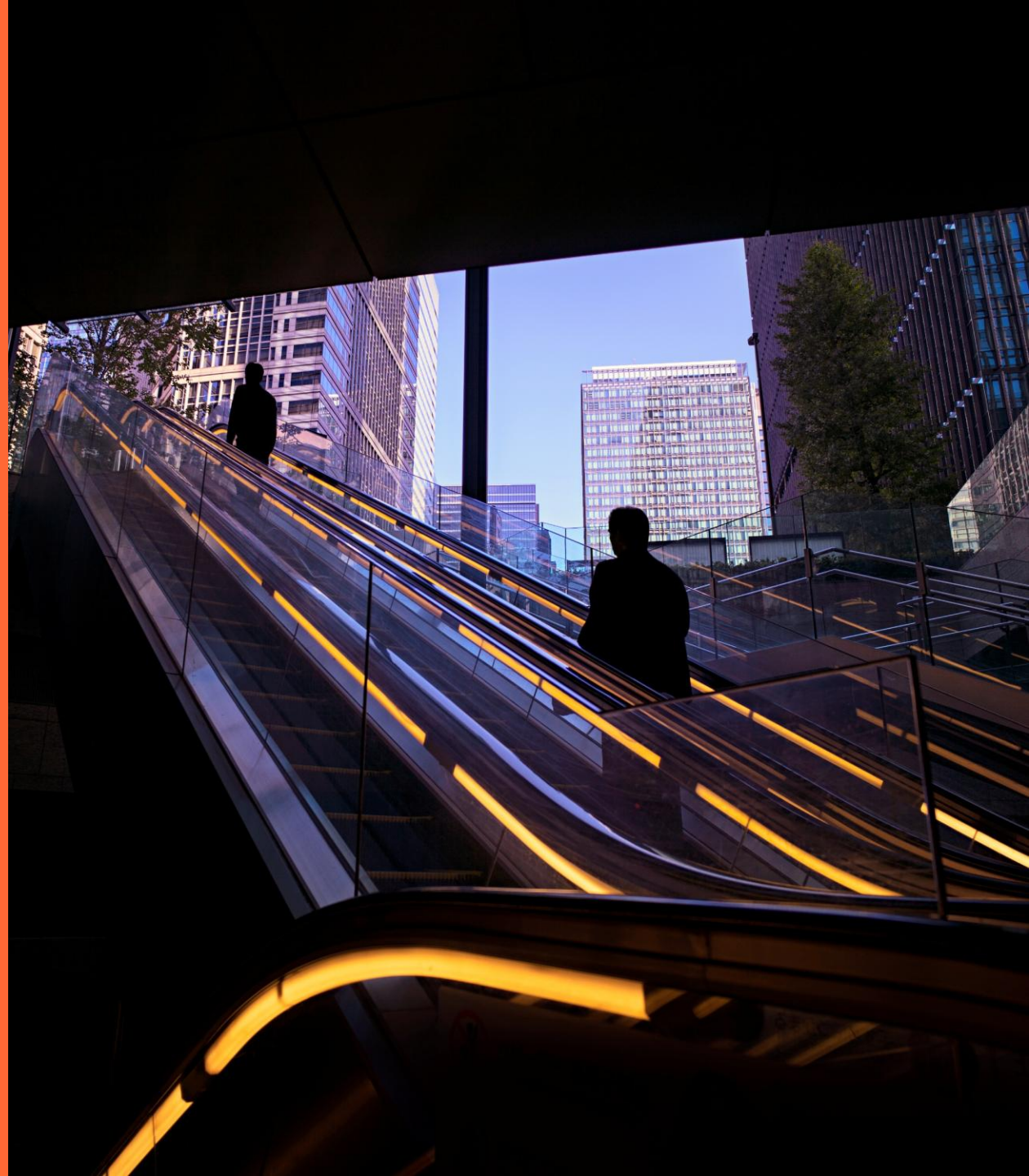
Private Equity IPO Deal Terms

June 2026

FRESHFIELDS



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Summary of Key Findings

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We have reviewed and analyzed the key governance terms of sponsor-backed companies that completed a US initial public offering (IPO) from January 1, 2021 through December 31, 2025, which generated $100 million or more in gross proceeds (86 companies in total).* Our review of companies that completed IPOs in 2025 indicates that the key governance terms highlighted have remained stable, with percentages and trends staying largely consistent with those observed in last year's survey.

Key Findings:

Structure

63% of the surveyed IPOs were primary only. 37% included a secondary component, with 30% having both a primary and secondary component and 7% being secondary only.

Controlled Company Status

90% of the surveyed companies remained "controlled companies" under the applicable listing standards post-IPO. Controlled companies are not required to have a majority of independent directors or fully independent compensation or nominating committees. Despite this, 58% of the surveyed companies went public with a board consisting of a majority of independent directors.

Director Nomination Rights

The surveyed companies most typically had nine or ten directors.

87% of the surveyed companies granted sponsors contractual rights to nominate or designate directors to serve on the public company's board following the IPO. In some cases, the sponsor was granted rights to designate directors to certain committees (over 50%) or to designate the chairperson of the board (26%).

77% of the surveyed companies that granted director designation rights to the sponsor permitted the sponsors to designate a majority or supermajority of the board.

Defensive Measures

Most of the surveyed companies adopted relaxed defensive measures at the time of the IPO for so long as the sponsor remains a controlling stockholder. In particular, companies permitted stockholders to take action by written consent (93%), call special meetings (84%) and amend the charter (91%) and bylaws (86%) without supermajority approval, with these rights usually being eliminated once the sponsor ceases to own a certain percentage of voting power.

* This survey excludes foreign private issuers and SPACs and reviews only the governance terms that were in place at the time of the IPO. Please see Appendix A for a list of surveyed companies.

Summary of Key Findings

Veto and Consent Rights

47% of the surveyed companies that had shareholder agreements in place granted the sponsors consent and/or veto rights over the public company taking certain actions after the IPO, such as amendments to the company's charter; changes in the size and/or composition of the board; acquisitions, dispositions or other transactions in excess of a certain threshold; change of control transactions; incurring indebtedness in excess of a certain threshold; and effecting certain dividends or repurchases of company shares. In a significant majority of cases in which veto rights were granted to the sponsor (86%), the sponsor owned at least 50% of the outstanding shares following the IPO.

Section 203 of the Delaware General Corporation Law (DGCL)

Nearly all (93%) of the Delaware-incorporated surveyed companies opted out of Section 203 of the DGCL, which is Delaware's anti-takeover statute. Sponsor-controlled companies typically opt out so that the sponsor can retain the ability to transfer 15% or more of the company's stock to a third-party without the transferee becoming an "interested person" under Section 203. Of the 7% that did not opt out, one company included a "synthetic" provision in its charter that mirrors Section 203 except for excluding the sponsor and certain transferees from the definition of "interested stockholder".

Corporate Opportunity Waiver

98% of the Delaware-incorporated surveyed companies waived corporate opportunities for persons affiliated with the sponsor and their affiliates in their charters. As a result, directors that are affiliated with the sponsor are not required to receive a waiver from the board before pursuing certain business opportunities with competing businesses.

Up-C and TRA

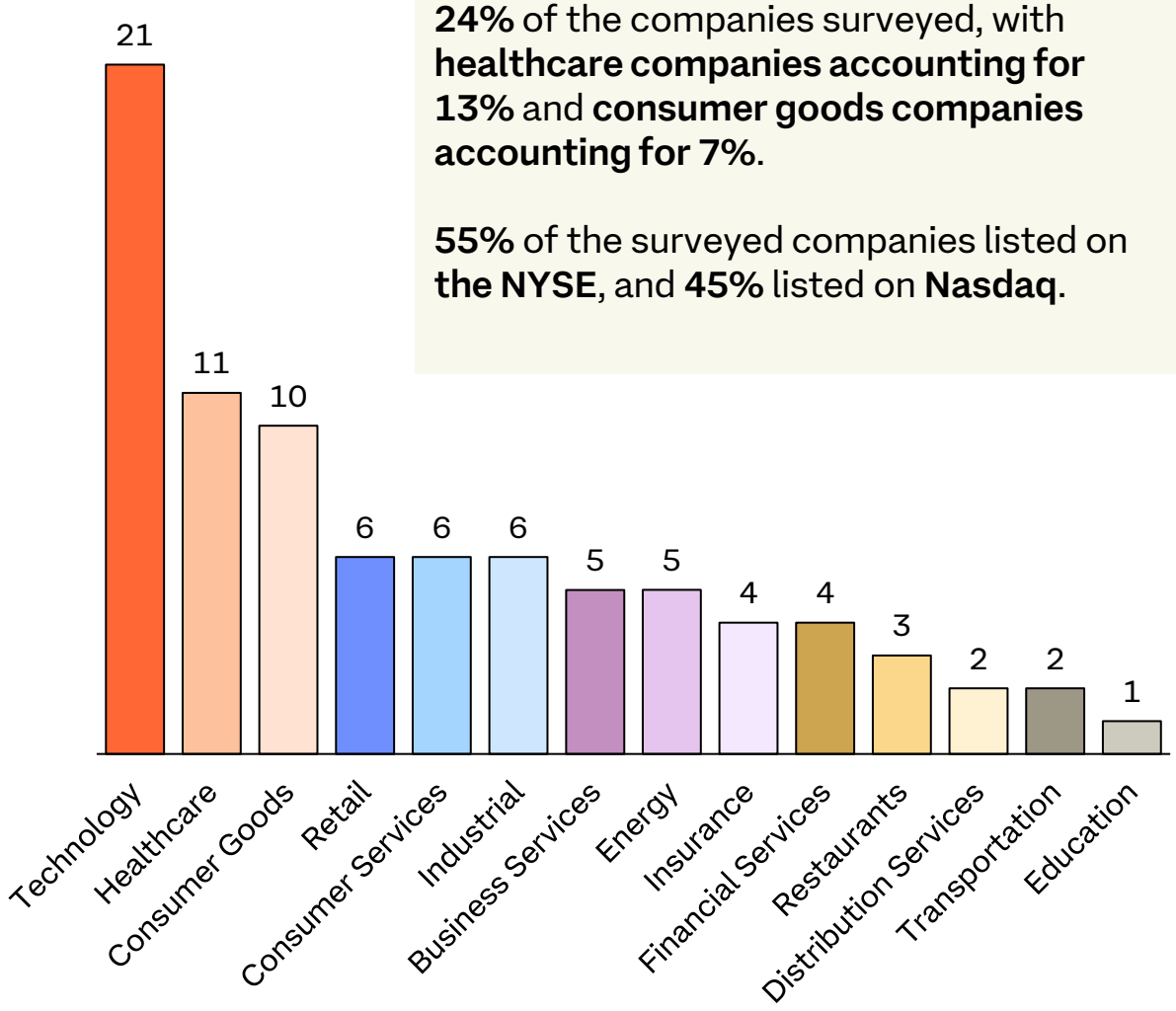
27% of the companies surveyed utilized an Up-C structure, with the pre-IPO owners entering into a Tax Receivable Agreement (TRA) with IPOCo.

Dual Class Shares

12% of surveyed companies had high-vote/low-vote dual-class share structures at the time of their IPO, while 89% had just one class of stock or multiple classes of stock with no vote differentials. Nine of the ten companies with high-vote/low-vote dual-class share structures were founder led.

General Information

Industries Represented and Exchange Listing

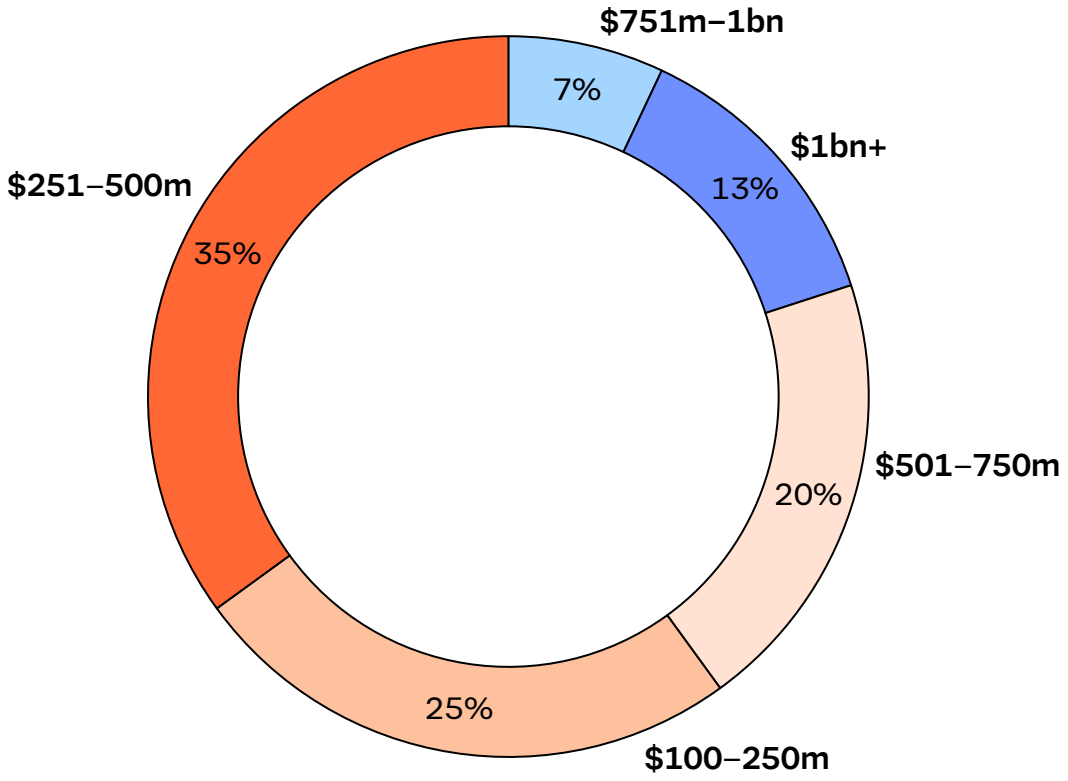


Technology companies accounted for 24% of the companies surveyed, with **healthcare companies accounting for 13%** and **consumer goods companies accounting for 7%**.

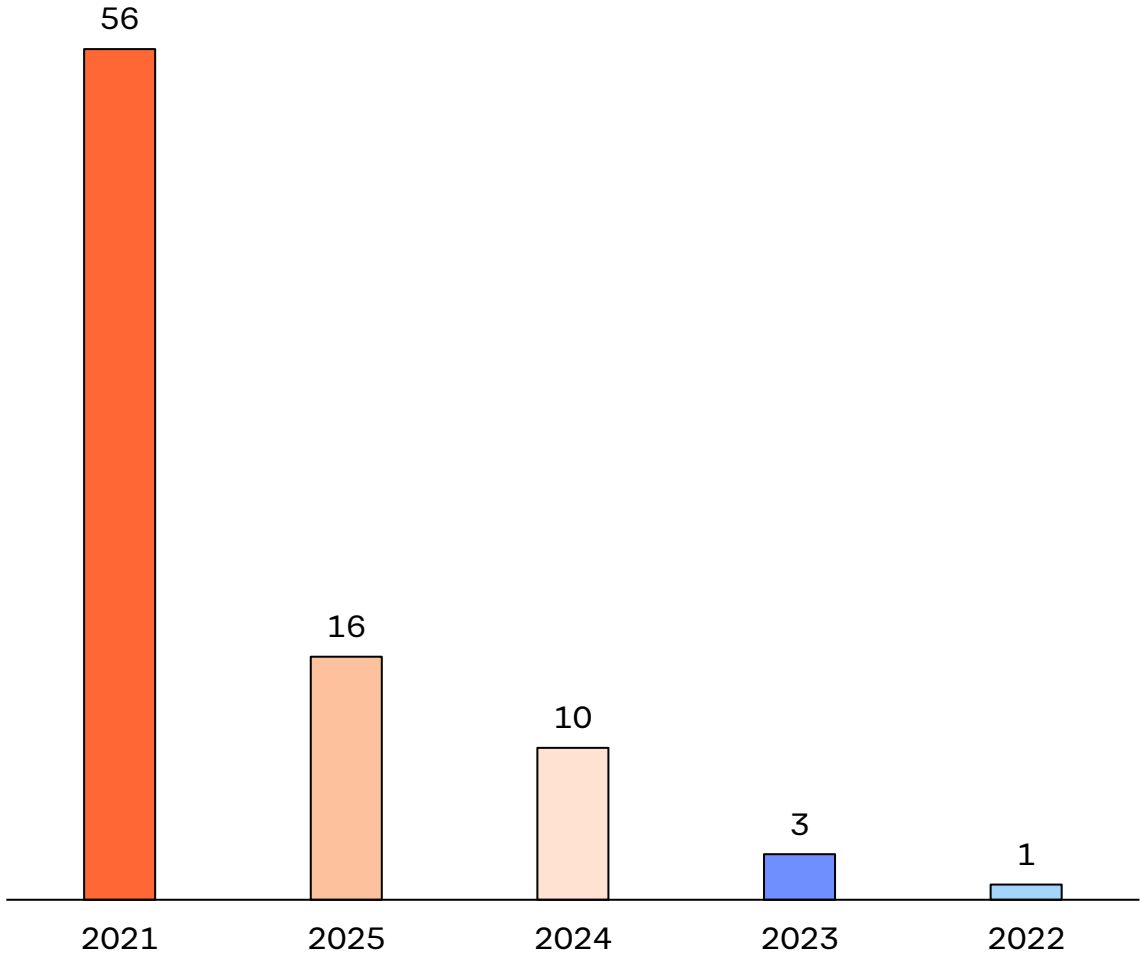
55% of the surveyed companies listed on **the NYSE**, and **45%** listed on **Nasdaq**.

Technology:	24% (21/86)
Healthcare:	13% (11/86)
Consumer Goods:	12% (10/86)
Retail:	7% (6/86)
Consumer Services:	7% (6/86)
Industrial:	7% (6/86)
Business Services:	6% (5/86)
Energy:	6% (5/86)
Insurance:	5% (4/86)
Financial Services:	4% (4/86)
Restaurants:	3% (3/86)
Distribution Services:	2% (2/86)
Transportation:	2% (2/86)
Education:	1% (1/86)

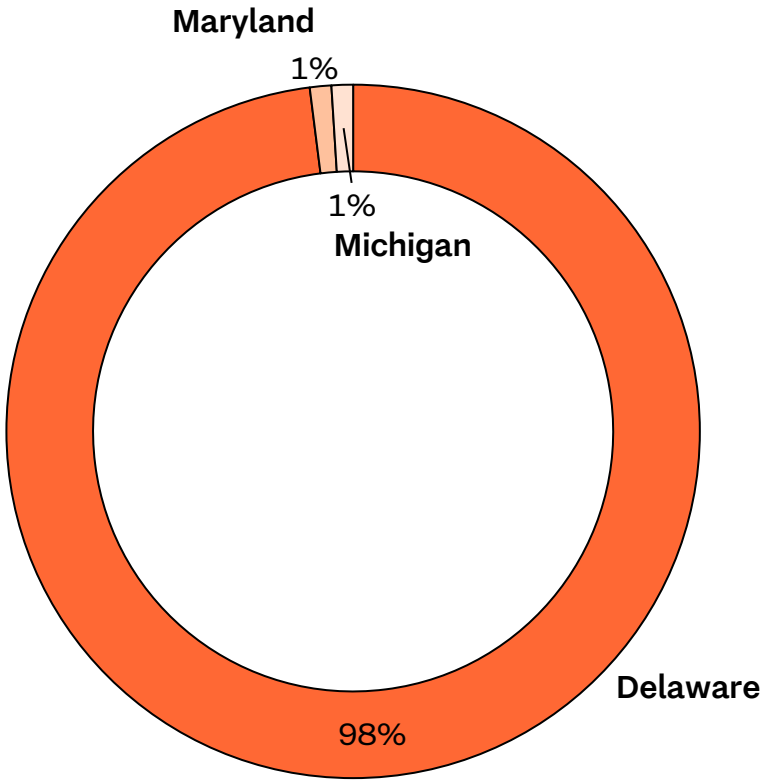
Total Proceeds Raised by IPO
(Prior to Exercise of Any Overallotment Option)



Year of IPO

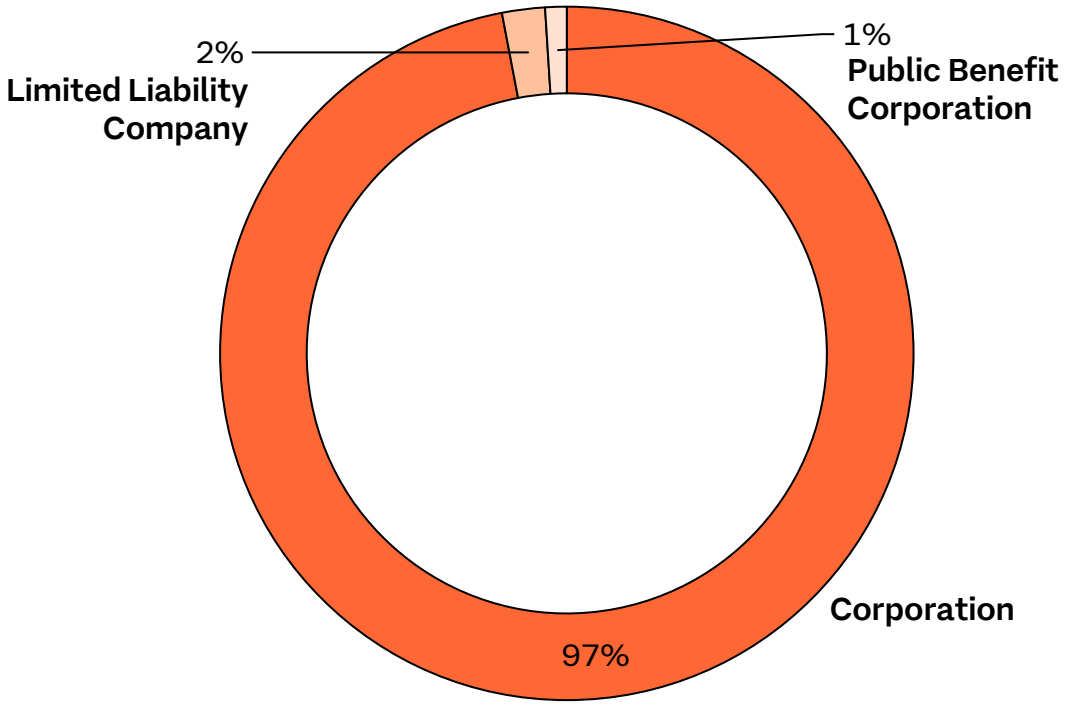


Company State of Organization



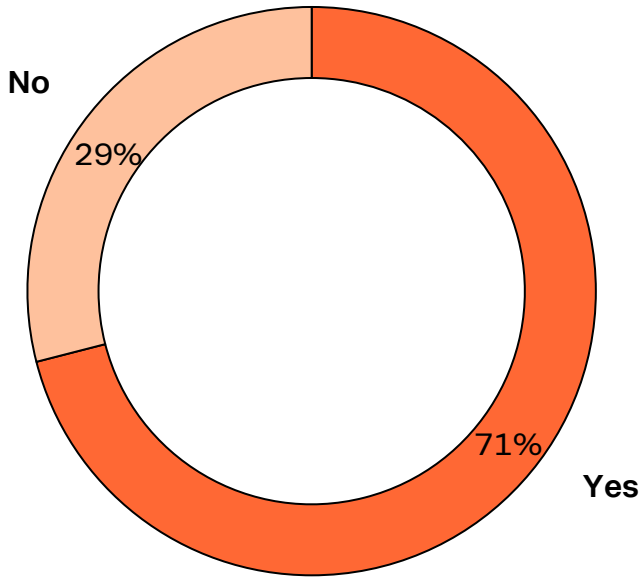
Delaware:	98% (84/86)
Maryland:	1% (1/86)
Michigan:	1% (1/86)

Company Entity Type



Corporation:	97% (83/86)
Limited Liability Company:	2% (2/86)
Public Benefit Corporation:	1% (1/86)

Emerging Growth Company (EGC) Status



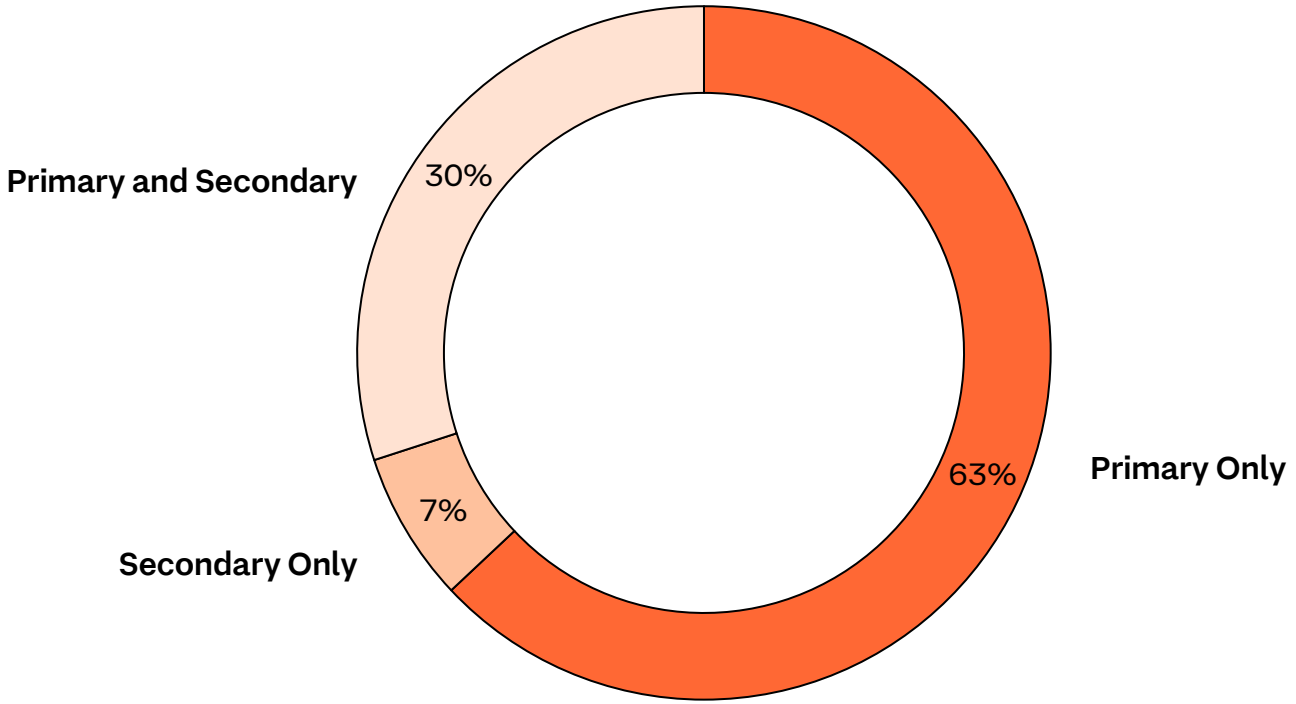
Yes:	71% (61/86)
No:	29% (25/86)

71% of the companies surveyed qualified as an "emerging growth company" (EGC).

- Generally, an issuer qualifies as an EGC if it has **total annual gross revenues of <$1.235bn** during its most recently completed fiscal year and has not issued more than $1.0bn in non-convertible debt over the prior three-year period.
  - The non-convertible debt test can be a limiting factor for sponsor-backed portfolio companies, which may have incurred more than $1.0bn of non-convertible debt over the prior three-year period in connection with acquisition financing or refinancing activity, potentially disqualifying them from EGC status notwithstanding otherwise qualifying revenue levels.
- There are **certain benefits to being an EGC**. For example, EGCs can:
  - present audited financial statements for two fiscal years in their IPO registration statements, in contrast to non-EGCs, which must provide audited financial statements for three fiscal years; and
  - include less extensive narrative disclosure than that required of other reporting companies, particularly in the description of executive compensation.
- ECGs are **not required to provide an auditor attestation** of internal control over financial reporting under **Sarbanes-Oxley Act Section 404(b)**.

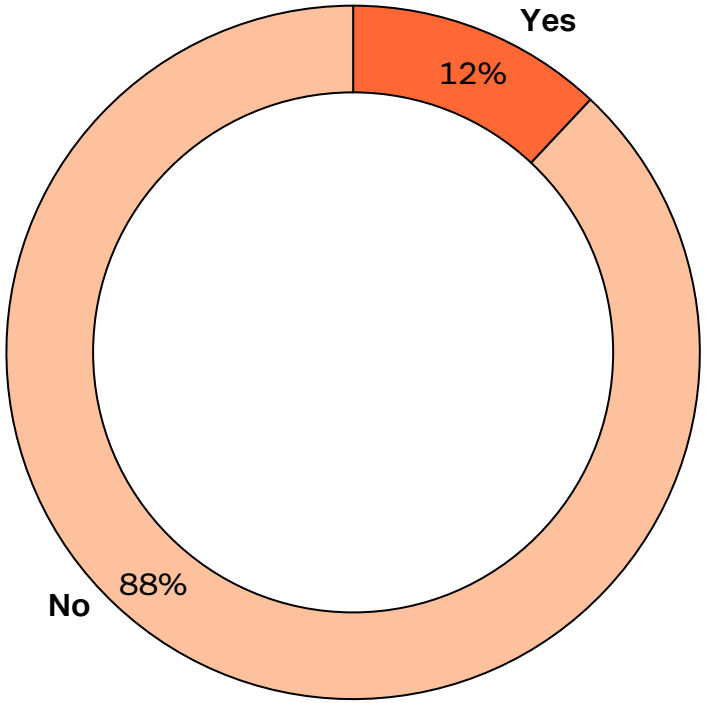
Offering Structure: Primary/Secondary

Of the surveyed IPOs, **63%** were **primary only. 37% included a secondary component**, with **30%** having **both a primary and secondary** component and **7%** being **secondary only**.



Dual Class

Percentage of Companies with High-Vote/Low-Vote Dual-Class Share Structures

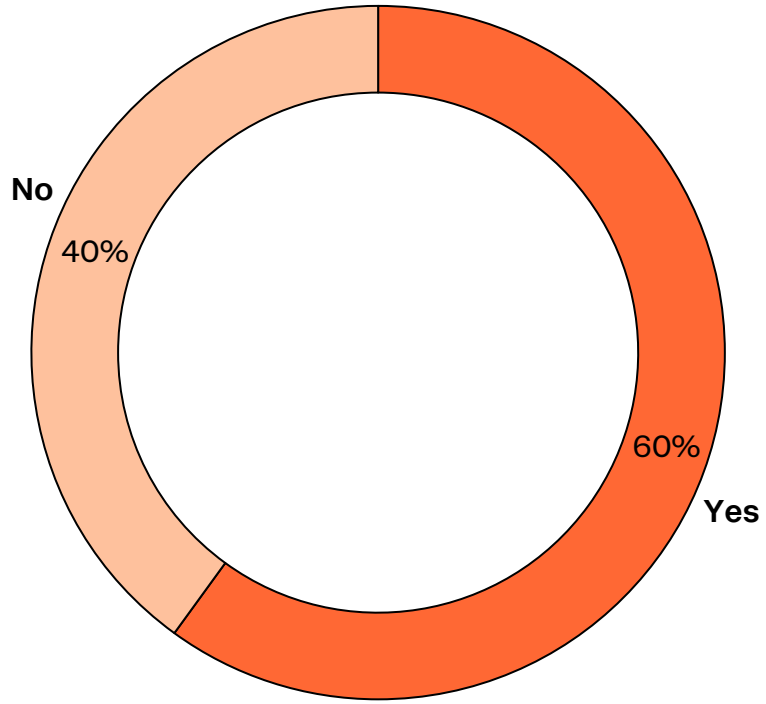


No:	88% (76/86)
Yes:	12% (10/86)

A minority of surveyed companies (**12%**) featured high-vote/low-vote **dual-class share structures** that **increase the voting power of insiders in proportion to their equity share.**

Nine of the ten companies with high-vote/low-vote dual-class share structures were **founder led**.

High-Vote Sunset



Yes:	60% (6/10)
No:	40% (4/10)

- When adopting a dual-class capital structure, **consideration must be given to when the high-vote stock will convert into low-vote stock**.
- Generally, conversion will occur when there is a **transfer of high-vote stock**, subject to **certain typical exceptions**, including, for example, transfers for estate-planning purposes, transfers for charitable purposes (where the stockholder retains voting power) and transfers among entitles that are affiliated with
the sponsor.
- Companies may also provide for **mandatory conversion** of all high-vote stock at a certain time or upon the occurrence of a certain event, such as:
  - a **certain date** following the IPO (e.g., 5–20 years); and
  - the **date upon which the percentage of high-vote stock outstanding falls below a certain threshold percentage** of all of the outstanding capital stock
(e.g., 10%).

Dual Class in a Nutshell

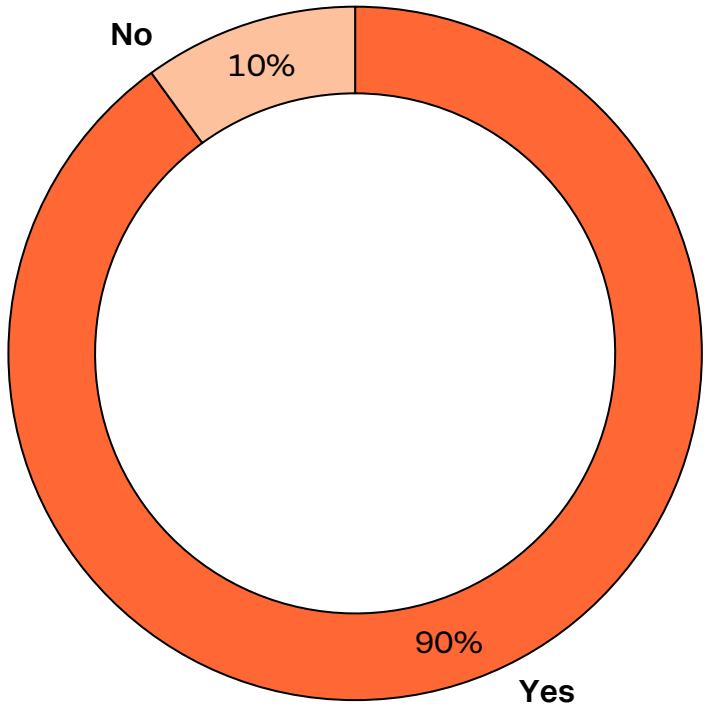
- Dual class structures can allow a stockholder or group of stockholders to **have voting control over a company disproportionate to their economic interest**.
- A typical dual-class structure involves two classes of common stock, identical in all respects except for voting rights:
  - **one class of shares is designated high-vote** (most commonly ten votes/share); and
  - **another class of shares is designated low-vote** (e.g., one vote/share).
- **High-vote shares are typically held by a founder** and/or other pre-IPO stockholders, while low-vote shares are issued to the public in the IPO.
- High- and low-vote shares have the same economic rights, including dividends.

Illustration of Relative Voting Power: 10:1 Ratio for Class B Common Stock		
Class B as % of Total Common Stock (as converted)	**Class B % of Voting Power**	**Class A % of Voting Power**
50%	91%	9%
40%	87%	13%
30%	81%	19%
20%	71%	29%
10%	53%	47%
9%	50%	50%
8%	47%	53%
7%	43%	57%
6%	39%	61%
5%	34%	66%

At a 10:1 ratio, the high-vote holder can own as little as 9.1% of the total outstanding stock to have majority voting control.

Controlled Company Status

Controlled Company Status

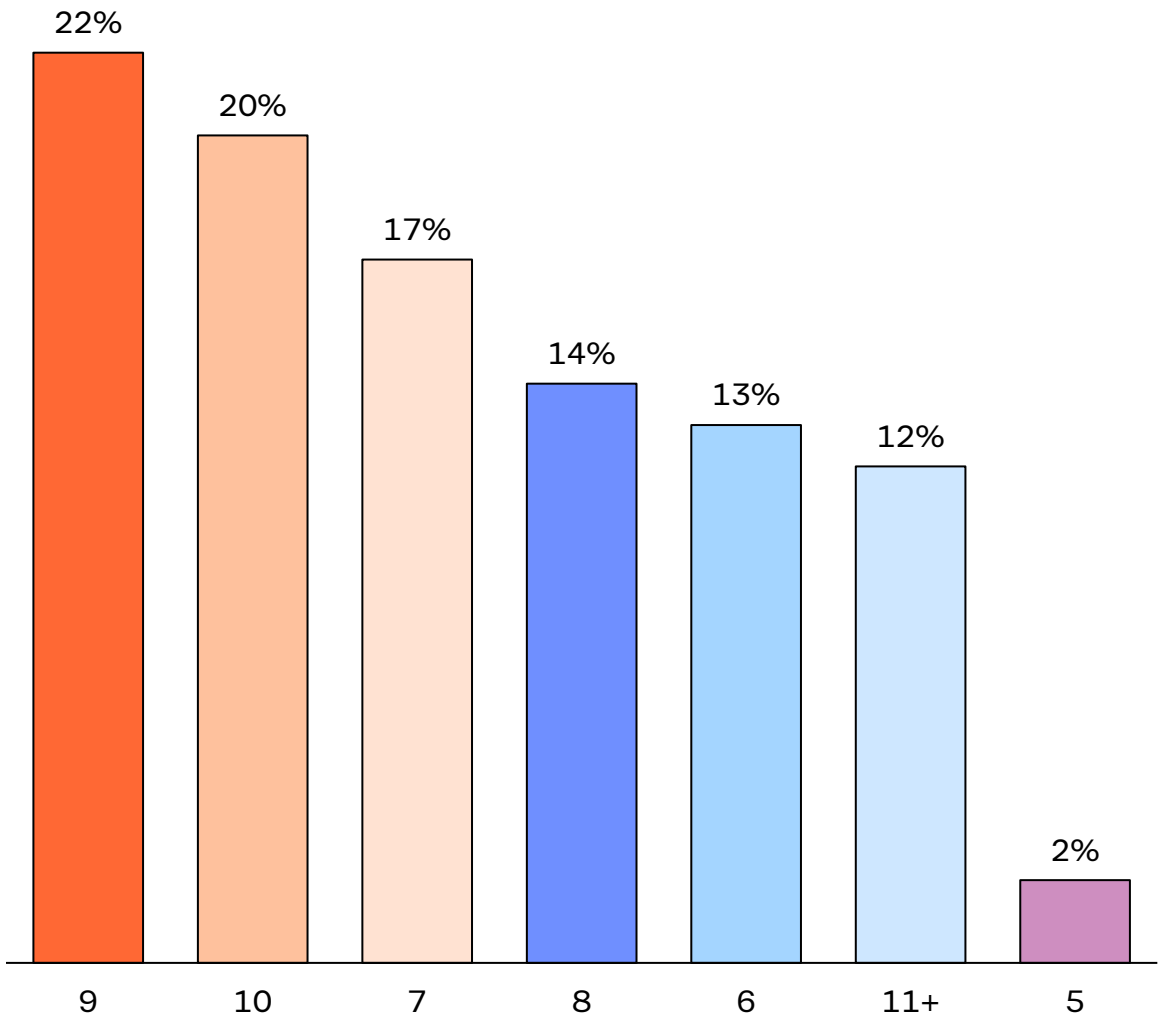


Yes:	90% (77/86)
No:	10% (9/86)

- **90%** of the surveyed companies remained **controlled companies** under the applicable listing standards post-IPO.
- **Controlled companies** listed on the NYSE or Nasdaq may **rely on controlled company exemptions** to **avoid complying with certain corporate governance listing standards**, including those requiring:
  - a **majority of independent directors** on the board;
  - an **independent compensation committee**; and
  - an **independent nominating/governance committee** (or a group of independent directors making nominating decisions).
- However, controlled companies must continue to comply with the exchanges' other corporate governance standards.
- Maintaining a controlling interest post-IPO can allow the IPO company to adopt various structures and policies, as detailed in the following slides, that are designed to give the sponsor a large degree of control throughout its investment.

Board of Directors

Number of Directors

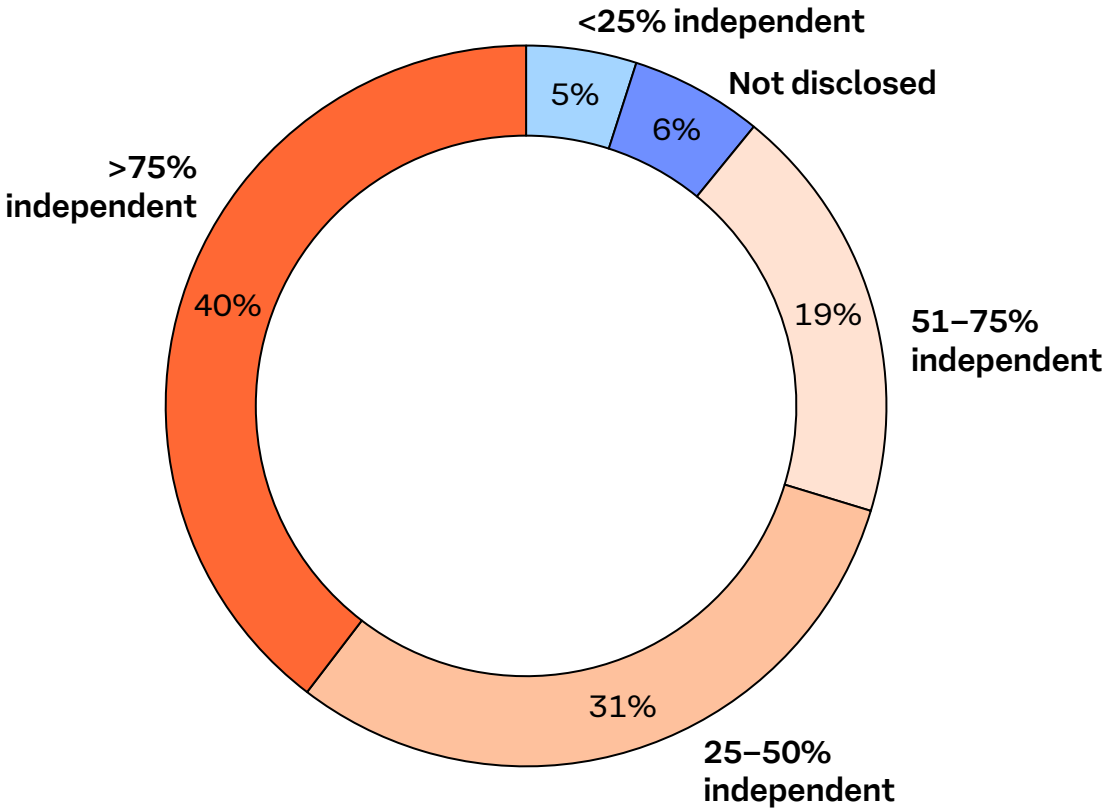


Mean: 9
Median: 9

Surveyed companies varied in the number of directors after the initial public offering, with **9 or 10 directors being most common**.

9 directors:	22% (19/86)
10 directors:	20% (17/86)
7 directors:	17% (15/86)
8 directors:	14% (12/86)
6 directors:	13% (11/86)
11+ directors:	12% (10/86)
5 directors:	2% (2/86)

Director Independence

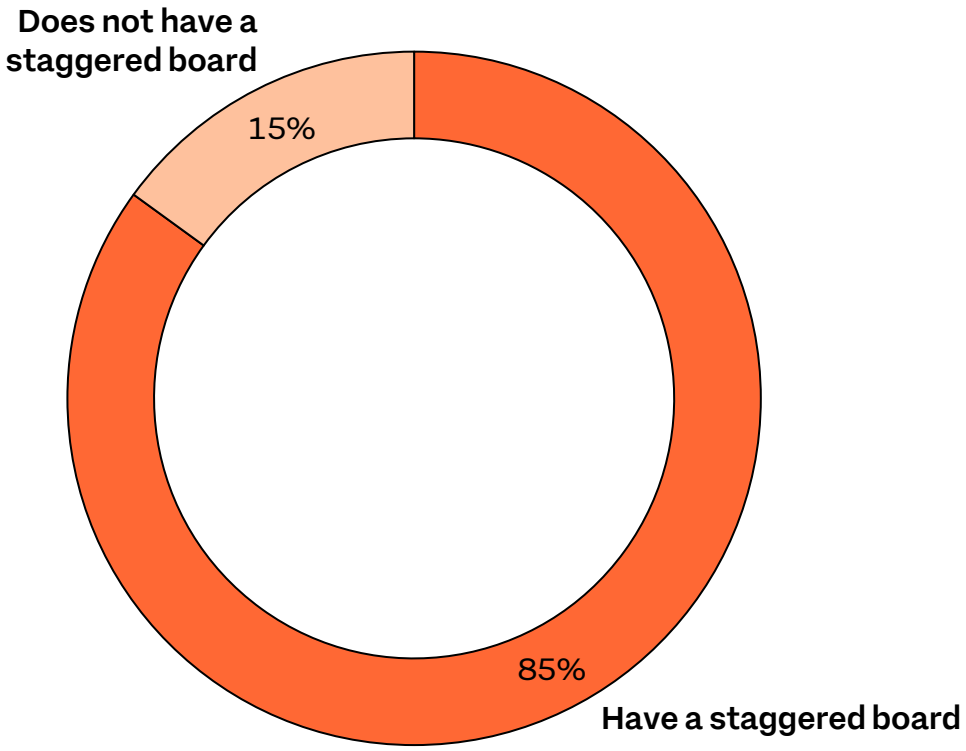


59% of the surveyed companies had a **majority of their board comprised of independent directors**, even though the **"controlled company" exemptions** relieved companies from the listing requirement to have a majority of independent directors.

>75% of directors are independent:	40% (34/86)
25–50% of directors are independent:	31% (27/86)
51–75% of directors are independent:	19% (16/86)
Not disclosed:*	6% (5/86)
<25% of directors are independent:	5% (4/86)

* These companies do not disclose the number of independent directors on their board.

Staggered Board



Have a staggered board:	85% (73/86)
Does not have a staggered board:	15% (13/86)

85% of companies surveyed had a **staggered** (also known as a classified) board. In a staggered board, only a **portion** (typically one-third) **of the board is elected each year**.

- This serves as a defensive arrangement, as an activist or hostile acquirer is required to have its director nominees win at least two elections in order to elect a majority of directors.

Of the companies that have a staggered board, **93%** are **not subject to sunset**. Of the **7%** of staggered boards that are subject to sunset, the sunset provisions provided for declassification after a certain number of years (ranging from 5–7 years) and/or when the sponsor held less than a certain percentage of voting power (ranging from 15–50%).

Some companies may also adopt a **"springing" classified board** that becomes effective after the sponsor(s) and/or other specified shareholders hold less than a certain percentage of voting power.

Director Designation Rights

Overview of Director Designation Rights

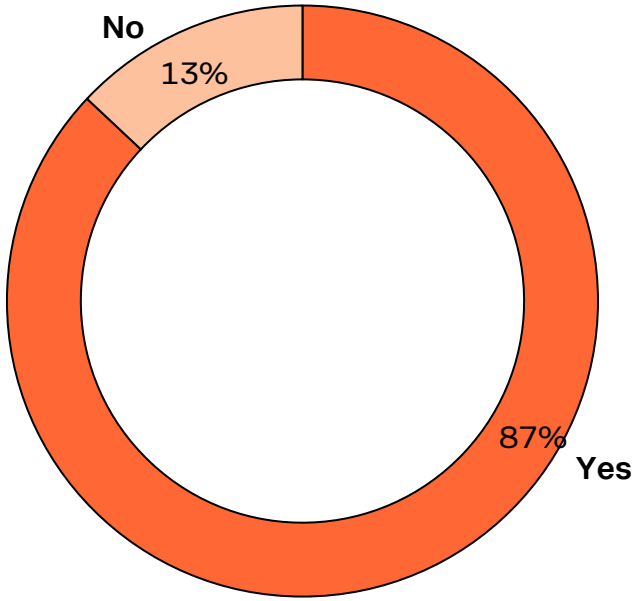
Sponsors will generally seek to maintain representation on the board following the IPO until they have sold down their stake in the company below a certain ownership percentage. A 15%–20% ownership stake typically entitles the holder to designate at least one board seat.

- The sponsors in 87% of the surveyed companies had the right to designate directors at the time of IPO.
- Sponsors are typically granted these rights through an **investor rights** or **nomination agreement**, which can be structured in various ways, including by:
  - the right to nominate a number of directors that is **generally proportional to the sponsor's percentage of ownership**, where the number of designated directors declines as certain ownership thresholds are crossed; or
  - the right to nominate a number of directors **based on the sponsor being able to maintain a percentage of its pre-IPO ownership** (rather than a percentage of outstanding stock).
    - This is a more sponsor-friendly term because nomination rights are not impacted by subsequent dilution of the sponsor's holdings due to stock issuances by the company.
- Nominating agreements often do not require that a sponsor's representatives resign from the board in the event that the sponsor's ownership declines – rather, a change in ownership only impacts the number of directors that the sponsor is entitled to nominate at the next annual meeting.
  - In addition, **26% of companies** that have a chair granted the sponsor the right to designate the board chair.

Director Designation Rights

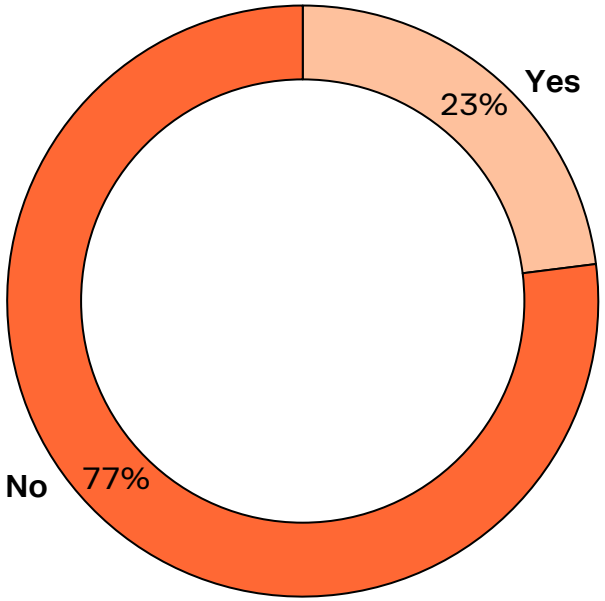
87% of the surveyed companies permitted the sponsor to **designate a certain number of directors, with 23%** of the surveyed companies entitling the sponsor **to designate board observers.**

Was the sponsor granted director designation rights?



Yes:	87% (75/86)
No:	13% (11/86)

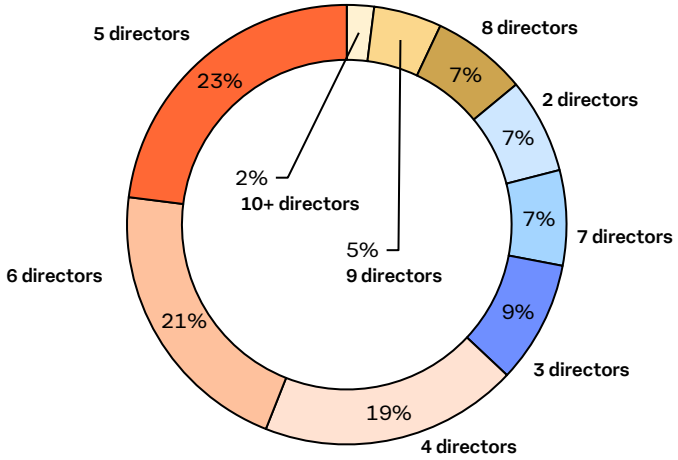
Is the sponsor entitled to designate any board observers?



No:	77% (66/86)
Yes:	23% (20/86)

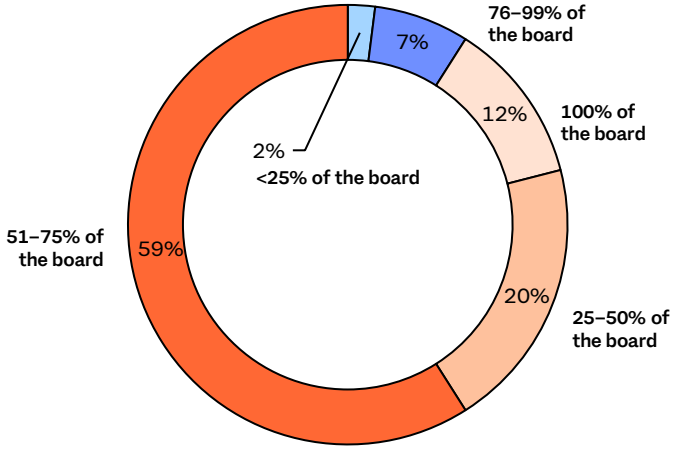
77% of the surveyed companies that grant director designation rights to the sponsor permitted the **sponsors to designate a majority or supermajority** of the Board.

How many directors was the sponsor entitled to designate as of the IPO?



5 directors:	23% (17/75)
6 directors:	21% (16/75)
4 directors:	19% (14/75)
3 directors:	9% (7/75)
7 directors:	7% (5/75)
2 directors:	7% (5/75)
8 directors:	7% (5/75)
9 directors:	5% (4/75)
10+ directors:	2% (2/75)

What percentage of the board was the sponsor entitled to designate as of the IPO?



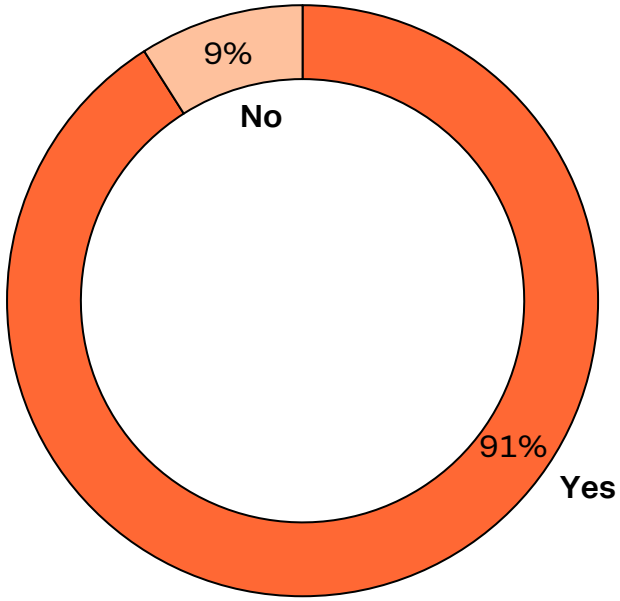
51–75% of the board:	59% (44/75)
25–50% of the board:	20% (15/75)
100% of the board:	12% (9/75)
76–99% of the board:	7% (5/75)
<25% of the board:	2% (2/75)

Board Chair

Board Chair

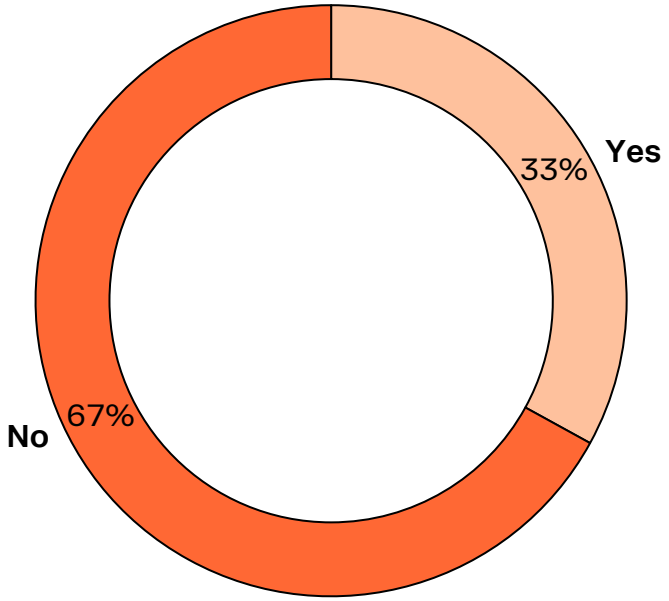
91% of the surveyed companies had a **chair of the board**, with **33%** disclosing that individual as **independent.** Of the companies that have a board chair, **26%** granted the sponsor(s) the right to designate that chair.

Does the company disclose having a board chair?



Yes:	91% (78/86)
No:	9% (8/86)

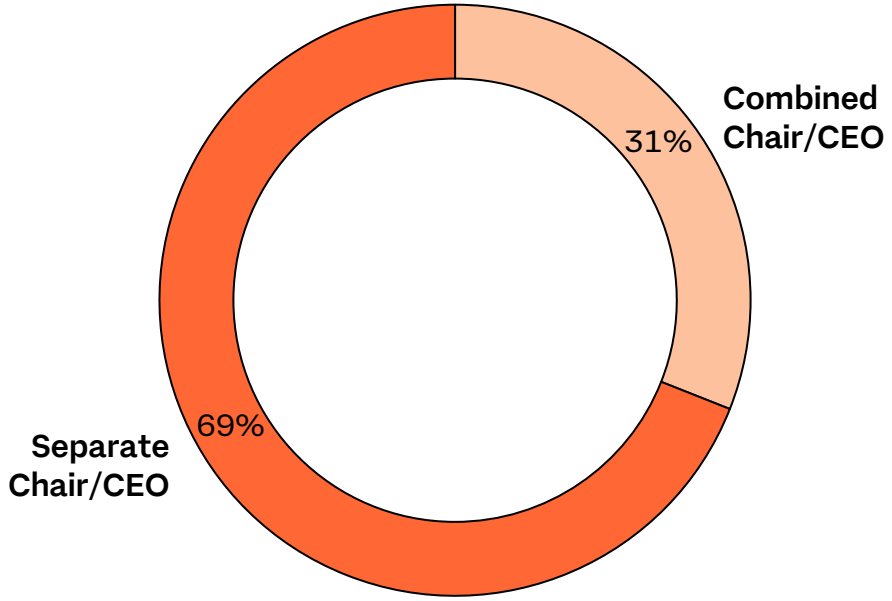
If there is a chair, is that individual disclosed as being independent?



No:	67% (52/78)
Yes:	33% (26/78)

Separation of Chair and CEO

Does the same individual serve as chair and CEO?

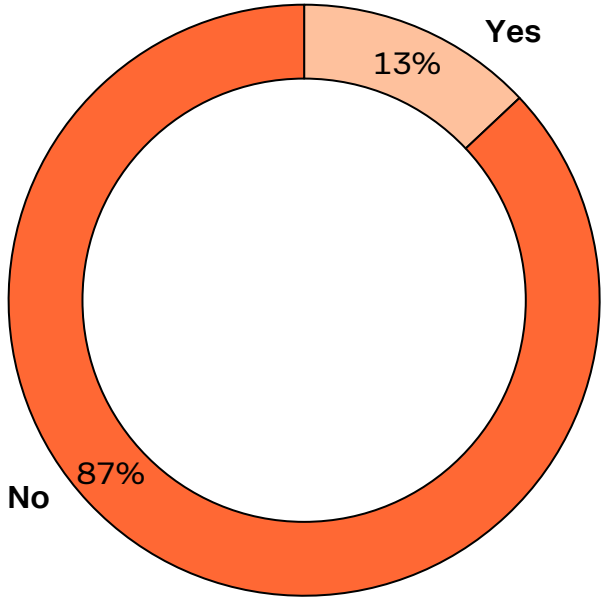


Separate Chair/CEO:	69% (54/78)
Combined Chair/CEO:	31% (24/78)

Of the surveyed companies with a chair, **69%** had a **separate chair and CEO**.

Lead Independent Director

Does the issuer disclose having a lead independent director?

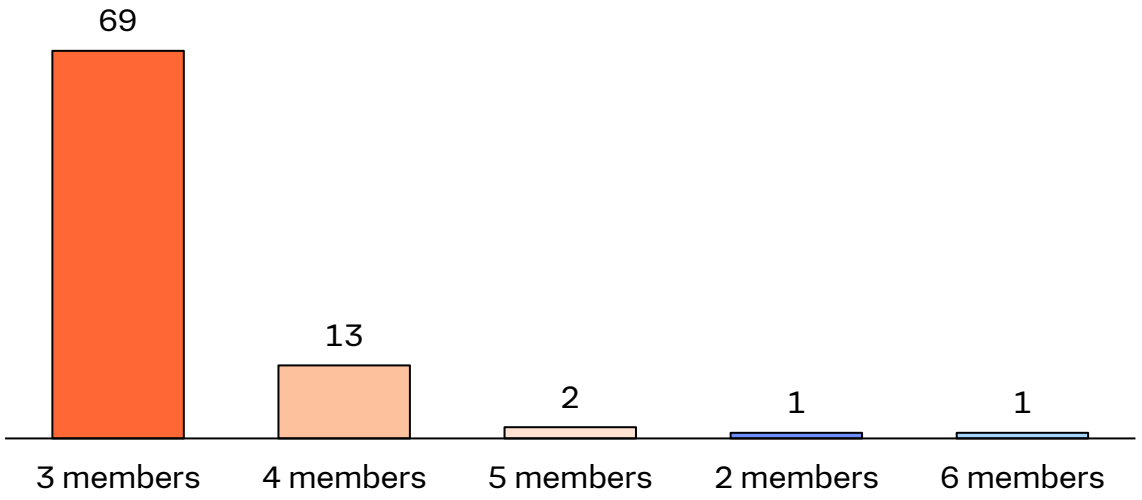


No:	87% (75/86)
Yes:	13% (11/86)

Of the surveyed companies, **13%** had a **lead independent director.** Of the surveyed companies that had a **combined chair and CEO**, **33%** had a **lead independent director**. Of the surveyed companies that had a **non-independent chair**, **21%** had a **lead independent director**.

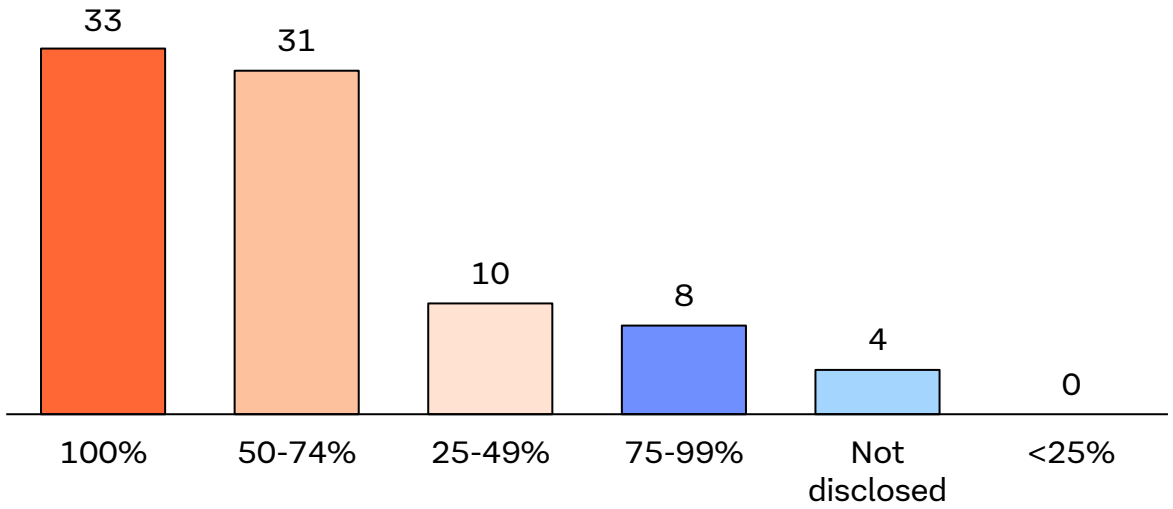
Audit Committee

Number of Audit Committee Members



3 members:	80% (69/86)
4 members:	15% (13/86)
5 members:	2% (2/86)
2 members:	1% (1/86)
6 members:	1% (1/86)

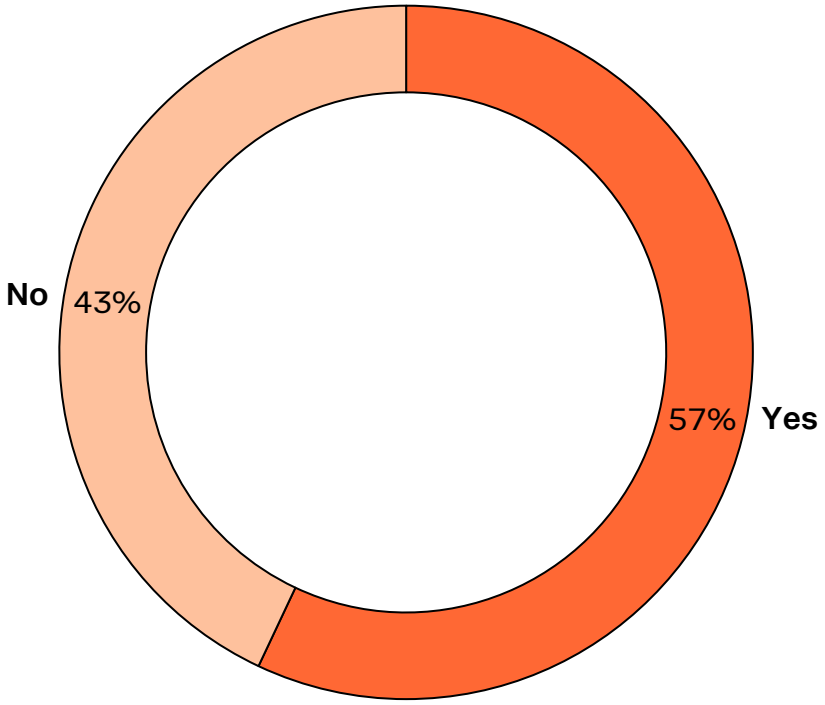
Percentage of Audit Committee Members Disclosed as Independent



100% independent:	38% (33/86)
50-74% independent:	36% (31/86)
25-49% independent:	12% (10/86)
75–99% independent:	9% (8/86)
Not disclosed:	5% (4/86)
<25% independent:	0% (0/86)

All newly public companies, regardless of their status as a controlled company, are entitled to use the **phase-in rules of the NYSE and Nasdaq concerning director independence**, which require at least **one independent director** on the **audit committee** at the **time of the IPO**, a **majority independent audit committee** within **90 days of the pricing** of the IPO and a **fully independent audit committee** within **one year of pricing** of the IPO.

Is the sponsor entitled to designate one or more members of the audit committee?

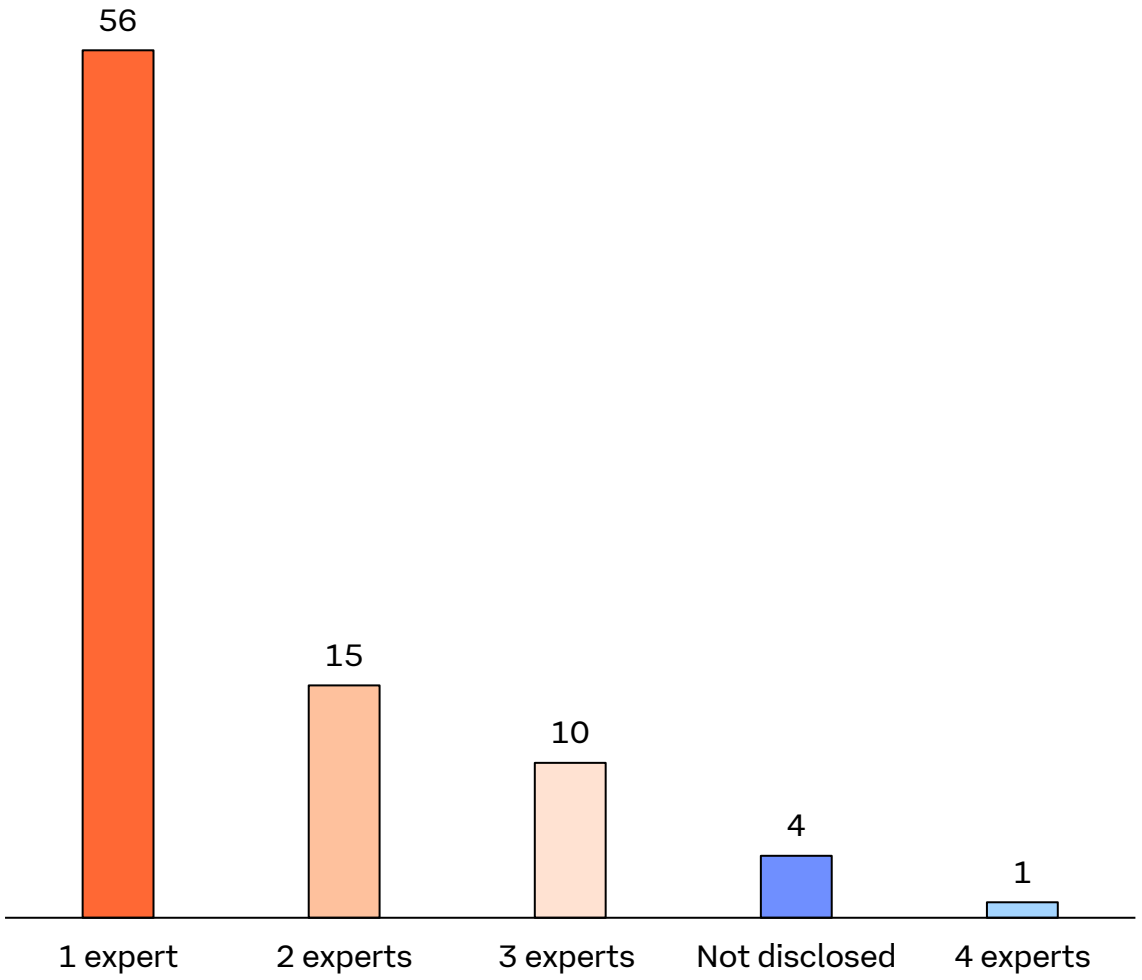


Yes:	57% (49/86)
No:	43% (37/86)

In **57%** of the surveyed companies, **the sponsor was entitled to designate at least one member of the audit committee**.

The agreements granting the sponsor this right typically include a provision that such designees **must be in compliance with any relevant laws or stock exchange listing standards,** including any **applicable independence requirements.**

Number of Audit Committee Financial Experts



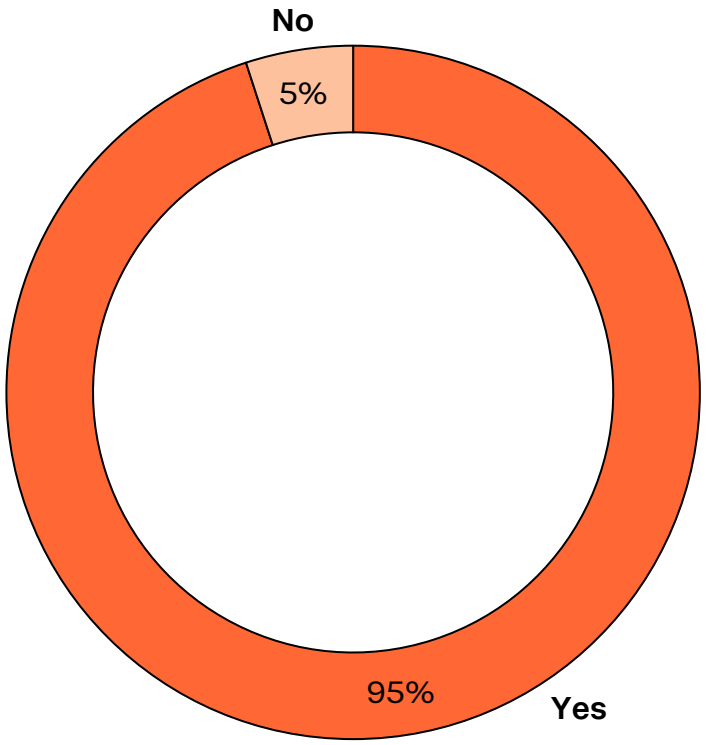
The SEC requires issuers to disclose whether at least one "audit committee financial expert" serves on the audit committee, and if so, the name of the expert and whether the expert is independent of management.

65% of the surveyed companies had **one audit committee financial expert**.

1 expert:	65% (56/86)
2 experts:	17% (15/86)
3 experts:	12% (10/86)
Not disclosed:	5% (4/86)
4 experts:	1% (1/86)

Compensation Committee

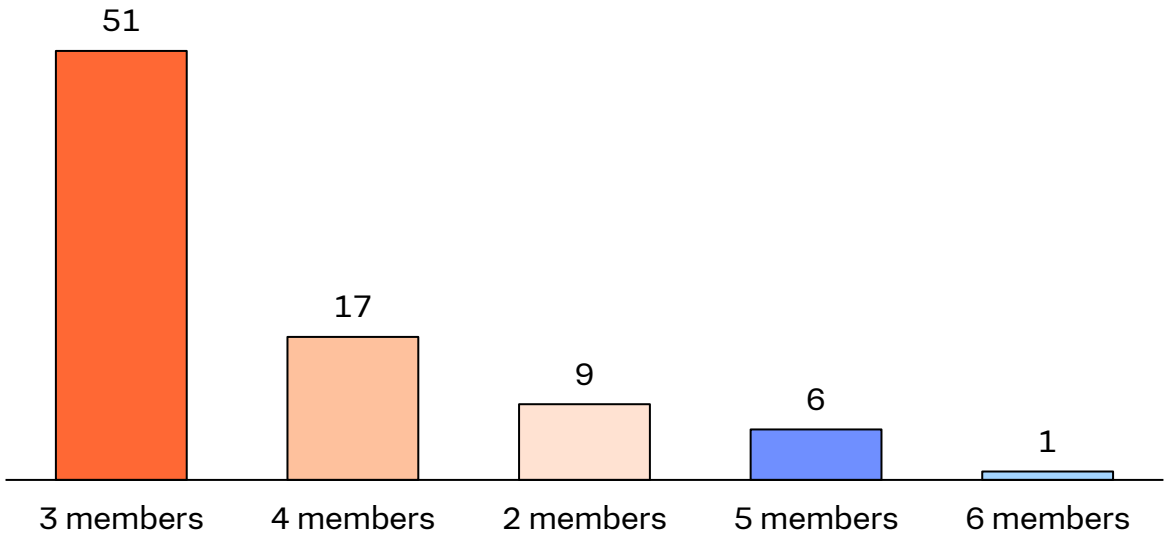
Compensation Committee



Yes:	95% (82/86)
No:	5% (4/86)

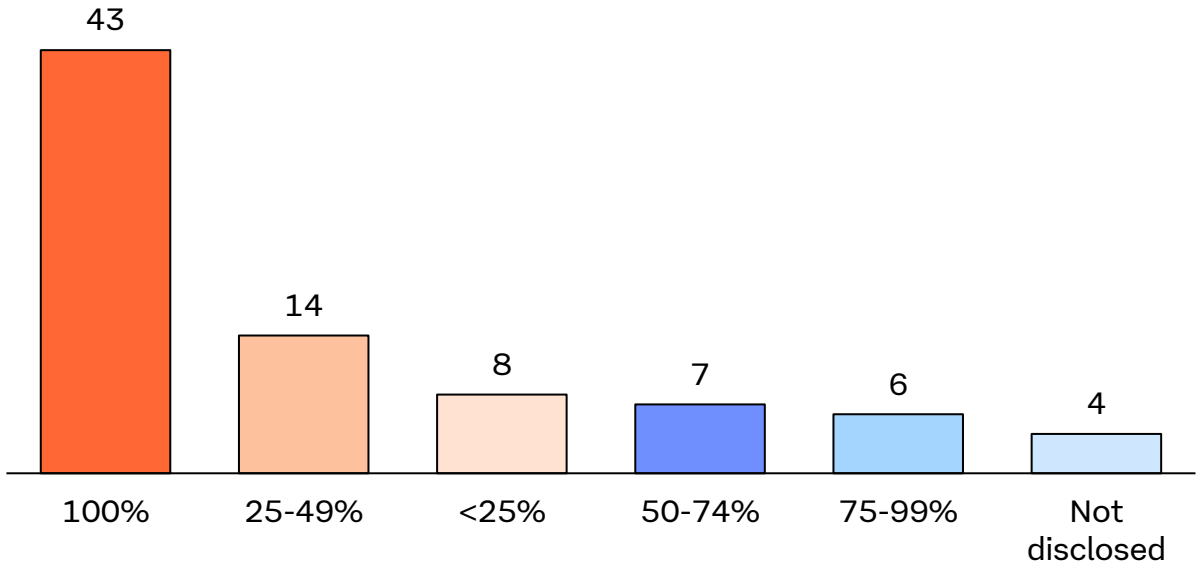
The “controlled company” exemption relieves sponsor-controlled companies from the US listing requirements to have a compensation committee. However, **nearly all (95%)** of the surveyed companies **had a compensation committee**.

Number of Compensation Committee Members



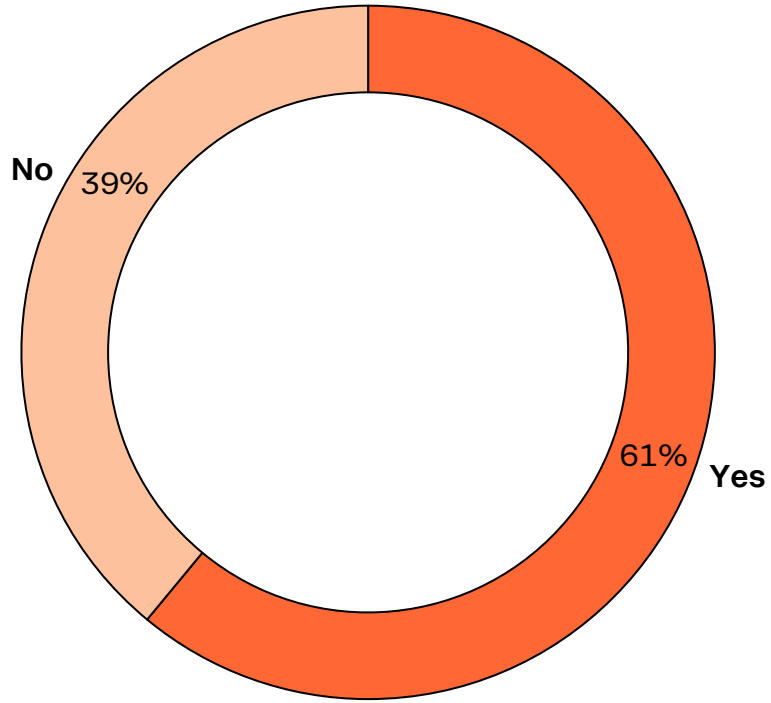
3 members:	62% (51/82)
4 members:	21% (17/82)
2 members:	9% (7/82)
5 members:	7% (6/82)
6 members:	1% (1/82)

Percentage of Compensation Committee Members Disclosed as Being Independent



100% independent:	52% (43/82)
25-49% independent:	17% (14/82)
<25% independent:	10% (8/82)
50–74% independent:	9% (7/82)
75–99% independent:	7% (6/82)
Not disclosed:	5% (4/82)

Is the sponsor entitled to designate one or more members of the compensation committee?



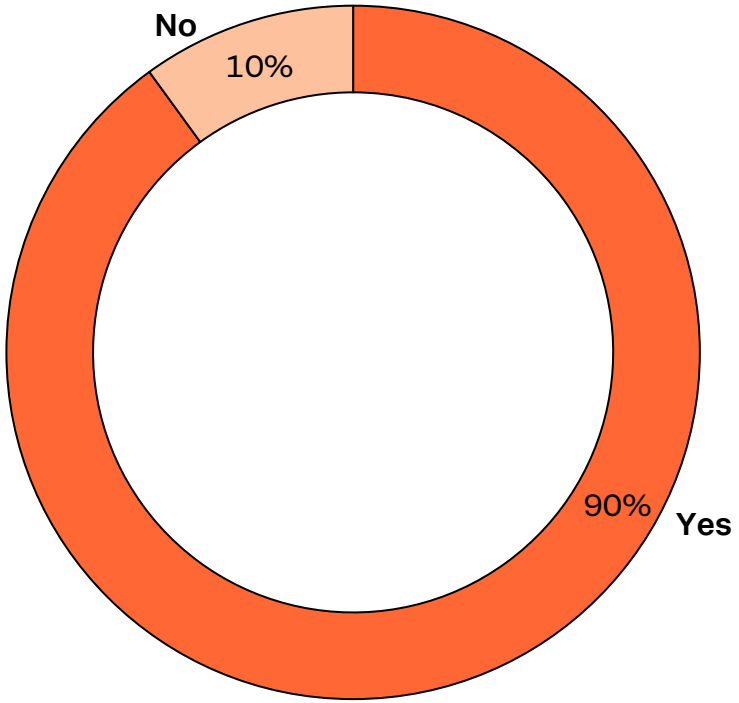
Yes:	61% (50/82)
No:	39% (32/82)

In **61%** of the surveyed companies, **the sponsor was entitled to designate at least one member of the compensation committee**.

The agreements granting the sponsor this right typically include a provision that such designees **must be in compliance with any relevant laws or stock exchange listing standards**, including any **applicable independence requirements**.

Nominating/ Governance Committee

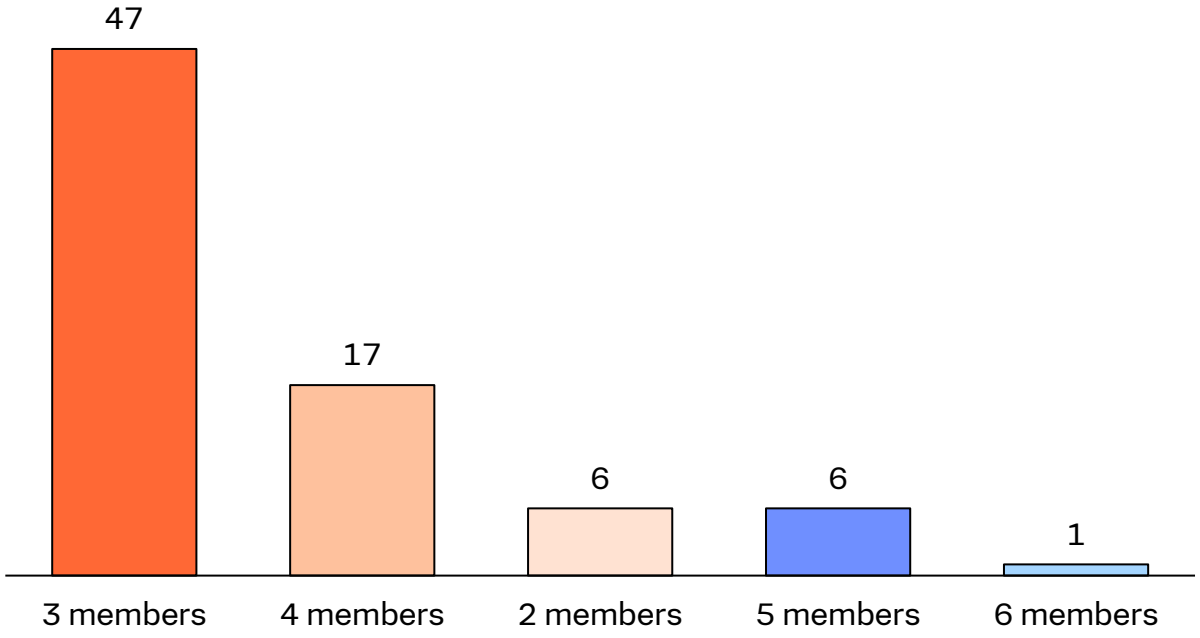
Percentage of Companies with a Nominating/Governance Committee



Yes:	90% (77/86)
No:	10% (9/86)

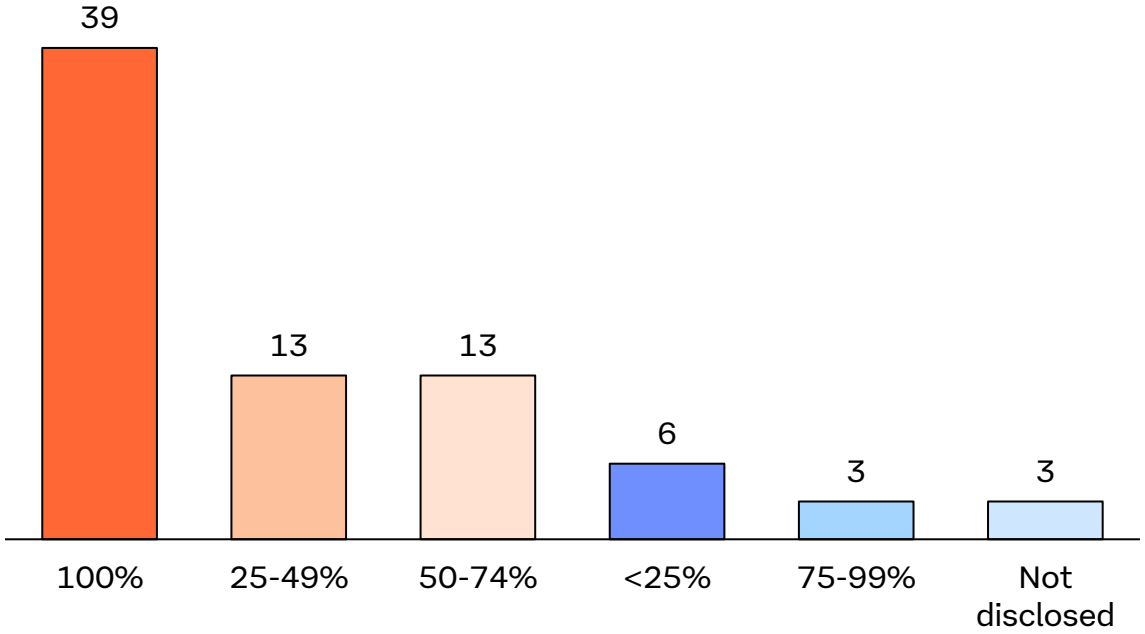
The “controlled company” exemption relieves sponsor-controlled companies from the US listing requirements to have a nominating and governance committee. However, **nearly all (90%)** of the surveyed companies **had a nominating and governance committee**.

Number of Nominating/Governance Committee Members



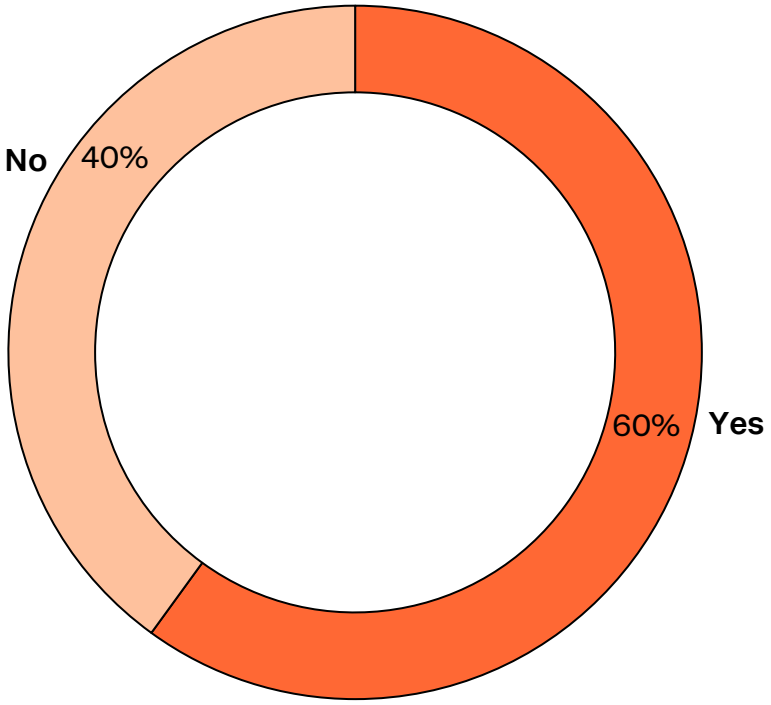
3 members:	61% (47/77)
4 members:	22% (17/77)
5 members:	8% (6/77)
2 members:	8% (6/77)
6 members:	1% (1/77)

Number of Independent Directors on Nominating/Governance Committee



100% independent:	51% (39/77)
25–49% independent:	17% (13/77)
50–74% independent:	17% (13/77)
<25% independent:	8% (6/77)
75–99% independent:	4% (3/77)
Not disclosed:	4% (3/77)

Is the sponsor entitled to designate one or more members of the nominating/governance committee?

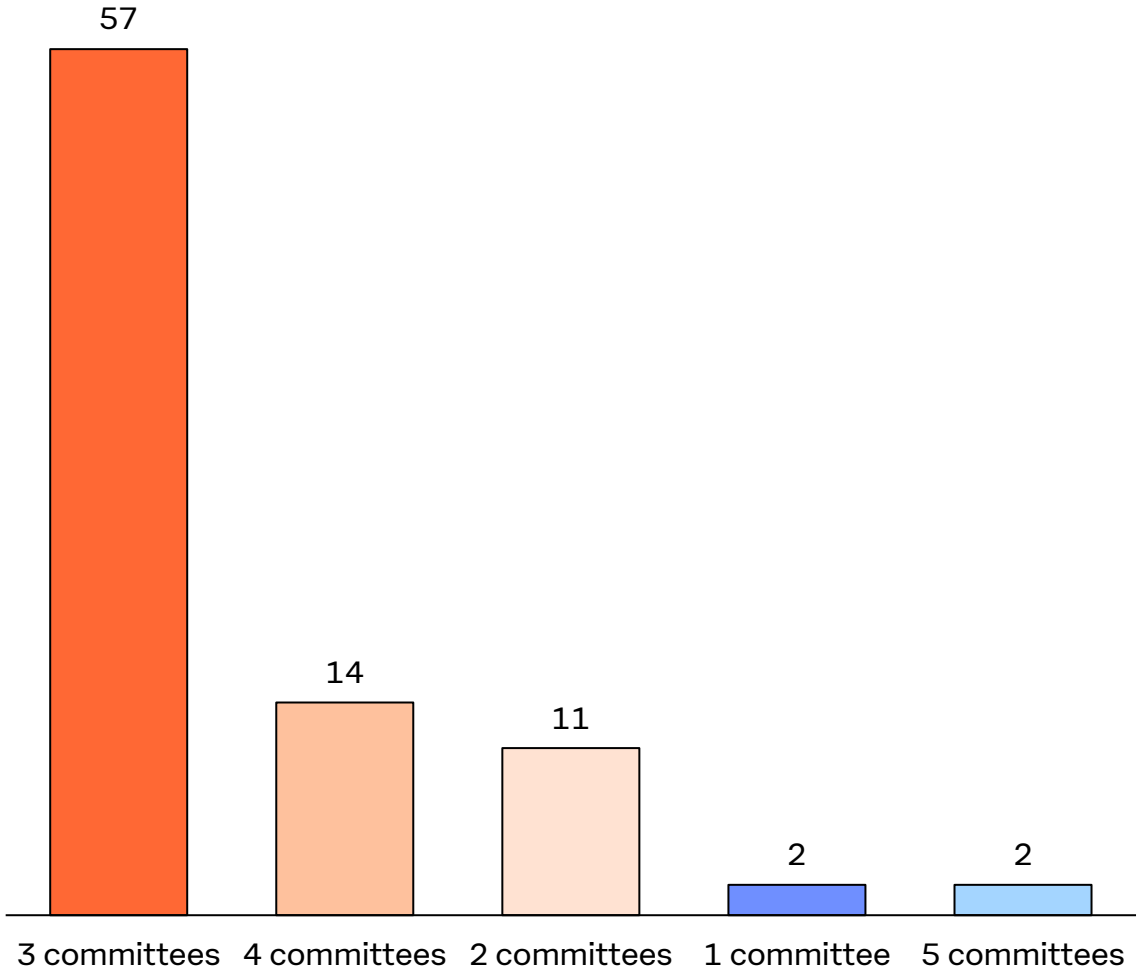


In **60%** of the surveyed companies, **the sponsor was entitled to designate at least one member of the nominating/governance committee.**

Yes:	60% (46/77)
No:	40% (31/77)

Other Committees

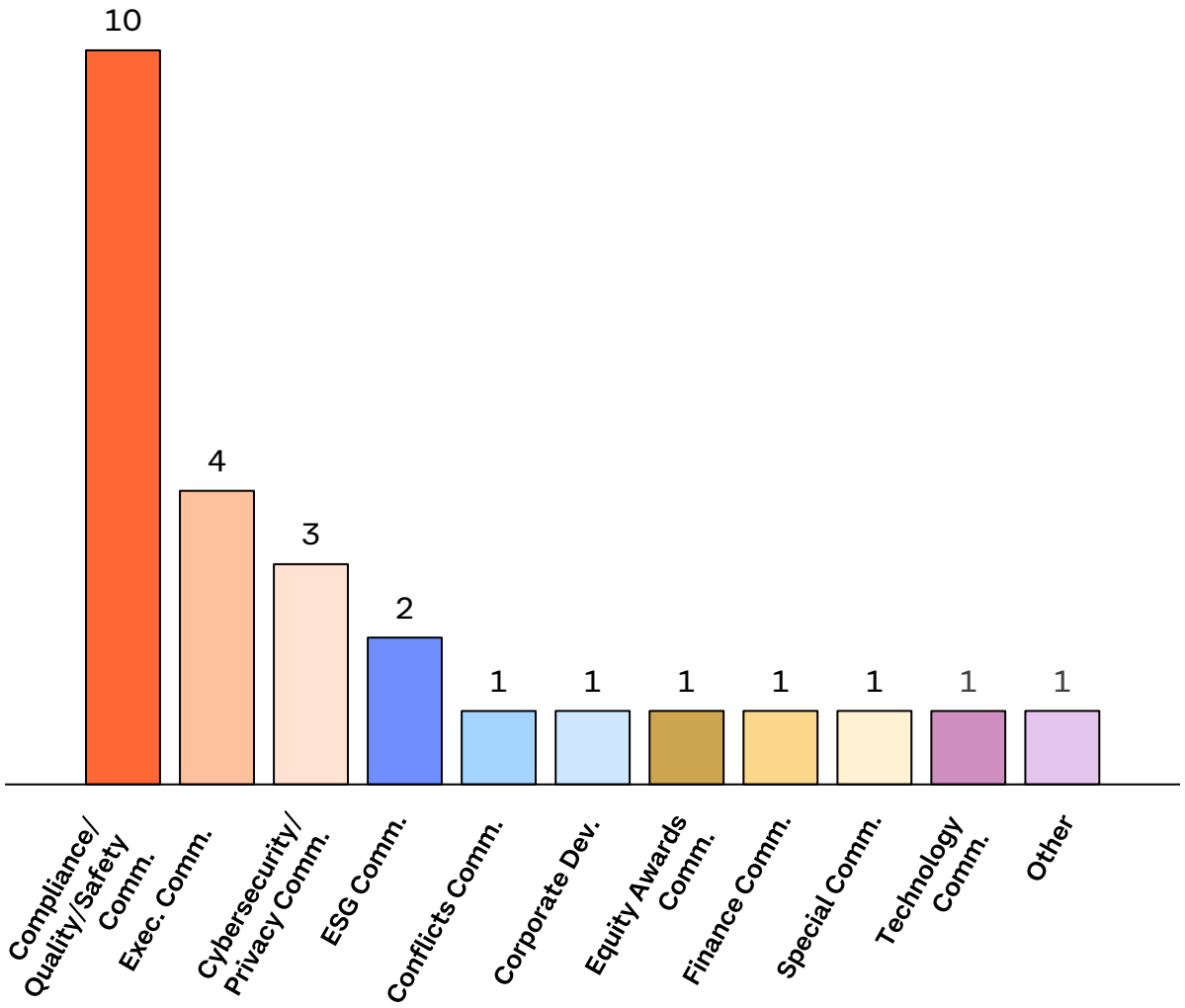
Number of Committees Per Company



A **majority** of the surveyed companies **(66%)** had **three board committees**, typically an Audit, Compensation and Nominating/Corporate Governance committee.

3 committees:	66% (57/86)
4 committees:	16% (14/86)
2 committees:	13% (11/86)
5 committees:	2% (2/86)
1 committee:	2% (2/86)

Additional Standalone Committees

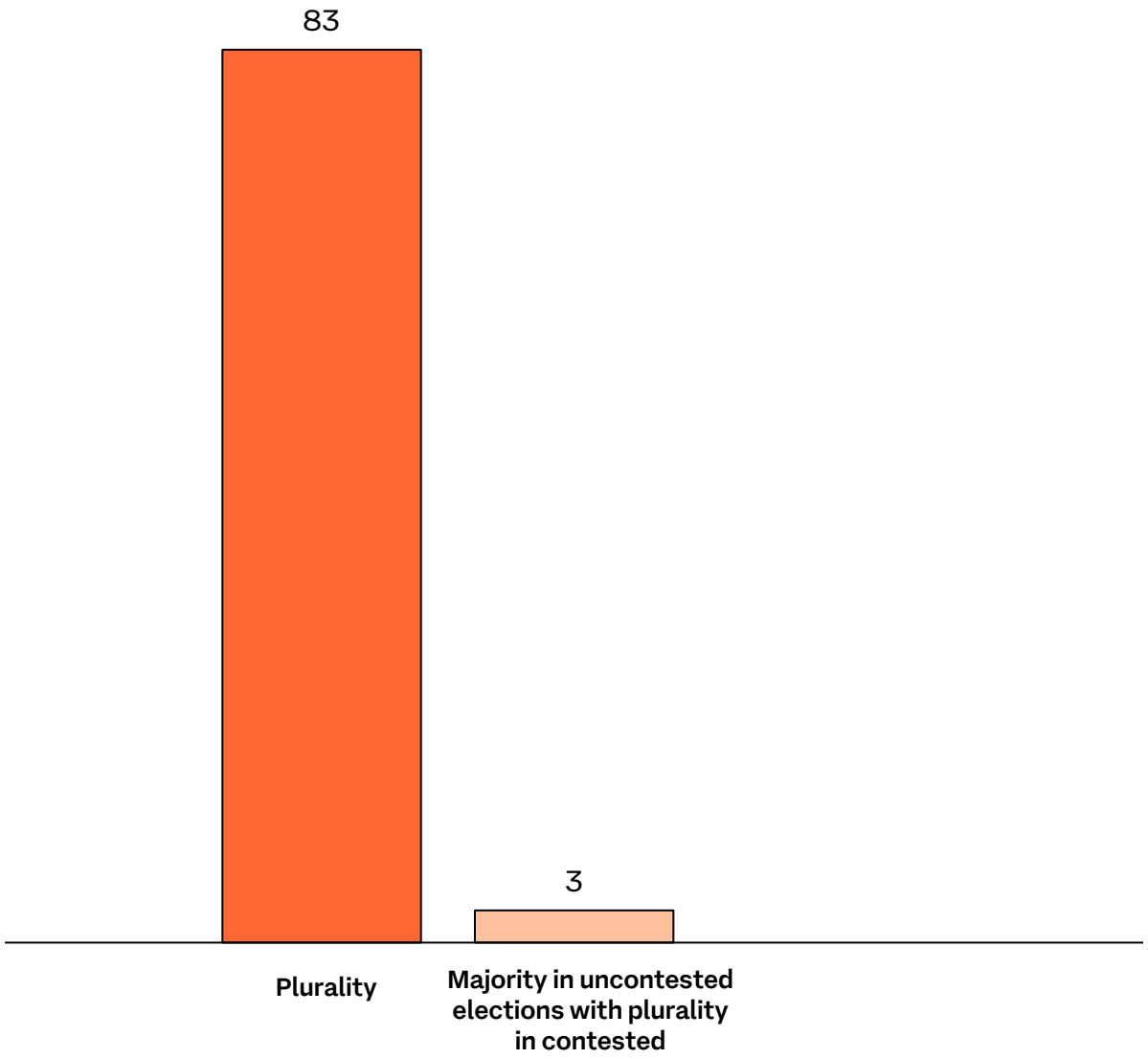


28% of the surveyed companies had **other standalone committees** in addition to the Compensation, Audit and Nominating Governance committees. The **most common additional committees were compliance/quality/safety, executive, and cybersecurity/privacy committees**.

Compliance/Quality/Safety Committee:	10
Executive Committee:	4
Cybersecurity/Privacy Committee:	3
ESG Committee:	2
Conflicts Committee:	1
Corporate Development:	1
Equity Awards Committee:	1
Finance Committee:	1
Special Committee (composed of non-sponsor directors):	1
Technology Committee	1
Other	1

Standards for Director Election and Removal

Director Election Standard



Nearly all of the surveyed companies **(97%)** required a **plurality** of votes to elect directors (i.e., one vote is sufficient to elect in an uncontested election).

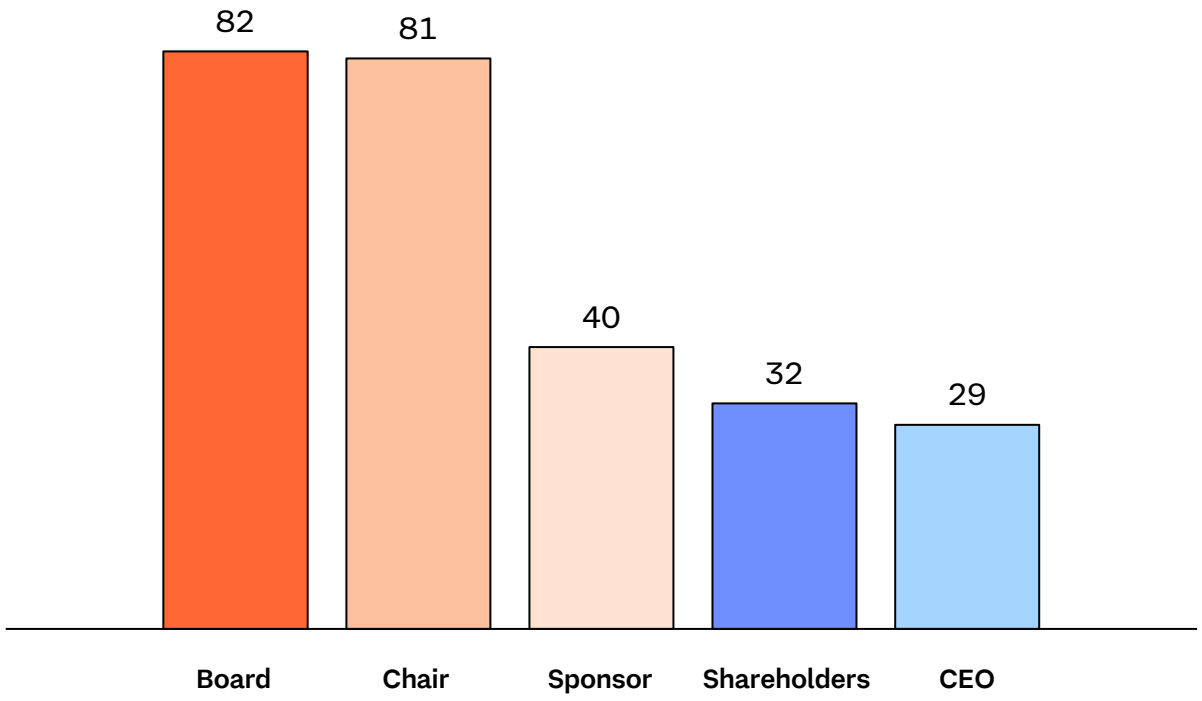
A **minority (3%)** of surveyed companies have a **majority** standard to elect directors, with only a **plurality standard in contested elections** (i.e., the directors receiving the most votes will be elected).

Plurality:	97% (83/86)
Majority in uncontested elections, with plurality in contested:	3% (3/86)

Special Meetings and Shareholder Action By Written Consent

Special Shareholder Meetings

Who can call a special meeting?



Board:	95% (82/86)
Chair:	94% (81/86)
Sponsor:	47% (40/86)
Shareholders:	37% (32/86)
CEO:	34% (29/86)

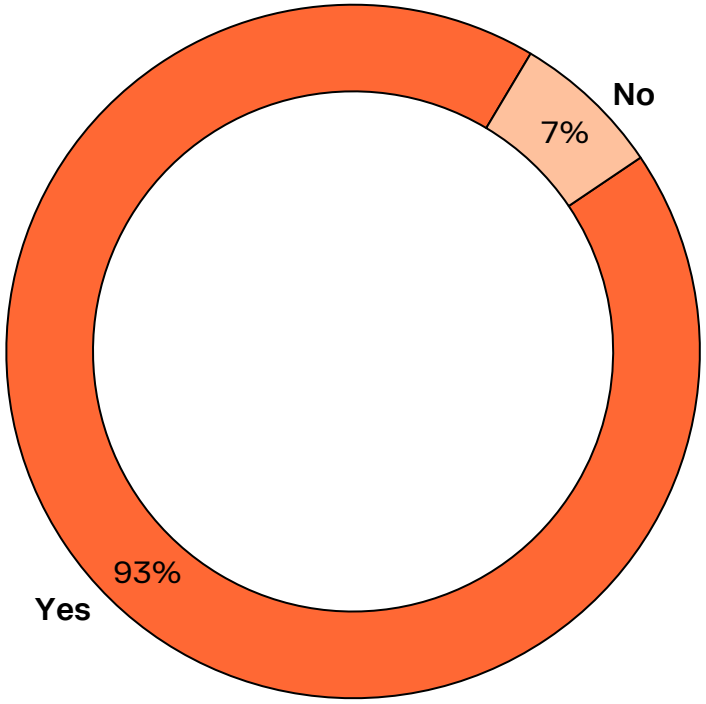
84% of the surveyed companies **permitted shareholders (including the sponsor) to call special meetings**.

Typically, this right is for use by the sponsors and functionally unavailable for public shareholders as a result of either:

- requiring a **high threshold to call a special meeting**, with **94% of the companies that permitted shareholder-called special meetings** requiring at least **50%** of the **voting power to call a special meeting**; or
- a **sunset** on the ability of shareholders to call a special meeting, with **78%** of the surveyed companies that permitted shareholder-called special meetings **eliminating the right** upon the sponsor holding less than a certain percentage of voting power.

Action by Written Consent

Can shareholders act by written consent in lieu of a shareholder meeting?



Yes:	93% (80/86)
No:	7% (6/86)

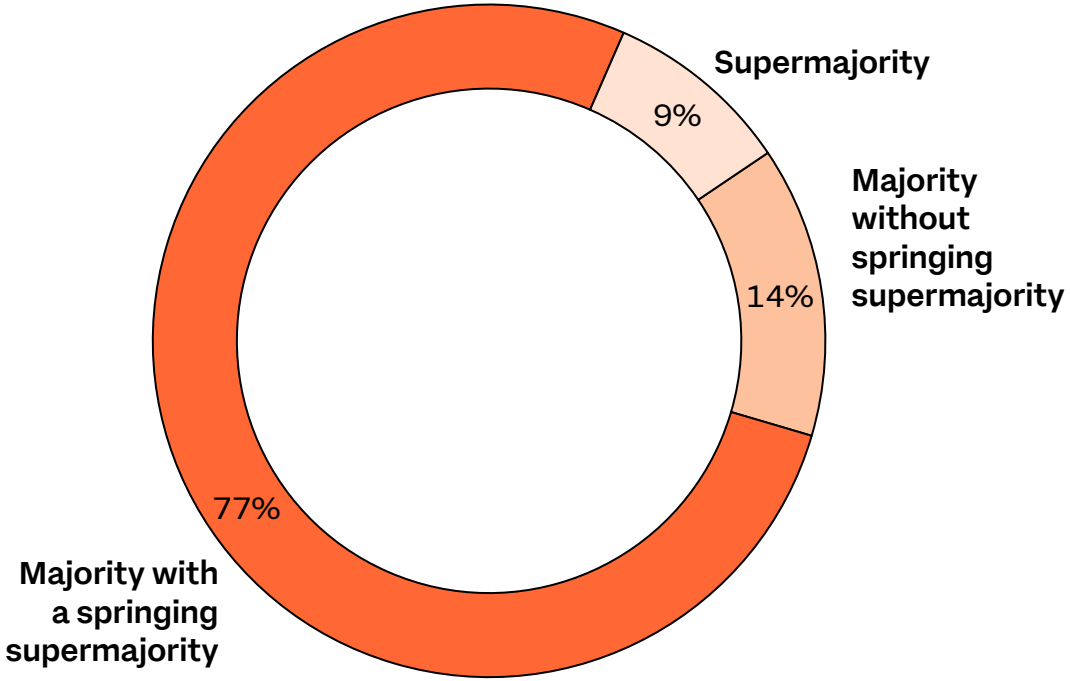
Nearly all **(93%)** of the surveyed companies **permitted shareholders to act by written consent**, which is a departure from standard practice among public companies.

Typically, this right is for use by the sponsors and functionally unavailable for public shareholders as a result of sunset provisions. In fact, **93%** of surveyed companies that permit shareholder action by written consent **provided that such right falls away when the sponsor's voting power decreases to a certain percentage**.

Amendments of Organizational Documents

Charter Amendments

What shareholder vote is required to amend the charter/specified charter provisions?



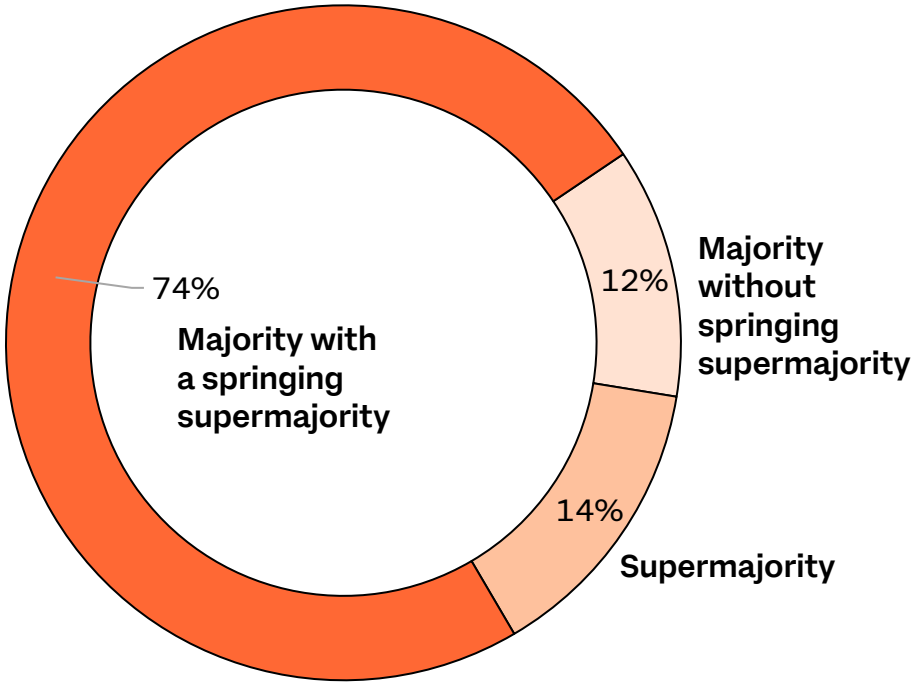
Majority with springing supermajority:	77% (66/86)
Majority without springing supermajority	14% (12/86)
Supermajority:	9% (8/86)

Most surveyed companies **(77%)** have a **springing supermajority threshold** for **charter amendments**, with a supermajority vote of shareholders required to amend the charter once the sponsor holds less than a certain percentage of voting power. Prior to this, a majority vote is sufficient.

A **minority** of surveyed companies **(9%) always require a supermajority** to amend certain key provisions of the charter.

Bylaw Amendments

What shareholder vote is required for specified bylaw amendments?



Majority with springing supermajority:	74% (62/84)
Supermajority:	14% (12/84)
Majority without springing supermajority	12% (10/84)

**Data excludes two companies organized as limited liability companies.*

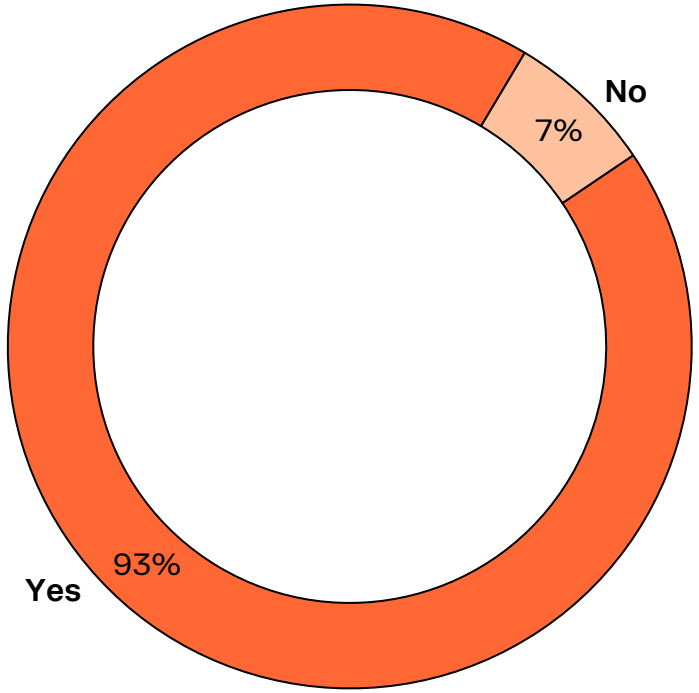
Most surveyed companies **(74%)** have a **springing supermajority threshold** for **bylaw amendments**, with a supermajority vote of shareholders required to amend the charter once the sponsor holds less than a certain percentage of voting power. Prior to this, a majority vote is sufficient.

A **minority** of surveyed companies **(14%) always require a supermajority** to amend certain key provisions of the charter.

DGCL Section 203 Opt Out and Corporate Opportunity Waiver

DGCL Section 203 Opt Out

Does the company opt out of Section 203?



Yes:	93% (76/82)
No:	7% (6/82)

**Data includes the 82 companies organized as corporations in Delaware.*

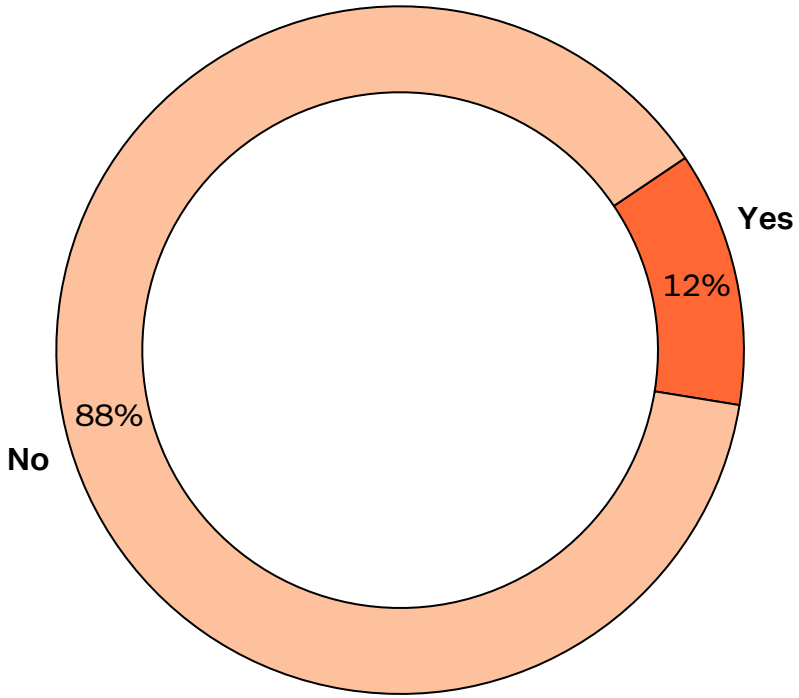
Section 203 of the Delaware General Corporation Law (DGCL) **generally prohibits any owner of 15% or more of a corporation's voting stock from engaging in a business combination** with the corporation within three years after the person acquired such ownership, unless, among other options, the board approved the transaction that resulted in the person exceeding 15% ownership or the business combination is approved by 66⅔% of the outstanding voting stock not owned by that person.

Delaware-incorporated companies that are controlled by sponsors typically **opt out of Section 203** of the DGCL so that the sponsor can retain the ability to transfer 15% or more of the company's stock to a third-party without the transferee becoming an "interested person" under Section 203.

Nearly all (93%) of the surveyed Delaware corporations **opted out of Section 203** of the DGCL.

Of the **7% that did not opt out, one company** included a **"synthetic" provision** in their charter that **mirrors Section DGCL 203** except **for excluding the sponsor and certain transferees** from the **definition of "interested stockholder".**

If the company did opt out of Section 203, is there a sunset?



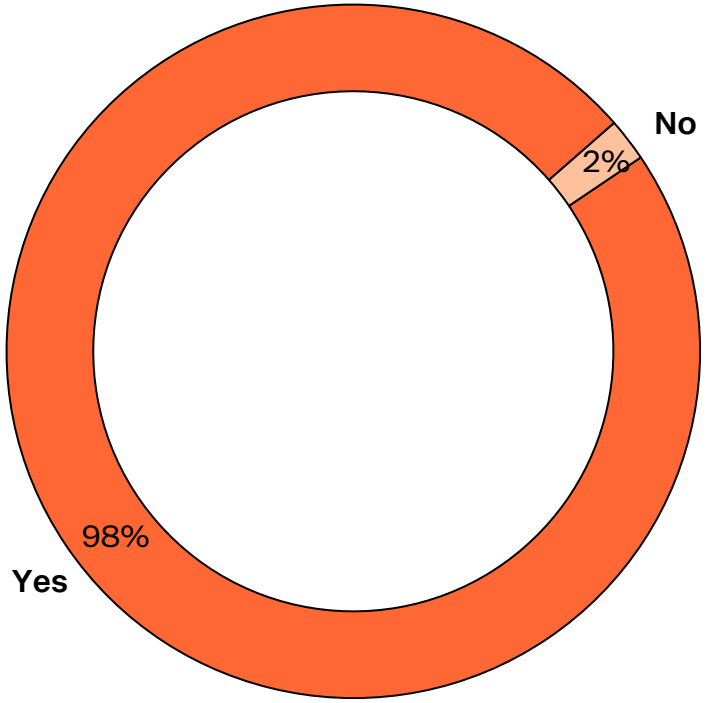
No:	88% (67/76)
Yes:	12% (9/76)

Because Section 203 provides a strong defensive measure, companies may want to opt into Section 203 after the sponsor ceases to control the company. This can be accomplished by including a **springing Section 203 provision** in the charter whereby the company will opt-in to Section 203 but not until a future date when the sponsor owns **less than a certain percentage of the company's common stock.**

12% of the surveyed companies that opted out of Section 203 had this type of **springing provision**.

Corporate Opportunity Waiver

Does the company waive corporate opportunities in favor of the sponsor?



Yes:	98% (82/84)
No:	2% (2/84)

**Data excludes the two companies that are organized outside of Delaware.*

Delaware law's corporate opportunity doctrine precludes officers and directors from personally benefiting from opportunities that belong to the corporation. As a result, directors and officers may be required to receive a waiver from the board of directors before pursuing certain business opportunities.

This doctrine can inhibit sponsor-affiliated directors from pursuing investments in competing businesses.

Section 122 of the DGCL permits a corporation to waive certain corporate opportunities in its charter. **98%** of the Delaware-organized entities **waived corporate opportunities for persons affiliated with the sponsor and its affiliates in their charters**.

Exclusive Forum Provisions

Exclusive Forum Provisions

Exclusive forum provisions allow a company to designate **one court** as the only forum for **certain proceedings**, including particularly those concerning **fiduciary duty breaches, derivative actions and Securities Act claims**. By requiring all lawsuits to be filed in one court, companies can avoid the burden of managing cases in multiple jurisdictions.

Exclusive Forum Provision for shareholder fiduciary duty and derivative claims

99% of the surveyed companies included an **exclusive forum provision** in their organizational documents for **shareholder fiduciary duty and derivative claims**.

100% of the surveyed companies that are incorporated in Delaware chose the **Delaware courts** as their exclusive forum. The Delaware courts have expertise in corporate law, allowing for more consistent and informed decision-making and predictability.

Exclusive Forum Provision for Securities Act claims

97% of the surveyed companies included an **exclusive forum provision selecting the federal district courts of the US as their exclusive forum for Securities Act claims.**

Advance Notice Requirements

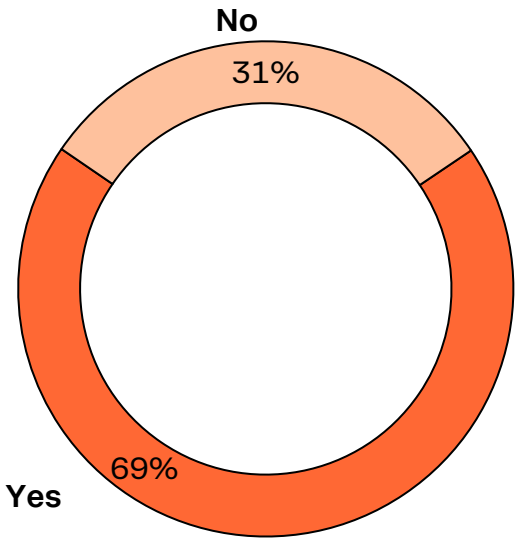
Advance Notice Requirements

100% of the surveyed companies included an **advance notice requirement** in their organizational documents requiring that shareholders submit **director nominations** and **other business proposals** within a specific timeframe before the meeting.

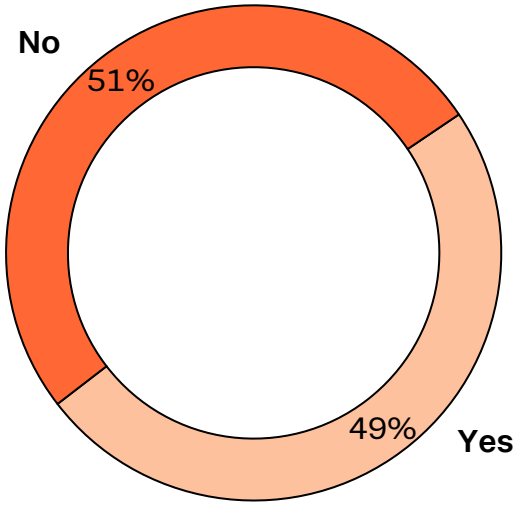
A typical timeliness window is a 90/120 window, with nominations or proposals needing to be received no later than 90 days, and no earlier than 120 days, prior to the meeting.

Some of the surveyed companies excluded the sponsor from the advance notice provisions for **director nominations** (**69%** of surveyed companies) and for other **business proposals** (**51%** of the surveyed companies).

Are the sponsors carved out of the advance notice provisions for director nominations?



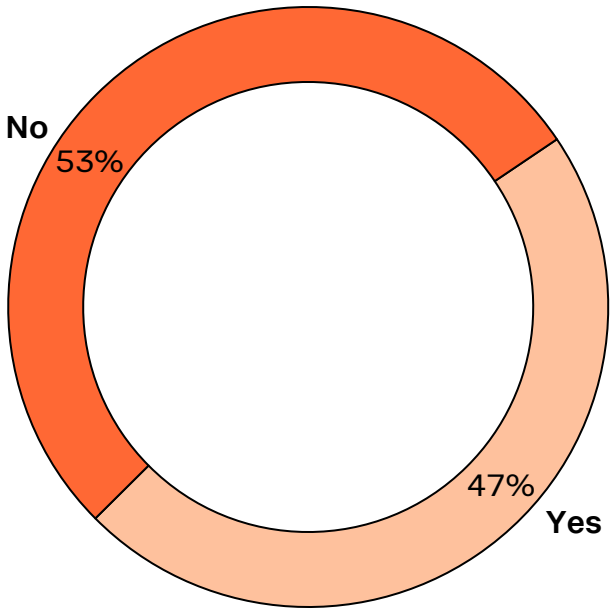
Are the sponsors carved out of the advance notice provisions for other shareholder/business proposals?



Sponsor Rights and Shareholder Agreements

Consent or Veto Rights

Veto/Consent Rights



74 of the surveyed companies **(86%) had a shareholders/investor rights agreements in place with the sponsor**.

Of those, 35 companies **(47%)** provided **sponsors with consent or veto rights with respect to certain corporate actions**. In a **significant majority** of cases in which veto rights were granted to the sponsor **(85%)**, the **sponsor owned at least 50% of the outstanding shares** following the IPO.

- These contractual rights provide an additional layer of protection for the sponsor by permitting it to exercise control in its capacity as a stockholder, rather than as a director. These rights typically terminate when the sponsor's equity ownership of the company drops below a certain threshold.
- In some cases, these rights applied to a limited set of actions (for example, amendments to the company's organizational documents, altering the size and/or composition of the board, change of control transactions, or effecting a voluntary liquidation).
- In other cases, a sponsor's consent or veto rights extended to more operational matters, including with respect to:
  - consummating **acquisitions or dispositions** in excess of a certain threshold;
  - **incurring indebtedness** in excess of a certain threshold;
  - entering into **new lines of business** or materially changing existing lines of business;
  - appointing, removing or changing the **compensation of certain senior executive officers**;
  - initiating or settling **litigation** in excess of a certain threshold; and
  - effecting certain **dividends, distributions, repurchases or redemptions** of company shares.

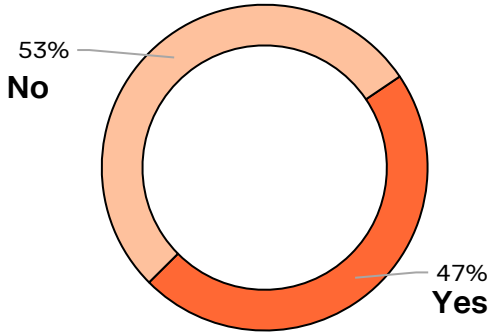
Information Rights and Access to Management

47% of the surveyed companies with an investor rights agreement in place provided the sponsor with contractual information rights, with 80% of such companies providing special access to management teams.

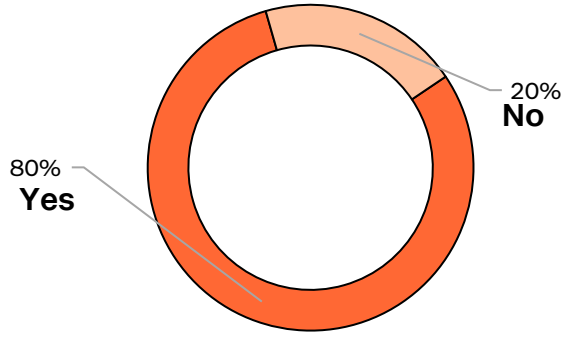
Information rights give sponsors the **right to obtain certain company information regardless of whether such information is made publicly available** and/or **access rights** to the company's **senior management team** and, in some cases, its **auditors**. Such rights may allow the sponsor to:

- review the books, records and accounts of the company;
- receive the company's monthly financial statements, operational information and other requested reports;
- receive board materials;
- obtain certain non-public information of the company;
- discuss the affairs, finances and condition of the company with the company's management and auditors; or
- access and inspect the properties of the company.

Does the sponsor have information rights?

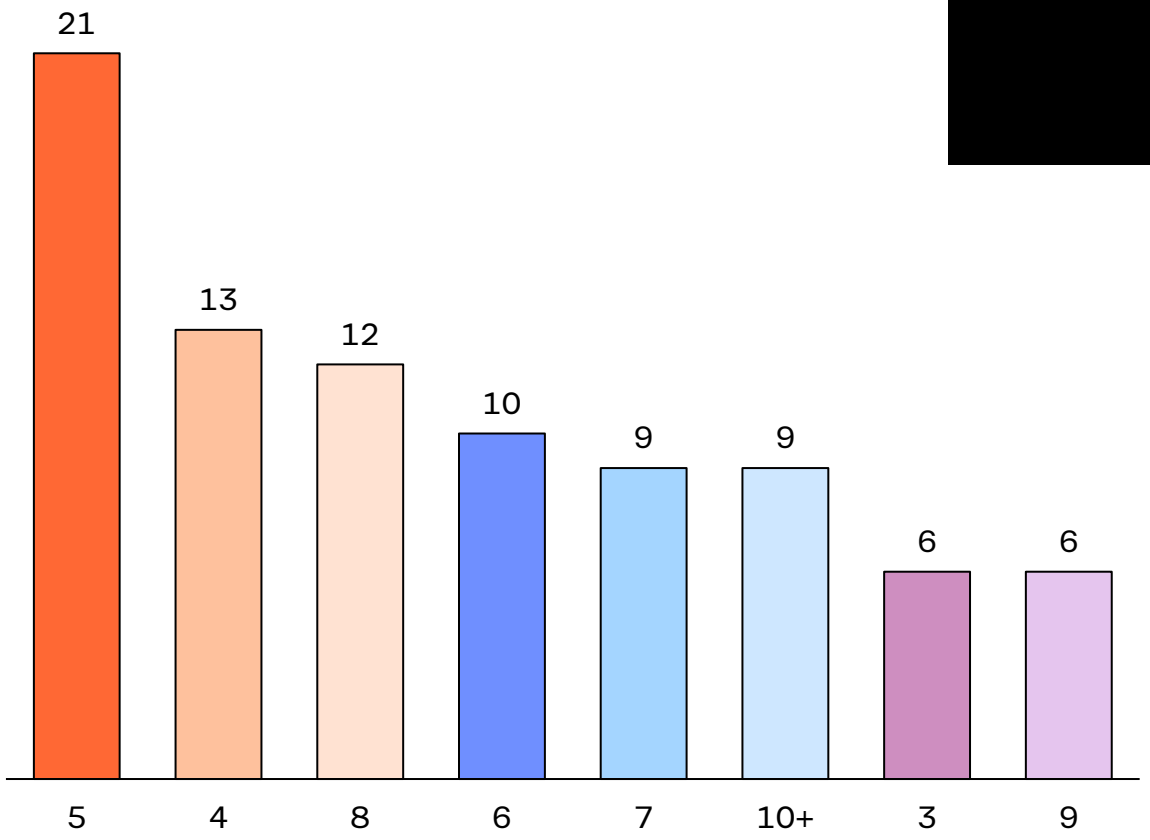


If so, do they also have access to management?



Executive Officers

Number of executive officers and key employees identified in the management section*



Mean: 6
Median: 6

Nearly **a quarter** of surveyed companies named **five executive officers** in their IPO registration statements, with **73%, 37% and 24%** of surveyed companies including a **GC, head of HR, or CIO**, respectively, **among their executive officers.**

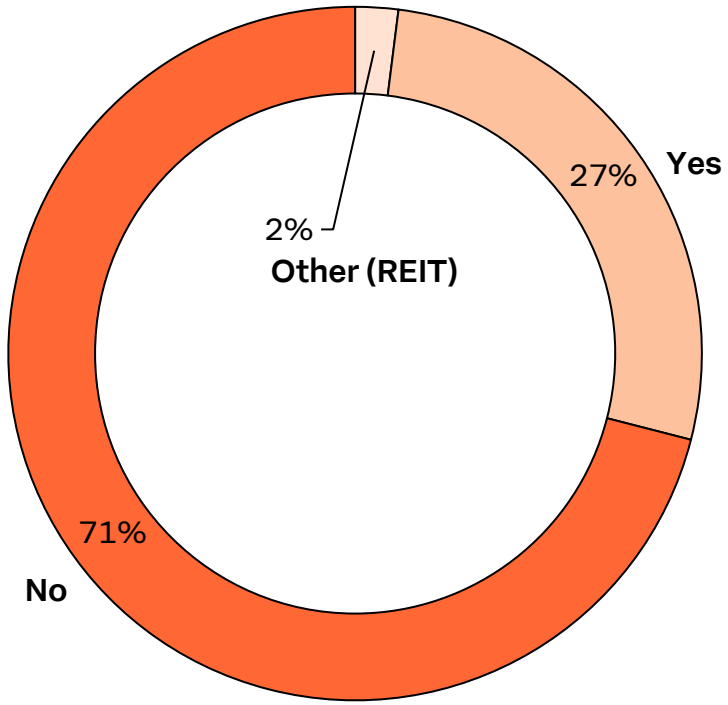
5:	24% (21/86)
4:	15% (13/86)
8:	14% (12/86)
6:	12% (10/86)
7:	10% (9/86)
10+:	10% (9/86)
3:	7% (6/86)
9:	7% (6/86)

*Some companies that disclosed larger numbers of officers included key employees and did not distinguish whether they were executive officers or key employees.

Up-C Structure

Up-C Structure

Of the surveyed companies, **27%** utilized an **Up-C structure.**



No:	71% (61/86)
Yes:	27% (23/86)
Other (REIT):	2% (2/86)

- An **Up-C structure** is designed to preserve **more favorable flow-through tax treatment for pre-IPO investors**.
- In a **traditional IPO structure**, all income earned by the corporation is subject to entity-level tax, and then dividends distributed are taxed again at the shareholder level. Typically, there is **no tax basis step-up for the corporation's assets**.
- An **Up-C structure** allows sponsors to continue to own their economic interests in a **pass-through entity that is partially owned by the public company and partially owned by the pre-IPO investors** (rather than converting the partnership to a corporation at the time of the IPO).
- **Up-C structures are accepted in the market** – bankers generally advise that using an Up-C with a standard Tax Receivable Agreement (TRA) structure does not impact the valuation of a company in an IPO, as valuations of public companies are typically based on metrics that ignore the cash tax benefits and tax attributes.

Implementing an Up-C Structure

- In a typical Up-C structure, the existing partnership owners in an operating company (OpCo) form a **C corporation (IPOCo)** that is organized as a holding company with no material assets other than its equity interest in the then-existing operating partnership, usually structured as a limited liability company or a limited partnership (**the "flow-through entity"**).
- IPOCo is **capitalized with two classes of common stock**: (1) Class A common stock, which is issued to public investors and provides both voting and economic rights in IPOCo; and (2) Class B common stock, which is issued to the existing owners of the partnership and only provides voting rights in IPOCo.
- The **Class B common stock** has **voting rights but no economic rights** because the pre-IPO investors continue to directly own limited partnership interests in the partnership representing their economic interests.
- The Class A and Class B common stock can be entitled to the same (e.g., 1:1) or a different (e.g., 1:10) number of votes per share. See slide 19 on dual-class structures.
- The flow-through entity's capital structure will be modified by reclassifying the interests of its original owners into a new class of interests that is exchangeable for IPOCo common stock.
- The **public purchases Class A common stock in IPOCo**, and **the pre-IPO investors receive Class B common stock of IPOCo**. The limited partnership interests, together with the related shares of Class B common stock, can be exchanged for Class A common stock on a one-for-one basis, which is generally done when the pre-IPO investor wants to sell its interest.

The Tax Receivable Agreement (TRA)

- The pre-IPO owners also typically enter into a **Tax Receivable Agreement (TRA) with IPOCo**.
- Through the TRA, **IPOCo pays the pre-IPO owners a negotiated percentage** (typically **85%**) of the **federal and state tax benefits** actually realized by IPOCo each year attributable to the tax basis step-up generated by IPOCo's purchase of its interest in the flow-through entity and any net operating losses incurred.
- An **illustration of potential TRA economics** is as follows:

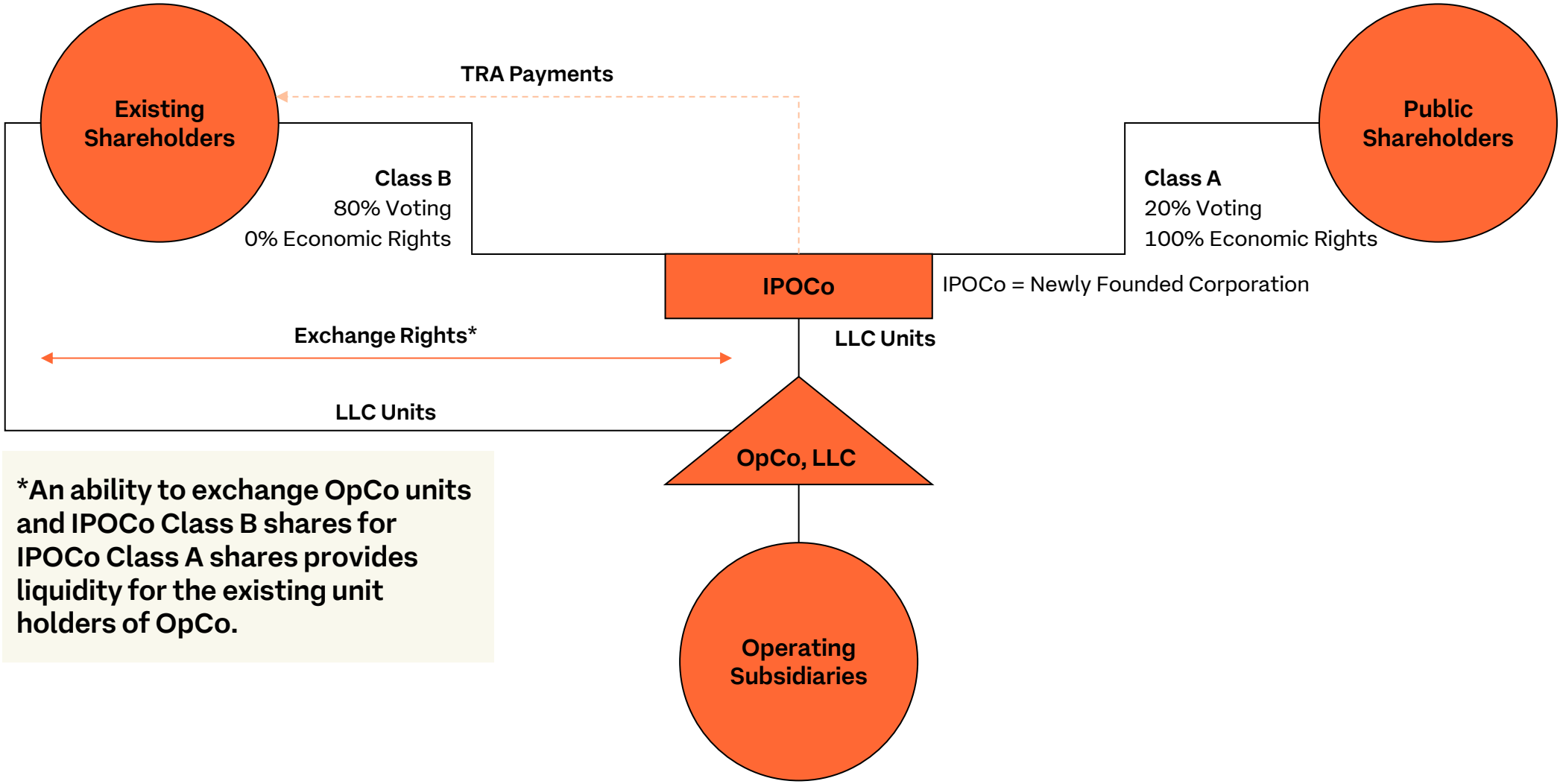
Amount of PubCo Tax Basis Step-Up*	**$300m**
Amortization Period	15 years
Annual Amortization	$20m
PubCo Tax Rate (Federal and State)	25%
PubCo Annual Savings	$5m
TRA Payout Ratio	85%
Annual Payment to Historic Partners**	$4.25m

*Any future exchanges of partnership units for Class A shares of IPOCo also may give rise to an additional tax basis step-up for IPOCo (thereby increasing the amounts payable under the TRA over time).

**Payments under the TRA also give rise to an additional tax basis step-up for IPOCo (thereby increasing the amounts payable under the TRA over time).

- The TRA may also provide for a lump sum payment to the pre-IPO owners in case of a merger, asset sale or other form of change in control, which may require IPOCo to make TRA payments before a corresponding benefit is realized.
- Continuing administration of the TRA involves some effort, and accounting firms are typically hired to assist in modeling and administering the TRA.

Illustrative Up-C Structure



*An ability to exchange OpCo units and IPOCo Class B shares for IPOCo Class A shares provides liquidity for the existing unit holders of OpCo.

Compensation Topics

Pre-IPO Awards – Cheap Stock Issues

- **Cheap Stock/Accounting Treatment**
  - The SEC typically scrutinizes stock, stock options and warrants that are granted in the **6-to-12-month period before the IPO**.
  - **Accounting issues may emerge** if the exercise price of these securities is viewed as below the fair market value ("FMV") on the date of grant.
    - For instance, if a company is deemed to have granted undervalued stock-based compensation, it may be required to record a compensation expense to reflect the higher fair value of the deemed in-the-money award as opposed to the value of the award when assumed to be out-of-the-money.
  - **Review FMV determinations** in connection with equity award grants in order to ensure sufficient documentary backup and **prepare a succinct description of the methodology for the SEC**. The SEC test for determining FMV is whether the valuation methodology **was reasonable under the circumstances**.
- **Section 409A Appraisals for Option Grants**
  - Ensure that independent third-party appraisals of common stock are obtained on a more frequent basis (often, at least quarterly). As the IPO approaches, the timing of stock option grants should be close in time to the date of these valuations in order to avoid adverse tax consequences under Section 409A.
- **Section 409A and Liquidity-Based Vesting Conditions**
  - Consideration should be given as to whether the structure of "two-tier" RSUs continues to comply with Section 409A as the occurrence of the IPO becomes more likely.

Pre-IPO Awards – Employee Activity

- **Option Exercises, AMT**
  - Employees may desire to exercise vested options in anticipation of the IPO, often in order to start the clock on capital gains.
  - Employees should be reminded of the corresponding tax impact, including that exercise of "incentive stock options" (ISOs) may result in an adjustment for purposes of the Alternative Minimum Tax (AMT), and be encouraged to consult their personal tax advisors.
  - Shares delivered on exercise may be subject to a lock-up that limits employee liquidity opportunities during the post-IPO period.
- **Administrative Processing**
  - In the days immediately preceding the IPO, it may become logistically difficult to process option exercises (or other share activity) due to data platform migrations. Companies should take care to inform employees of changes or pauses to ordinary course administrative processes to avoid discord.
- **Employee education efforts should always be reviewed to maintain compliance with SEC rules.**

Pre-IPO Awards – IPO as a Vesting Condition

- **Two-Tier RSUs.** Special consideration should be accorded to pre-IPO equity awards that constitute nonqualified deferred compensation subject to Section 409A that become vested upon the occurrence of an IPO, as an IPO is not a permissible payment event under Section 409A. However, many companies structure their equity compensation programs to delay the vesting and settlement of awards until after a liquidity event (such as an IPO or a change in control). These awards are most commonly in the form of "two-tier" RSUs, which are exempt from Section 409A so long as the awards are subject to continued employment through the IPO date and are paid within the short-term deferral period. If a "two-tier" RSU does not require continued employment through the IPO date, then there is pressure placed upon the analysis as to whether the IPO alone constitutes a substantial risk of forfeiture that is a good vesting event for purposes of Section 409A.
  - With respect to "two-tier" RSUs, consider (1) the size of the tax withholding obligations that will be incurred at settlement, (2) what method of settlement should be used and (3) when settlement should occur.
- **Net share settlement,** or the withholding of shares with an equivalent value to satisfy tax withholding obligations, is one of the more common approaches for addressing tax withholding obligations arising at IPO. This may help to mitigate market disruption caused by selling shares on the market to cover taxes, potential issues with blackout periods and lock-up agreements and can be administratively simpler.
  - However, it could represent a significant use of proceeds for the company.
  - Consider whether to increase the size of the IPO in order to help fund net share settlement.
- **Sell-to-cover** avoids a cash drain on the company by having a portion of the shares covered by awards sold on the market to generate the cash necessary to satisfy the withholding obligations. This approach may present a risk of market disruption, as well as more practical administrative complexities in the context of IPO vesting, but is routinely utilized for post-IPO awards.
- **Employee Liquidity During Lock-Up.** Consider whether to settle awards at pricing, closing, over time during the lock-up period or after the conclusion of the lock-up period. Some companies will also negotiate with underwriters for exceptions for sell-to-cover transactions, or early lock-up releases to create maximum upfront liquidity opportunities for employees.

Pre-IPO Awards – Profits Interests

- **Vesting.** PE sponsors typically do not accelerate profits interests upon the occurrence of an IPO; however, profits interests subject to performance-based vesting conditions, which are based on the PE sponsor's return on investment, may be drafted to accelerate upon an IPO but only to the extent that such performance-based vesting conditions are satisfied as a result of the IPO.
- **Treatment of Profits Interests upon an IPO**. There are two ways that profits interests may be treated:
  - **Cancellation.** First, upon the occurrence of an IPO of the operating entity or parent, profits interests are cancelled, and the holders of such awards receive substitute post-IPO awards that are more in line with public company equity incentive arrangements (e.g., restricted stock award). Such post-IPO public company award would typically be subject to (1) the same time-based vesting condition as set forth in the profits interest award and (2) some performance-vesting condition that is more in line with public company performance metrics (as further discussed below).
  - **Survive the IPO.** Alternatively, to the extent that there is still a partnership entity within the structure, profits interests may remain in place in the partnership entity following the IPO.
- **Post-IPO Performance Vesting.** Achievement of performance-vesting conditions after the IPO may be determined by:
  - the actual return on investment that the PE sponsor receives in cash after the IPO (i.e., wait to determine performance achievement until the PE sponsor receives a cash amount equal to the profits interest distribution threshold); or
  - the stock price of the new public company as of the expiration of the lock-up period. However, this method of determining performance-based achievement is less common because the stock price of the new public company does not accurately reflect the amount that the PE sponsor actually received as a return on investment in connection with the IPO.

New Equity Plans – Share Reserves and Plan Design

- **All of the surveyed companies adopted a new, public company style equity plan just before the IPO.**
  - Key decision points include initial share reserve size, how the new plan will relate to the prior pre-IPO plan, and how changes will be communicated to employees. At the same time, companies should develop a post-IPO compensation philosophy in light of reward/retention needs, and evaluate grant practices (e.g., shift from options or profits interests to RSUs, standardized grant timing, and vesting terms).
  - Once public, companies generally may not increase the share reserve or otherwise materially amend their equity plans without shareholder approval and may face certain additional restrictions if seeking to adhere to stockholder advisory group policies. Among other hurdles, this would entail extensive public disclosure.
  - Many companies include “evergreen” provisions in their new plans, providing for automatic annual share reserve increases for a period of years without further stockholder approval.

Post-IPO Employee Stock Purchase Plans

- Many companies, particularly in the tech and life-sciences space, consider implementation of an employee stock purchase plan (ESPP) after the IPO, offering employees an opportunity to purchase company stock at a discount through accumulated payroll deductions. This enables the broad-based employee population to participate as stockholders.
- Though increasingly popular, ESPP's can be burdensome to administer. Like regular equity plans, they require cross-functional coordination and must be budgeted as a stock-based compensation expense. Substantial employee education may also be required unless employees have previous experience with ESPPs.
- Recently, companies are utilizing an auto-enrollment feature that enables employees to purchase shares at a discount to the IPO price and benefit from any early "pop" in the trading price.

Non-US Complexities

- By the time of their IPOs, many late-stage private companies have already begun overseas expansion.
- Often, the rules applicable to a company following its IPO can vary in significant and non-intuitive ways in non-US jurisdictions and it is important to consider early in the process what the impact of these laws may be. Companies may need to draft special plans or sub-plans and satisfy regulatory hurdles before equity can be offered to employees in certain jurisdictions.
- Companies may need to engage in a cost-benefit assessment to determine whether equity will be offered globally or whether to develop alternative arrangements for certain jurisdictions where regulatory hurdles are more costly.

Director and Officer Compensation Considerations (1/2)

- **Evaluate Officer Compensation.** It is customary to engage an independent compensation consultant to perform a peer group analysis and assess the competitiveness of executive compensation programs as the company transitions from private to public company markets.
  - Consider whether officers or other senior employees are appropriately incentivized, or whether to grant additional awards pre-IPO or concurrent with the effective date of the IPO.
  - Determine whether to enter into revised or new standard form employment agreements with officers of the company, given that these agreements are required to be publicly filed. Many companies will consider harmonizing severance and change in control terms among the executive officers and/or adopting a single severance policy applicable to employees generally, with varying payment levels based on employee grade.
  - Consider how bonus or commission plan metrics, targets, and design might have to be disclosed publicly. In particular, also consider that the SEC may ask why metrics used for compensation purposes (bonuses, etc.) are not also key metrics in other parts of the public disclosure.
- **Director Compensation Policy.** Consider the compensation policy for outside directors, which typically includes a cash retainer coupled with annual equity awards and will be publicly disclosed. This can be done closer to IPO, but if there is onboarding of new directors prior to the first filing it may make sense to develop a framework earlier. Director compensation has been an area of evolving shareholder litigation that should continue to be monitored.

Director and Officer Compensation Considerations (2/2)

- **Repayment of Loans.** Sarbanes-Oxley generally prohibits the extension of credit to directors and officers by a public company. Companies need to ensure that any existing D&O loans are repaid prior to the IPO. Forgiveness of outstanding loans may be viewed as a taxable event.
- **Executive Clawback Policy.** The SEC and NYSE/Nasdaq have adopted new rules requiring public companies to establish and maintain a written clawback policy, which provides that the company will recover "excess incentive compensation" erroneously received by current or former executive officers due to a material misstatement of the company's financial statements in any preceding three-year period, regardless of any actual misconduct. The policy should apply to incentive compensation received on or after the IPO date.
- **Extensive Disclosure Requirements.** US issuers are subject to extensive disclosures relating to the compensation of non-employee directors and highly paid executives. However, companies that qualify as emerging growth companies and/or are foreign private issuers may benefit from more limited compensation-related disclosure requirements. Companies should be prepared for enhanced public scrutiny, ISS/Glass Lewis review, and shareholder litigation efforts relating to perceived inequities or failures to tie executive compensation to corporate performance.
- **Evolving Practice.** Executive compensation and corresponding rules, regulations and best practices remain dynamic.

Lock-Up, Underwriting and Registration Rights Agreements

Underwriting Agreement

- If the sponsor is a **selling stockholder**, it will give **basic representations** covering the **accuracy of stockholder-related disclosures, compliance with laws and title to shares**. Sometimes, representations will be more fulsome, attesting to the sponsor's compliance with anti-corruption, anti-money laundering and OFAC regulations.
- The sponsor will need to give a **"clean hands" representation** in which it represents that the **sale was not prompted by any MNPI.**
  - In practice, underwriters will typically agree for the sponsor to make this rep orally on a due diligence call or separately to underwriters' counsel if the preference is not to include in the underwriting agreement.
- The sponsor will provide an **indemnity** to the underwriters that is limited to **"selling stockholder information"** which includes only the information that was specifically provided by the selling stockholder for inclusion in the registration statement.
- The underwriting agreement typically includes a **15% over-allotment option (or "greenshoe")**, which allows the underwriters to purchase additional shares after IPO pricing to cover excess demand or overallotments and support post-IPO trading stability. The over-allotment option may be granted by the company and/or selling stockholders granted by the company and/or selling stockholders.
  - The sponsor should confirm how many sponsor shares are subject to the over-allotment option (if any) and ensure allocations are pro rata among selling shareholders, rather than at the discretion of the underwriters.

Lock-Up Agreement – Key Terms

- Typical lock-up duration is **180 days.**
- **Transfers to Affiliates/Fund Vehicles**
  - Permit transfers to affiliates, co-invest vehicles or limited partners for internal rebalancing or wind-down purposes.
  - Consider expressly carving out transfers to continuation vehicles, as generic “affiliate” transfer language may not clearly capture all continuation fund structures.
  - Transferees subject to the same lock-up, preserving optics but providing structural flexibility.
- **Permitted Pledges/Collateral Transfers**
  - Permit sponsor to pledge shares as collateral for fund-level financing, provided no foreclosure occurs during the lock-up or foreclosing bank is subject to same lock-up.
- **Automatic Early Release Triggers**
  - If the company or other shareholders are released early, the sponsor should receive a corresponding release on the same terms (most favored nations (MFN) protection). In some cases, sponsors may also negotiate early release rights ahead of management.
- **Underwriter Consent Standard**
  - Ensure consent right for early release is not unreasonably withheld and that one lead manager’s consent suffices, not unanimous consent.
- **Allow Sales in Connection with Follow-On Offering**
  - Permit sales if the sponsor participates as a selling stockholder in a secondary offering that is underwritten by the same banks even within the lock-up window (common around day 90–120 if market is strong).
- **Expiration Flexibility**
  - Could negotiate a staggered lock-up expiration tied to ownership tiers or market performance.

Registration Rights

Key Types of Rights

- **Demand rights:** Allow the sponsor to require the company to file a registration statement.
  - Sponsors typically negotiate for two to four demand registrations, though oftentimes, the number of demands is unlimited so long as the sponsor holds above a specified ownership threshold.
  - Demands are often subject to minimum offering size requirements to prevent the company from being burdened by small, frequent registrations.
- **Piggyback rights:** Permit participation in company-initiated or secondary offerings, subject to customary underwriter cutback provisions.
  - Piggyback rights are typically unlimited in number
- **Shelf registration rights:** Enable ongoing registered resales over time (Form S-3 or equivalent).
  - The sponsor typically negotiates for the company to file a shelf registration statement as soon as it becomes S-3 eligible (generally 12 months after the IPO) and to maintain the shelf's effectiveness for as long as the sponsor holds registrable securities.
  - Typically subject to minimum offering size requirements and frequency limitations.

Considerations

- **Lock-up coordination**: Registration rights are deferred during the IPO lock-up period (usually 180 days) but become effective immediately after.
- **Underwriter cutback**: If the underwriters determine that the offering cannot be effectively marketed at the contemplated size or valuation, they may require a reduction in the number of sponsor shares included in the transaction.
- **Expenses**: Company customarily bears registration and offering expenses (other than underwriters' discounts and commissions).
- **Sunset provisions**: Rights often terminate once the sponsor's ownership falls below a certain threshold or the shares are no longer subject to meaningful restrictions on resale.

Other IPO Considerations

Coordination Committee/Marketing Agreements

- To prevent multiple co-investors from selling shares simultaneously and negatively impacting the stock price, sponsors may implement orderly marketing agreements or "coordination committees" to create a structured process for post-IPO share sales.
- These committees can be structured to:
  - Approve the timing and size of share sales by major holders;
  - Coordinate the use of registration rights to ensure an efficient process; and
  - Notify all parties of pending sales to maintain transparency within the selling group.
- These arrangements typically sunset after a set period or when the sponsor's ownership drops below a specified level.

Navigating "Group" Status

- Post-IPO agreements among pre-IPO shareholders (such as voting or orderly marketing agreements) can cause the parties to be deemed a "group" by the SEC.
- This has significant consequences:
  - Trigger aggregated beneficial ownership reporting on Schedules 13D or 13G;
  - Confer Section 16 "insider" status on the entire group; and
  - Require all group members to share a single Rule 144 volume limitation, restricting their collective ability to sell shares in the open market.
- Careful drafting of these agreements is important to mitigate the risk of unintended group formation.

Balancing Information Access and Liquidity

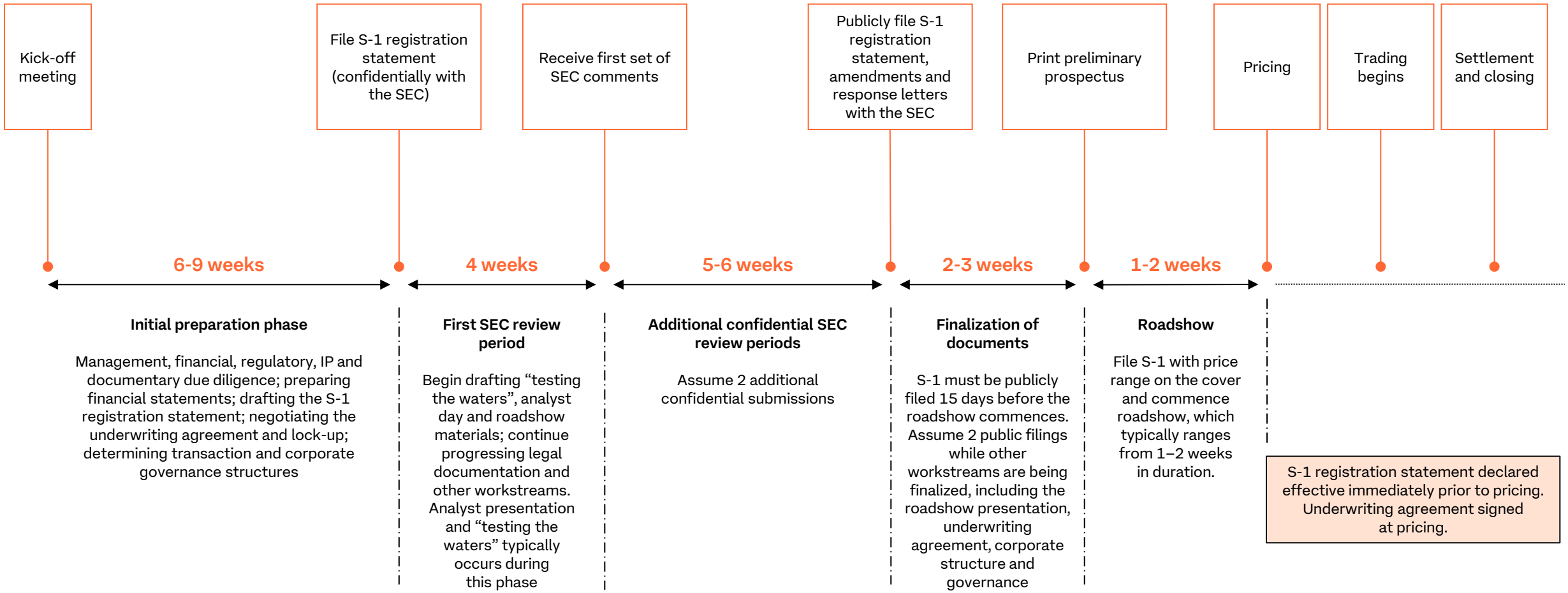
- Sponsors must deliberately manage the flow of information they receive from the public company post-IPO.
- Access to material non-public information (MNPI), often obtained through board representation, can restrict the sponsor's ability to sell shares.
- This may subject the sponsor to the company's mandatory trading black-out periods and risk of being in possession of MNPI, limiting windows of opportunity to conduct selldowns.
- A clear strategy for managing information flow to the sponsor's investment professionals is critical.

Management Services Agreements (MSAs)

- It is standard for the Management Services Agreement (MSA) between the sponsor and the portfolio company to be terminated at the time of the IPO.
  - Both underwriters and investors generally expect this termination, as any ongoing service arrangements would be scrutinized by investors and require detailed disclosure in the Registration Statement.
- The process of terminating the MSA requires consideration of key points, including:
  - The amount and disclosure of any final termination payment for accrued or other fees;
  - A plan for internalizing or replacing services previously provided by the sponsor and the associated costs;
  - The need for any short-term transition services post-IPO to ensure operational continuity; and
  - The overall presentation and disclosure of unwinding this related-party arrangement.

Illustrative IPO Timeline

Typical IPO Timeline



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Appendix A: Methodology and Surveyed Companies

Appendix A: Methodology

We have reviewed and analyzed the key governance terms of sponsor-backed companies that completed a US initial public offering across all industry sectors from January 1, 2021 through December 31, 2025 which generated $100 million or more in gross proceeds (86 companies in total). This survey excludes foreign private issuers and SPACs and reviews only the governance terms that were in place at the time of the IPO. Please see the following pages for a list of surveyed companies.

This survey focuses on the areas that we believe are of interest to sponsors that are contemplating an IPO of a portfolio company — in particular, governance structures that maintain sponsors' ability to influence and control the public company, even while selling down their ownership interests.

Please note that percentages have been rounded when used in tables and charts. As a result, the sum of the individual numbers does not always total 100%.

Appendix A: Surveyed Companies

2021

Company	Sponsor Name(s)
a.k.a. Brands Holding Corp.	Summit Partners
Agiliti, Inc.	Thomas H. Lee Partners
agilon health, inc.	Clayton, Dubilier & Rice, LLC
Apria, Inc.	Blackstone Group L.P.
Aveanna Healthcare Holdings Inc.	Bain Capital
Brilliant Earth Group, Inc.	Mainsail Partners
Bumble Inc.	Blackstone Group L.P.
Clearwater Analytics Holdings, Inc	Warburg Pincus LLC Permira Welsh, Carson, Anderson & Stowe
Convey Holding Parent, Inc.	TPG
Core & Main, Inc.	Clayton, Dubilier & Rice, LLC
Definitive Healthcare Corp.	Spectrum Equity Advent International
DoubleVerify Holdings, Inc.	Providence Equity Partners
Driven Brands Holdings Inc.	Roark Capital Group
Dutch Bros Inc.	TSG Consumer Partners, LLC
Endeavor Group Holdings, Inc.	Silver Lake Partners
EngageSmart, Inc.	General Atlantic
European Wax Center, Inc.	General Atlantic
EverCommerce Inc.	Silver Lake Partners Providence Equity Partners
First Advantage Corporation	Silver Lake Partners

Company	Sponsor Name(s)
First Watch Restaurant Group, Inc.	Advent International
Frontier Group Holdings, Inc.	Indigo Partners
Hayward Holdings, Inc.	MSD Partners, L.P. Alberta Investment Management Corporation CCMP Capital
HireRight Holdings Corporation	Stone Point Capital General Atlantic
Informatica Inc.	Canada Pension Plan Investment Board Permira
InnovAge Holding Corp.	Welsh, Carson, Anderson & Stowe Apax Partners
Instructure Holdings, Inc.	Thoma Bravo
Intapp, Inc.	Temasek Holdings Great Hill Partners
Integral Ad Science Holding Corp.	Vista Equity Partners
JOANN Inc.	Leonard Green & Partners, L.P.
Latham Group, Inc.	Wynnchurch Capital Pamplona Capital Management
Life Time Group Holdings, Inc.	MSD Partners, L.P. Leonard Green & Partners, L.P. TPG
LifeStance Health Group, Inc.	Silversmith Capital Partners Summit Partners TPG
MeridianLink, Inc.	Thoma Bravo

Appendix A: Surveyed Companies

2021

Company	Sponsor Name(s)
Mister Car Wash, Inc.	Leonard Green & Partners, L.P.
Olaplex Holdings, Inc.	Advent International
Paycor HCM, Inc.	Apax Partners
Paymentus Holdings, Inc.	Accel-KKR
Petco Health and Wellness Company, Inc.	Canada Pension Plan Investment Board CVC Capital Partners
Portillo's Inc.	Berkshire Partners LLC
PowerSchool Holdings, Inc.	Onex Vista Equity Partners
Ryan Specialty Group Holdings, Inc.	Onex
Shoals Technologies Group, Inc.	Oaktree Capital Management, L.P.
Signify Health, Inc.	New Mountain Capital
Snap One Holdings Corp.	Hellman & Friedman
Solo Brands, Inc.	Summit Partners
Sovos Brands, Inc.	Advent International
Sterling Check Corp.	Caisse de Depot et Placement du Quebec Goldman Sachs & Co.
Sun Country Airlines Holdings, Inc.	Apollo Global Management, LLC
TaskUs, Inc.	Blackstone Group L.P.
The Duckhorn Portfolio, Inc.	TSG Consumer Partners, LLC
Thoughtworks Holding, Inc.	Apax Partners
Torrid Holdings Inc.	Sycamore Partners
Traeger, Inc.	Ontario Teachers' Pension Plan AEA Investors Trilantic North America
Vine Energy Inc.	Blackstone Group L.P.
Weber Inc.	BDT Capital Partners, LLC
Zevia PBC	Caisse de Depot et Placement du Quebec Northwood Capital Partners LLC

2022

Company	Sponsor Name(s)
Corebridge Financial, Inc.	AIG Blackstone Group L.P.

Appendix A: Surveyed Companies

2023

Company	Sponsor Name(s)
Kodiak Gas Services, Inc.	EQT AB
Nextracker Inc.	TPG
Savers Value Village, Inc.	Ares Management LLC

2024

Company	Sponsor Name(s)
Ardent Health Partners, Inc.	Equity Group Investments
Bowhead Specialty Holdings Inc.	Gallatin Point Capital LLC
BrightSpring Health Services, Inc.	KKR & Co. L.P.
Ingram Micro Holding Corporation	Platinum Equity
KinderCare Learning Companies, Inc.	Partners Group AG
LandBridge Company LLC	Five Point Energy
Lineage, Inc.	Bay Grove Capital Group LLC
OneStream, Inc.	KKR & Co. L.P.
StandardAero, Inc.	GIC Carlyle Group
Waystar Holding Corp.	Bain Capital EQT AB

2025

Company	Sponsor Name(s)
Alliance Laundry Holdings Inc	BDT Capital Partners, LLC
Firefly Aerospace Inc.	AE Industrial Partners
Flowco Holdings Inc.	GEC Advisors LLC, White Deer Management LLC, Genesis Park
Infinity Natural Resources, Inc.	NGP Energy Capital Management, Pearl Energy Investments
Jefferson Capital, Inc.	J.C. Flowers
Karman Holdings, Inc.	Trive Capital
Legence Corp.	Blackstone Group L.P.
Lumexa Imaging Holdings, Inc.	Welsh, Carson, Anderson & Stowe
McGraw Hill, Inc.	Platinum Equity
Medline Inc.	Abu Dhabi Investment Authority, GIC, Hellman & Friedman, Carlyle Group, Blackstone Group L.P.
Neptune Insurance Holdings Inc.	FTV Capital, Bregal Investments, Inc.
Northpointe Bancshares, Inc.	Castle Creek Capital Partners
Phoenix Education Partners, Inc.	Apollo Global Management LLC, The Vistria Group
Sailpoint, Inc.	Thoma Bravo
Venture Global, Inc.	VG Partners
Waterbridge Infrastructure LLC	Five Point Energy

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