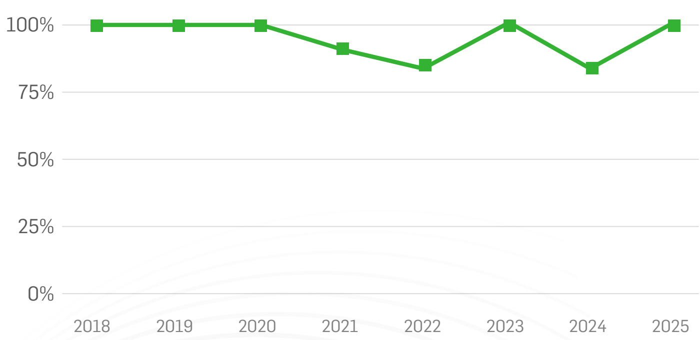
TERMINATION FEES

increase in deal size (both in terms of equity and enterprise value) and recently improved conditions in the debt financing market after a period of instability in the early 2020s.

Company Termination Fees. As expected, 100% of the surveyed transactions contained company termination fees. The mean fee as a percentage of target equity value increased slightly from 3.3% in 2024 to 3.8% in 2025. The mean fee as a percentage of enterprise value, however, remained relatively unchanged from 2024 at 2.6%. The overall consistency in the magnitude of the company termination fees over time is unsurprising, as the size of the fee is largely informed by Delaware law (i.e., fees that are viewed as too high may be determined to be coercive to the target's stockholders and invalidated by the courts).

All of the surveyed transactions that contained go-shop provisions (discussed above) included a termination fee structure pursuant to which a lower fee is payable by the target in the event the target accepts a superior offer from an interloper during the go-shop period, and a higher fee is payable by the target following the expiration of the go-shop period and in all other situations in which the target fails to close the transaction (i.e., as a result of a willful breach or refusal to close). This represents a return to the level of use we saw in 2023 and data prior to 2021 (by contrast, in 2021, 2022 and 2024 we saw a small portion of transactions with go-shop provisions that did not contemplate a bifurcated termination fee structure).

Use of Bifurcated Company Termination Fees in Going Privates with Go-Shop Provisions



TRANSACTIONS INVOLVING ACTUAL OR POTENTIAL CONFLICTS

In lawsuits challenging a going private transaction with actual or perceived conflicts, a Delaware court may apply the most rigorous standard of judicial review (entire fairness) when the transaction involves a controlling stockholder or when the target board of directors does not consist of a majority of independent and disinterested directors. Entire fairness cases generally are not subject to dismissal on the initial pleadings, meaning unless the case is settled, defendants will be subject to time-consuming and costly discovery and may ultimately have to face trial to prevail.

In the going private context, conflicts of interest – or perceived conflicts of interest – can arise in a number of ways, including, for example, in transactions where the acquirer is an existing stockholder of the target company or has representation on the target board, the sponsor of the target has relationships with the acquirer or otherwise participates in the transaction, insiders roll equity, or where insiders receive disparate consideration as compared to the public stockholders. These situations not only require targets and sponsors to navigate the challenges of potential litigation in the Delaware courts, but, as described in more detail below, may also trigger extensive disclosure requirements under Rule 13e-3 of the Exchange Act (“Rule 13e-3”).

Recent amendments to the DGCL in 2025, however, now afford a statutory safe harbor for conflict transactions, enabling participants in a going private transaction to mitigate litigation risk around potential conflicts.

The DGCL Safe Harbors for Conflict Transactions

Under the recent amendments to the DGCL, going private transactions can take advantage of new statutory safe harbor provisions, such that directors, officers and controlling stockholders should not be liable for money damages (or subject to other forms of relief) in conflict transactions if the statutory safeguards are used.[1] The level of safeguards required to access the safe harbor turns on (i) the presence of a controlling stockholder (as defined in the statute and discussed below) and (ii) the applicability of Rule 13e-3 to the transaction in question (assuming the target is subject to the Exchange Act).

The recent amendments to the DGCL define a “controlling stockholder” (or control group) as anyone who (i) owns or controls a majority in voting power of outstanding stock, (ii) has the right to elect the majority of the board or (iii) “[h]as the power functionally equivalent to that of a stockholder that owns or controls a majority in voting power of the outstanding stock” by owning at least one third of the voting power and thereby having the ability to “exercise managerial authority over the business and affairs of the corporation.” The new statutory definition removes some uncertainty that existed prior to the DGCL amendments as to when a significant (but less than numerical majority) stockholder might be found to be a controller, although there will still likely be disputes around when a stockholder owning more than one third of a company’s stock but less than a majority is a controller.

Where Rule 13e-3 applies, the amendments to the DGCL provide a safe harbor for controlling stockholder going private transactions.[2] This safe harbor applies if: (i) the material facts of the 13e-3 transaction are disclosed or known to all members of a committee of two or more disinterested directors to which the board has expressly delegated the authority to negotiate (or oversee the negotiation of) and to reject such controlling stockholder transaction; (ii) such controlling stockholder transaction is approved (or recommended for approval) in good faith and without gross negligence by a majority of the disinterested directors then serving on the committee; (iii) such controlling stockholder transaction is conditioned, by its terms, as in effect at the time it is submitted to stockholders for their approval or ratification, on the approval of or ratification by disinterested stockholders; and (iv) such controlling stockholder transaction is approved or ratified by an informed, uncoerced, affirmative vote of a majority of the votes cast by the disinterested stockholders. The amendments, among other things, eliminate timing constraints under Delaware case law before the adoption of the safe harbors for when the dual protections of the disinterested committee approval and disinterested stockholder vote were required to be implemented.

For transactions involving controlling stockholders other than transactions subject to Rule 13e-3 where the target is subject to the Exchange Act, the DGCL now provides a safe harbor if such transactions are approved by either (i) a disinterested director committee or (ii) a disinterested stockholder vote, as described more fully above.[3] These amendments supplant existing case law requiring the dual protections of both disinterested committee approval and a disinterested stockholder vote to reclaim the protections of the business judgment rule in *all* transactions in which a controlling stockholder stands on both sides and receives a material, non-ratable benefit. Now, all transactions other than "controller squeeze outs" are subject to a safe harbor under Section 144 of the DGCL if they employ one of those procedural protections.

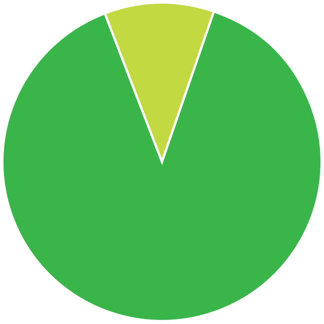
Rule 13e-3 Transactions and the 2025 Data

As noted above, going private transactions may be subject to enhanced disclosure requirements under Rule 13e-3 if they involve "affiliates" of the target. Rule 13e-3 disclosure requirements are most often triggered when an acquisition of a publicly traded company involves the purchase of equity securities by the target's "affiliates" – for example, a buyer/sponsor who is an existing stockholder of the target. In addition, transactions that solely involve non-affiliate buyers may also be subject to Rule 13e-3 if the issuer's existing stockholders and/or management are determined to be engaged in the transaction (and thus essentially present "on both sides" of the transaction), whether pursuant to a significant rollover, significant new compensation or incentive equity grants and/or other significant benefits.

When Rule 13e-3 is triggered, the parties must file a Schedule 13E-3 which requires certain enhanced disclosures. These requirements address items such as pricing history, past transactions involving the buyer and the issuer, recent history of any acquisition negotiations with unaffiliated third parties, the buyer making an affirmative statement regarding the fairness of the transaction as well as disclosure of any third-party appraisals, reports and opinions provided to the acquiring party that are material to the transaction.

We believe the recent changes to the DGCL should mitigate certain litigation risks and transaction costs for private equity sponsors engaged in going private transactions. Going forward, we expect that the use of the statutory safe harbors will draw litigation – at least in the near term – testing the limits of the new Delaware rules and the strength of the statutory protections. In addition, the continued development of Delaware law in an increasingly competitive market for incorporations will be important to watch in 2026 and beyond.

TRANSACTIONS INVOLVING ACTUAL OR POTENTIAL CONFLICTS



13e-3 Transactions

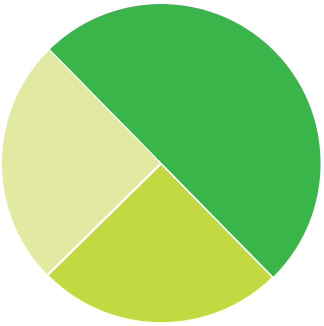
- 13e-3 Transactions
- Non-13e-3 Transactions

In the 2025 data set, 11% of the surveyed transactions required filing a Schedule 13E-3.[4] In each of those transactions, Rule 13e-3 was triggered because of the involvement of an "affiliate," as defined in Rule 13e-3. Rule 13e-3 "affiliates" in the surveyed transactions included:

- a significant strategic stockholder joining a sponsor in acquiring the target company with senior management also rolling meaningful equity (TPG and Corpay acquisition of AvidXchange);
- a management led going private transaction in which the co-founders were planning to continue to own significant equity in the target post-closing and roll equity into the sponsor-backed buyer group (Blackstone and co-founder proposed acquisition of TaskUs[5]); and
- a long-time stockholder retaining a significant minority position in the post-closing target company along with other small incumbent holders rolling over minority interests of the target (Sycamore Partners acquisition of Walgreens).

The DGCL amendments discussed above were enacted at the end of Q1 2025. In the 2025 data set, one 13e-3 transaction (the Walgreens transaction) was signed prior to the adoption of the amendments, and that transaction only employed a "majority of the minority" construct. Following the adoption of the DGCL amendments, there were three 13e-3 transactions, of which only two (the Clearwater and TaskUs transactions) employed both a special committee to negotiate on behalf of the target's board of directors and a majority of the minority provision (ostensibly with the intent to utilize the conflict "safe harbor" for 13e-3 transactions provided for in the DGCL amendments), while the third (the AvidXchange transaction) utilized neither a special committee nor a majority of the minority provision.

2025 Conflicted Transactions



- Special Committee + Majority of Minority
- Special Committee Only (0%)
- Majority of Minority only
- No Special Committee, No Majority of Minority.

In our experience, and consistent with the trends in previous years, many sponsors and dealmakers are comfortable employing the use of a special committee to address potential conflict situations in 13e-3 transactions, but are hesitant to also subject a 13e-3 transaction to a "majority of the minority" vote given the closing risk and deal uncertainty associated with enabling a minority of equity investors to approve a transaction. For instance, in our data set, these risks materialized during the TaskUs transaction which was terminated as a result of the target's failure to obtain the requisite approval of a "majority of the minority" of its stockholders. Examples such as the TaskUs transaction demonstrate why in conflict transactions many sponsors and deal makers prefer to utilize independent special committees to negotiate on behalf of the target's board of directors, provide for robust disclosure and then litigate the "fairness" of the transaction in the event (even the likely event) that litigation ensues. In light of the DGCL amendments, it will be interesting to see whether that trend changes for 13e-3 transactions going forward, given the additional clarity provided for in the DGCL amendments and the ability to comply with the "safe harbor" in the DGCL statute by employing both a special committee and a majority of the minority condition to render the 13e-3 transaction subject to the more forgiving business judgment rule. The facts underlying each potential transaction will be important in evaluating the risk and benefits of employing both safeguards, and sponsors, boards and their advisors need to remain thoughtful in determining which to deploy in 13e-3 transactions.

ENDNOTES

General Market Observations

1 Source: Gold Sheets, LSEG LPC, July 7, 2025.

2 Source: Gold Sheets, LSEG LPC, October 6, 2025.

3 Source: Abby Latour, Zack Miller, Sami Vukelj, PitchBook | LCD, "Q4 US Private Credit Wrap: Mega-deals dominate as activity bounces back", December 17, 2025.

4 Source: Gold Sheets, LSEG LPC, December 15, 2025.

5 Source: https://www.cmegroup.com/market-data/cme-group-benchmark-administration/term-sofr.html

6 Source: https://www.bloomberg.com/news/articles/2025-12-05/us-bank-regulators-ease-post-crisis-curbs-on-leveraged-loans

Go-Shop Provisions

1 The numbers represent all surveyed transactions in which the parties have made public disclosures concerning the transaction process as of December 31, 2025.

2 The mean and median have been adjusted to exclude an outlier 3-day go-shop period in the acquisition of Couchbase, Inc. by Haveli Investments. This shortened go-shop period reflects deal dynamics specific to that transaction related to the expiration of an exclusivity period and, in our view, does not reflect a broader trend towards shorter go-shop periods in the surveyed transactions.

Transactions Involving Actual or Potential Conflicts

1 See Section 144 of the DGCL.

2 See Section 144(b) of the DGCL.

3 See Section 144(c) of the DGCL.

4 The 13e-3 for the Clearwater transaction has not been filed yet (the Merger Agreement contemplates filing Schedule 13E-3 no later than five Business Days after the expiration of the Go-Shop Period that expires on January 23, 2026).

5 This transaction was terminated prior to closing due to failure to obtain requisite stockholder vote.

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