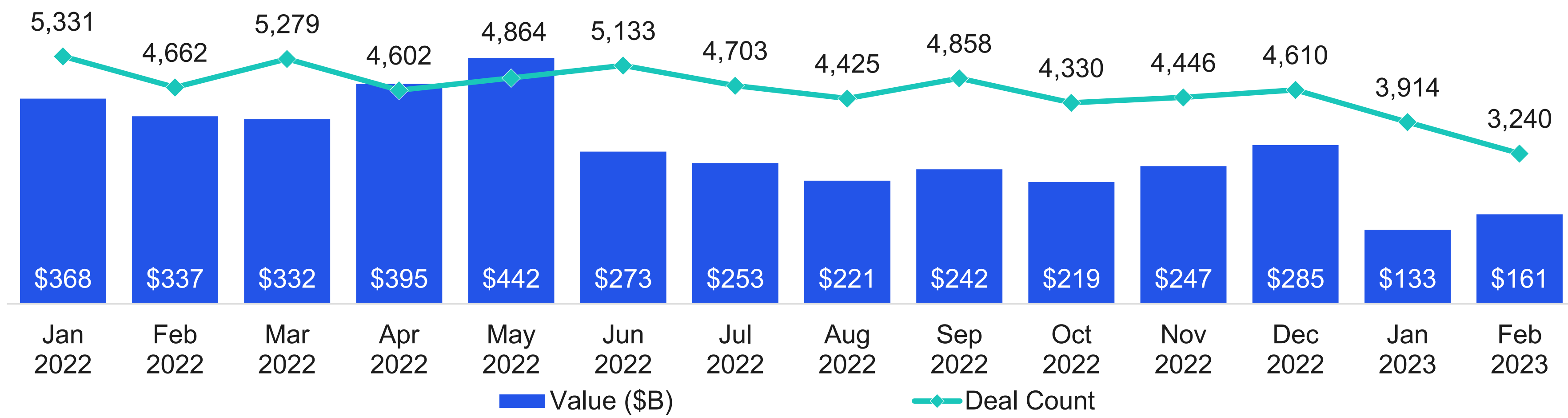
M&A Update

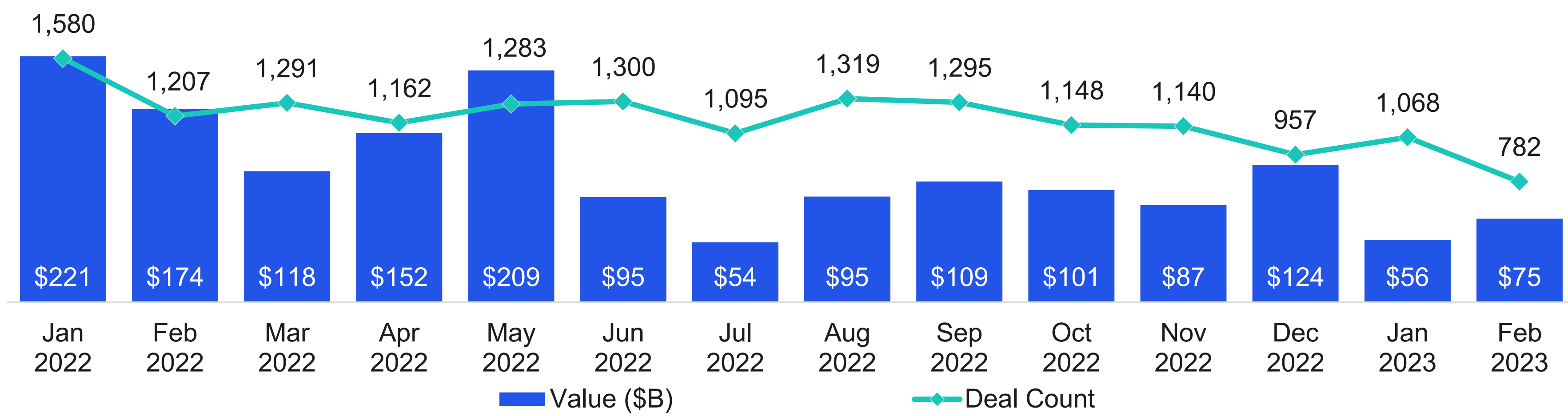
M&A Activity Levels Remain Soft

M&A activity continued its stagnant pace in February, with deal count continuing to drop both globally and in the U.S. However, notwithstanding the SVB and Signature Bank failures and related market uncertainty, several notable transactions have been announced in recent weeks, including Pfizer's $43B acquisition of Seagen and a handful of large take-privates

GLOBAL M&A DEALS



U.S. M&A DEALS



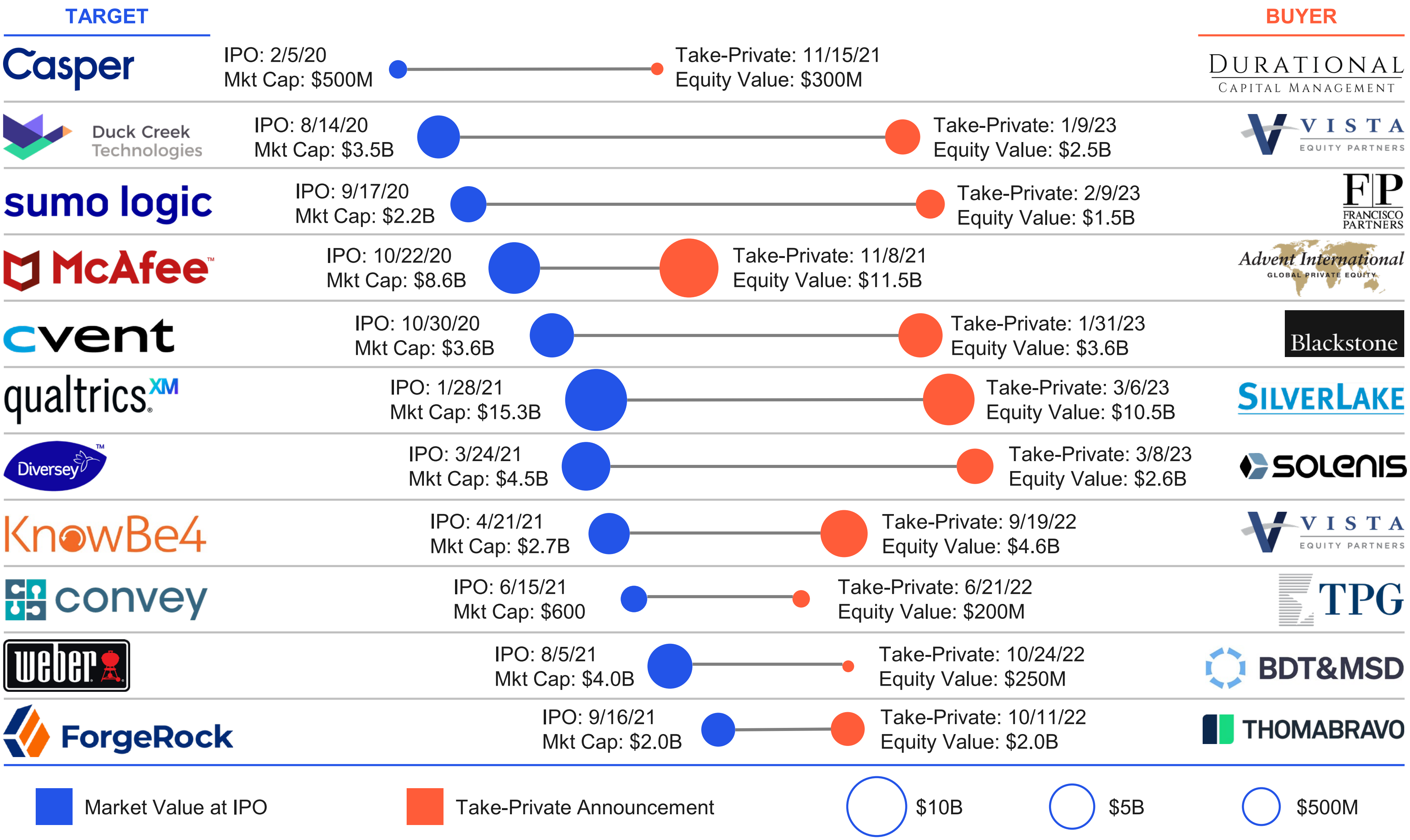
Source: Refinitiv

Post-IPO Take-Privates on the Rise

A growing number of public companies that recently went public are being taken private

- 12 companies that went public in 2020 or 2021 have already agreed to sell themselves to private equity firms, as compared to 8 companies that went public in 2018 or 2019 and agreed to be taken private subsequent to going public
- This trend is driven in part by poor stock performance - a majority of companies that went public in 2021 or 2022 now trade below their IPO price
- However, some of these deals (like KnowBe4 and McAfee) are being struck above the original IPO value

SELECT RECENT POST-IPO TAKE-PRIVATES



Sources: WSJ; FactSet

Post-IPO Take-Privates: Same Sponsor

In some cases, post-IPO companies are being taken private by the same sponsor that previously took them public

On December 12, 2022, Weber announced it is being taken private by BDT, a longstanding stockholder that took the company public a little more than a year earlier

- BDT owns 48% of Class A Common Stock and 62% of the voting power of Weber
- IPO was completed in August 2021 at a price of $14/share; take-private price of $8.05 (60% premium to the unaffected price), which was increased from BDT's initial October 25 offer of $6.25/share
- BDT agreed to provide Weber with a $350M unsecured loan facility (prior to the transaction) for general corporate purposes; in addition to a ~$60M loan by BDT after its initial offer was made (which was not contingent upon any transaction)
- Weber formed a special committee to review the transaction; deal was approved by written consent from BDT, meaning that the deal did not benefit from the "MFW protections" which require both a special committee and majority-of-minority approval

On October 7, 2022, TPG closed a $1.1B deal to take-private Convey Health Solutions at a ~143% premium to the price the day prior to announcement

- TPG owned ~75% at the time of the deal, with the IPO completed in June 2021
- IPO price was $14/share; take-private (including premium) was $10.50/share
- Deal did not require a "majority of the minority" shareholder approval, although it was approved by a special committee. Similar to Weber deal, TPG approved the deal by written consent, such that the "MFW protections" do not apply

Sources: Company filings

Take-Privates: Large Rollovers, Co-Invests and Preferred Financings

Given the more challenging financing markets, transaction parties are using creative structures to facilitate large take-privates, including rollovers and preferred financing by existing sponsor shareholders, as well as sizable co-investments

Target	Date	Value ($B)	Acquiror	Details
Cvent	3/14/23	$4.6	Blackstone ADIA	▶ Vista, a majority stockholder of Cvent, agreed to invest a portion of its proceeds as non-convertible preferred stock with an initial liquidation value of $1.25B in financing for the transaction ▶ An affiliate of the Abu Dhabi Investment Authority will be a significant minority investor alongside Blackstone
Univar Solutions	3/14/23	$8.1	Apollo ADIA	▶ Like the Cvent transaction, this deal also includes a minority investment from the Abu Dhabi Investment Authority
Qualtrics XM	3/12/23	$12.5	Silver Lake CPP Investment Board	▶ Canada Pension Plan Investment Board is providing an equity commitment of $1.75B ▶ Silver Lake consortium also includes other undisclosed co-investors
Diversey	3/8/23	$4.6	Bain Capital Solenis Platinum Equity	▶ Bain Capital will contribute ~56% of its existing equity at an implied value per Diversey share of $7.84 ▶ After negotiations with the special committee, Bain agreed to accept less consideration than the $8.40 to be paid to the other holders of Diversey's shares
Focus Financial Partners	2/27/23	$7.0	Clayton Dubilier & Rice Stone Point Capital	▶ Funds managed by Stone Point have agreed to retain a portion of their investment in Focus and provide new equity financing as part of the proposed transaction
KnowBe4	9/19/22	$4.6	Vista Equity Partners	▶ KKR, Elephant Partners (a pre-IPO venture capital investor) and Knowbe4's founder and CEO (who together with another investor collectively owned ~83% of the pre-transaction outstanding voting power), agreed to roll some of their existing equity into the acquiring company or purchase equity in the acquiring company

PE Firm Makes Minority Investment in PubCo Subsidiary (1/2)

Truist recently announced an agreement for Stone Point to acquire a 20% interest in one of its subsidiaries

- In another deal involving private investment in a public company subsidiary, Vistra Energy announced that it will combine its nuclear and retail businesses with those of Energy Harbor (a private company) in a new subsidiary called "Vistra Vision," with Energy Harbor shareholders receiving $3B of cash and its two largest shareholders receiving a 15% stake in the Vistra Vision subsidiary

TRUIST | STONE POINT CAPITAL

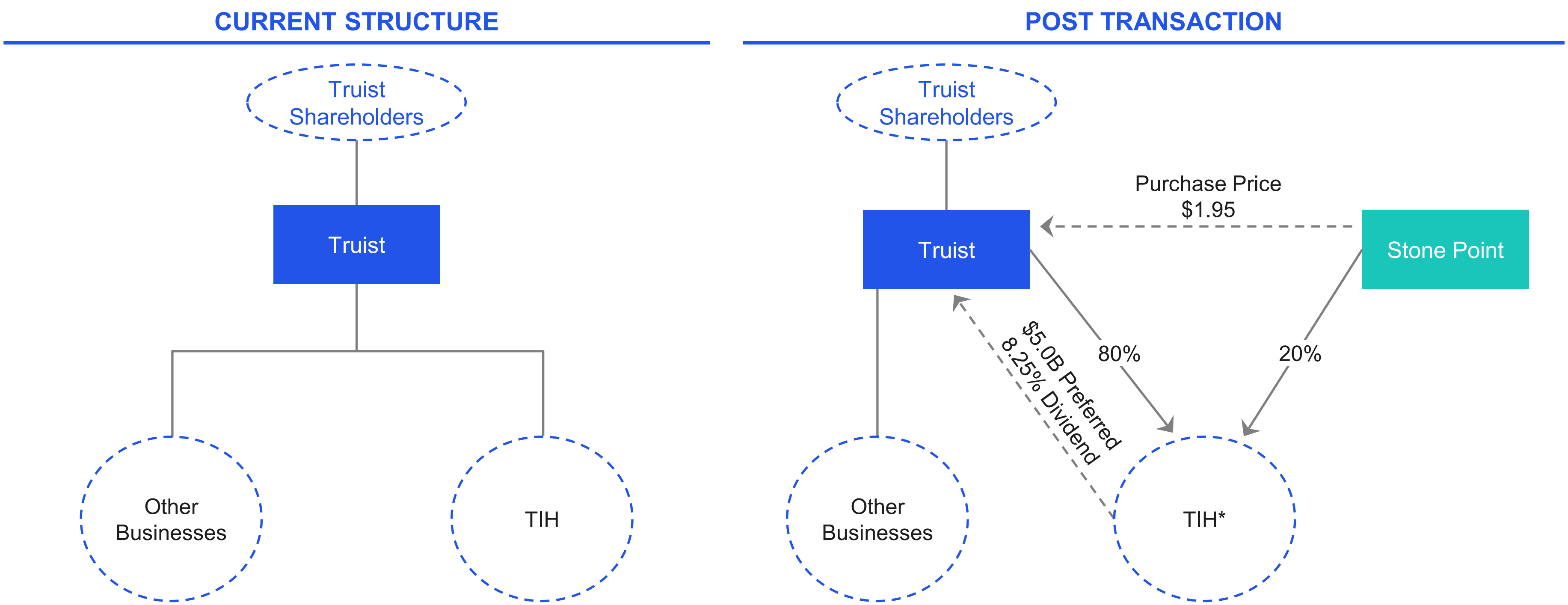
Transaction Overview	▶ On February 16, 2023, Truist announced a sale of a 20% stake in Truist Insurance (TIH), a subsidiary of Truist and the sixth-largest insurance brokerage in the U.S., to Stone Point Capital for $1.95B — Mubadala and other co-investors are participating in the investment with Stone Point ▶ Upon closing, Truist will own 80% of TIH
Investment Details	▶ $1.95B secondary sale of Truist's common equity ownership of TIH — Cash proceeds received by Truist ▶ $14.75B aggregate valuation — Common equity value: $9.75B — Intercompany debt-like preferred equity issued to Truist: $5.0B ▶ Preferred entitles Truist to a fixed dividend of 8.25% ▶ 3.75% warrant coverage on fully diluted equity value (strike price equal to current valuation)
Governance	▶ Truist to designate 4 of 5 the Board seats in TIH; 1 seat to be designated by Stone Point ▶ Stone Point has customary minority investor consent rights
Liquidity	▶ Truist has the right to conduct a subsequent transaction at any time — If Truist conducts an IPO or a sale, Stone Point would have minimum return protections ▶ Stone Point has the right to request Truist to explore a sale or IPO after 6.5 years — In lieu of a sale or IPO, Truist has the right to buy the Stone Point stake back at fair market value — If no liquidity event within 8 years, Stone Point receives additional TIH board rights and control rights regarding a potential IPO or sale process

Source: Company filings

PE Firm Makes Minority Investment in PubCo Subsidiary (2/2)

STRATEGIC RATIONALE

- Support for Growth. New ownership structure, combined with significant expertise of Stone Point, creates additional opportunities to support growth
- Talent Retention. Strengthened incentive program improves ability to attract, incent, and retain top talent and realize TIH's full potential
- Strategic Flexibility. Preserves strategic flexibility and future upside in TIH, which will continue to benefit from Truist's operations, access to capital, and client relationships
- Experienced Partner. TIH gains an experienced partner in Stone Point, which brings deep industry expertise to help accelerate



Source: Company filings; * 3.75% warrant coverage on fully diluted equity value

Website Monitoring as an Early-Warning Tool

Companies should consider whether to engage website monitoring services as an early-warning tool regarding potential third party shareholder activism, M&A or other corporate transactions

- Services are able to identify all visitors to the website, often including the name of the visitor, what pages were viewed and for how long. These services utilize significant databases that allow them to link web fingerprints to specific firms
- For example, can be used to identify activists and private equity firms (and investment banks and other advisors) in advance of any initial inbound on an engagement

ILLUSTRATIVE SAMPLE REPORT

Company Name	Page Visits	Duration	Visit(s)	Landing Page
Activist 1	3	2 min 11 sec	MultiVisit	Home page
Activist 2	4	0 min 55 sec	MultiVisit	Corporate governance / management - CEO profile
Asset Management Firm	1	16 min 42 sec	MultiVisit	Press releases
Corporate 1	1	3 min 15 sec	MultiVisit	Products
Financial Advisor	5	1 min 23 sec	MultiVisit	Products
Hedge Fund	2	0 min 08 sec	Single Visit	Stock quote
Investment Bank	6	24 min 06 sec	MultiVisit	Financial information / SEC filings
Investment Bank 2	1	8 min 12 sec	MultiVisit	About-us
Investment Management Firm	5	6 min 15 sec	MultiVisit	Investor relations
Investment Research Firm	2	0 min 14 sec	MultiVisit	Corporate governance / management
PE Firm 1	12	35 min 06 sec	MultiVisit	Investor Relations
PE Firm 2	4	6 min 44 sec	MultiVisit	Press releases
Proxy Advisor	2	0 min 02 sec	MultiVisit	Financial information / annual reports

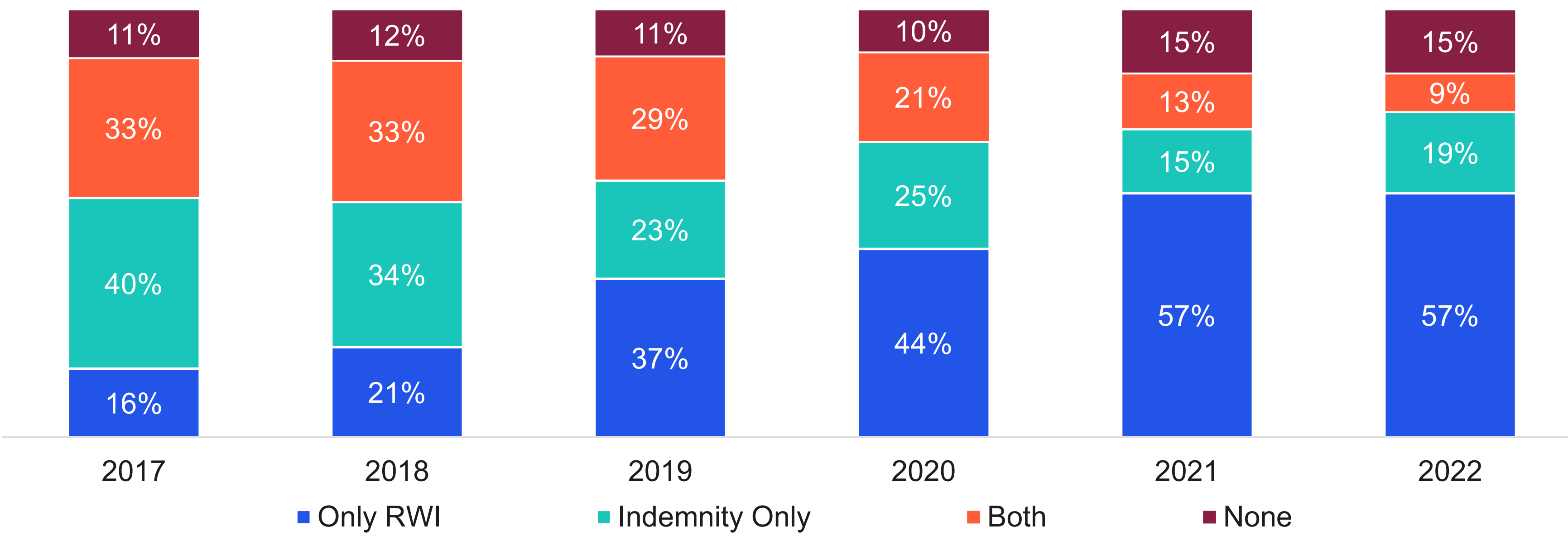
Transaction parties should be cognizant that website activity may be tracked

RWI and Indemnity Usage – Over Time

Featured Market Data

- Deals with traditional seller indemnification (i.e., 5%-10% cap for breach of reps) have steadily declined in usage since 2017
- Correspondingly, deals that use RWI without any seller indemnification have correspondingly increased in usage
- However, 2022 saw those trends pause, with the prevalence of "RWI only" deals virtually unchanged from 2021 and an uptick in "indemnity only" deals
  - Likely driven in part due to (1) higher RWI premiums in early 2022 (which subsided over the balance of the year), which may have reduced RWI attractiveness and (2) a shift in deal mix to a higher percentage of smaller tuck-in transactions, which are more likely to use a traditional indemnity without RWI

RWI AND SELLER INDEMNIFICATION INTERPLAY



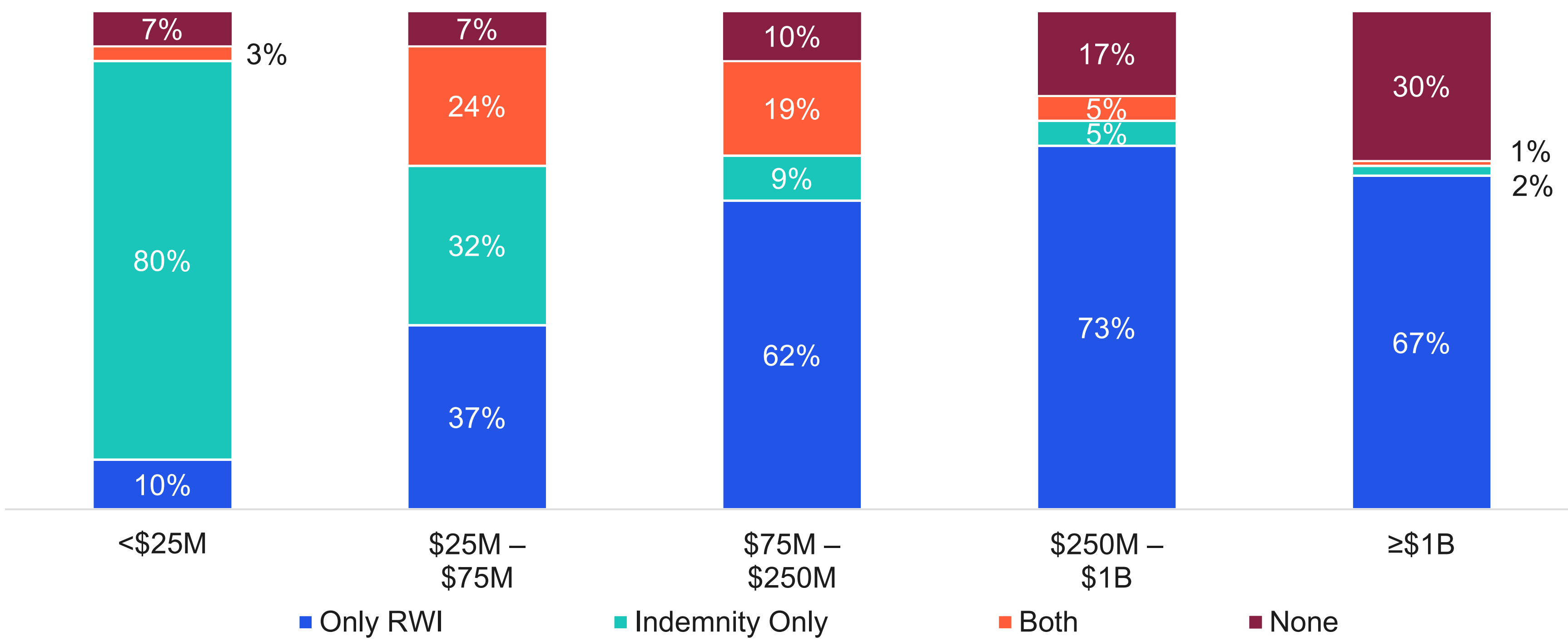
Source: CTRAN, Kirkland's proprietary deal database; based on –2,000 deals since 2017

RWI and Indemnity Usage – By Deal Size

Featured Market Data

- Seller indemnification and use of RWI is highly correlated to deal size - the larger the deal, the less likely a seller is to provide any meaningful indemnity
- In very small deals (<$25M), a traditional indemnity without RWI remains by far the most common approach
- As deal size increases, RWI only (without any indemnification) becomes the norm
  - Deals that have both RWI and indemnification typically have a small indemnity cap (typically 0.5%) reflecting the use of RWI with seller retaining some “skin in the game” by splitting the RWI retention
- Buyers are more willing to go “naked” (i.e., self-insure) on larger deals where RWI costs are more significant and subject to larger dollar value deductibles

RWI AND SELLER INDEMNIFICATION INTERPLAY – BY DEAL SIZE



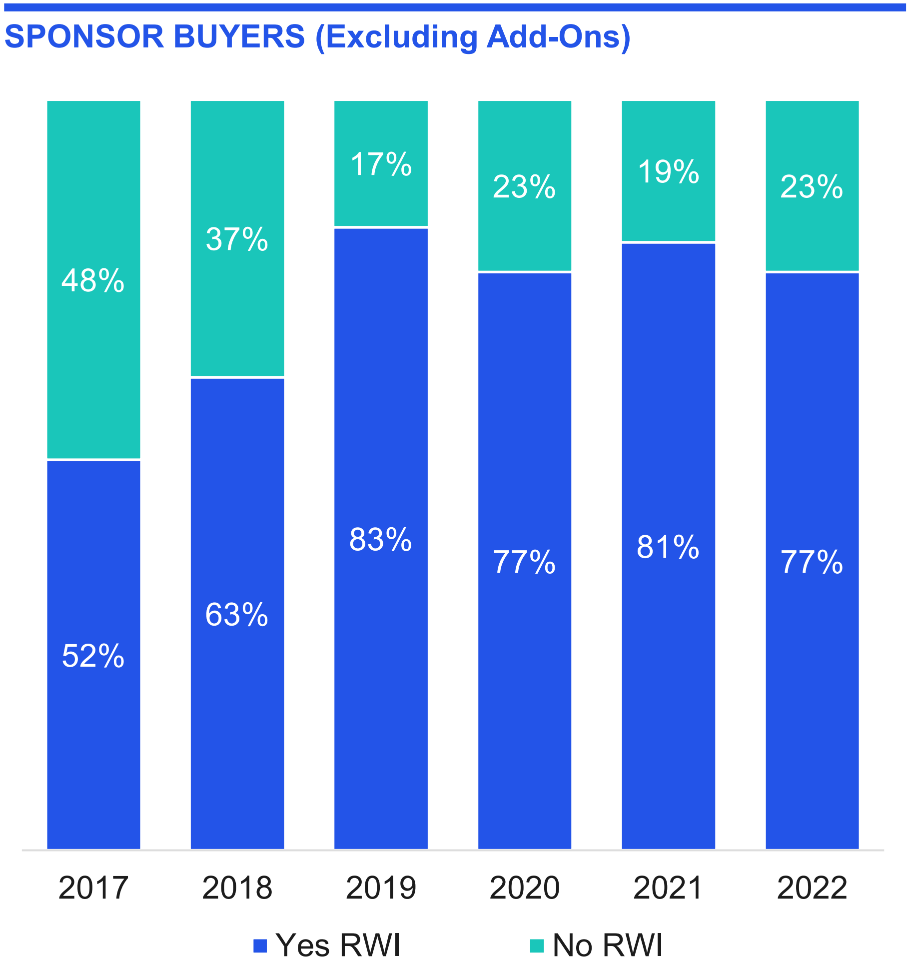
Source: CTRAN, Kirkland’s proprietary deal database; based on – 700 deals over last 2 years

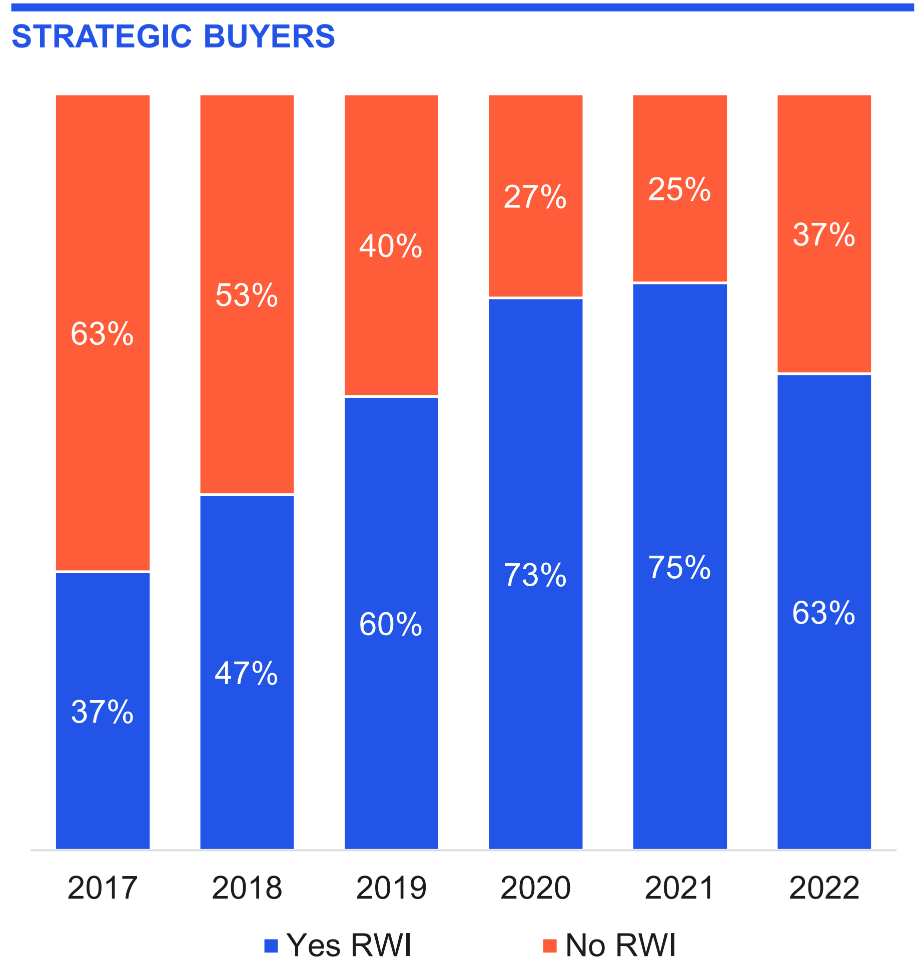
RWI Usage – By Buyer Type

Featured Market Data

- ▶ RWI usage by sponsors was historically higher than strategics, but has approached parity in recent years
- ▶ Both sponsors and strategics saw a moderate drop in RWI usage in 2022, although its use is still significant

RWI USAGE





Source: CTRAN, Kirkland's proprietary deal database; based on –1,200 deals since 2017

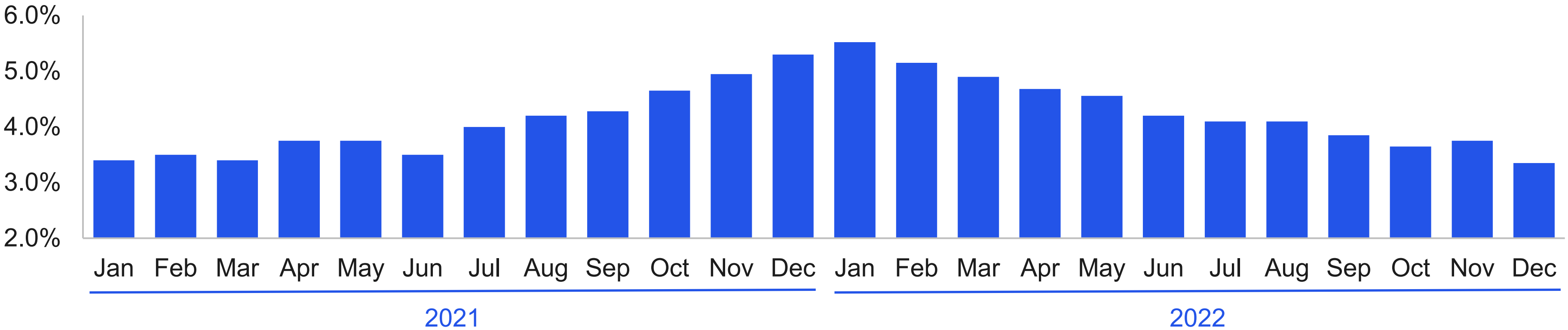
RWI – Trends in Pricing and Limits

Featured Market Data

Following a surge in pricing in 2021 (which peaked at 5.7% in January 2022), rates for RWI decreased steadily throughout 2022 in light of more robust provider capacity and diminished deal flow

- Pricing settled at 3.5% in December 2022, down more than 200 basis points from a year earlier
- We are currently seeing pricing averaging ~3%-3.5% of coverage sought for standard deals

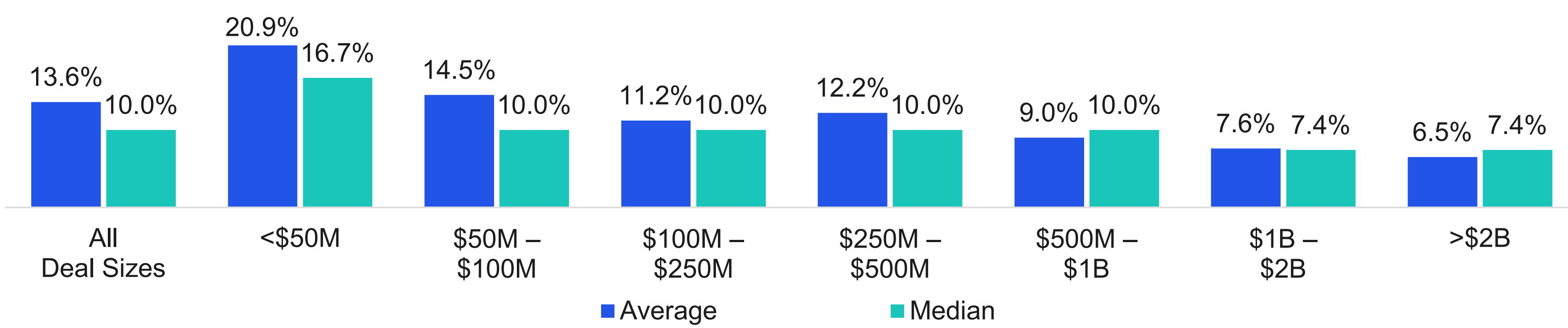
RWI PRICING – PRIMARY LAYER (% of Coverage Limits)



Median policy limits (as a % of enterprise value) were ~10% overall in 2022, comparable to prior years

- RWI limits decrease (as a % of size) as transaction size increases – ranging from 7%–20%

RWI LIMITS (% of Enterprise Value)



Source: Marsh; data presented for North American RWI policies

RWI – Other Trends

Retentions	▶ Retentions are near record lows, with sub-1% retentions being offered even on smaller deals — For example, 0.75% of EV with a dropdown after 12 months to 0.5%
Modifications to the Reps	▶ Rep modifications are largely being scaled back — For example, we are rarely seeing limitations on the customer and supplier reps, which were commonly required in late 2021 ▶ We still expect carriers to qualify “notice” by “written, or to the knowledge of sellers, oral …” ▶ Carriers also still deem the word “adequate” deleted with respect to any reserves
Interplay with Other Lines of Insurance	▶ Most carriers have softened their stance and no longer require that coverage be limited to a “no broader than underlying insurance” position with respect to ordinary course insurance (e.g., cyber insurance, pollution liability insurance, and E&O insurance), unless there is a particular risk / concern in the underlying deal ▶ Carriers will still expect market-appropriate levels of insurance coverage and will ask for confirmation of such coverage during underwriting
RWI Expansion Outside of Traditional M&A	▶ We commonly see R&W insurance used in minority and consortium deals, however certain carriers are now offering 100% coverage of target-level losses (therefore not requiring a proration of such losses based on buyer’s ownership post-closing) ▶ R&W insurance usage has continued to expand in secondaries deals and real estate deals, and we anticipate further growth in those areas this year

Deal that Faced Buyer and Seller Shareholder Opposition Gets Approved

On November 7, Ritchie Bros. Auctioneers (RBA) announced it would acquire publicly traded IAA in a cash and stock deal valued at ~$7.3B, a deal that received pushback from its own shareholders (whose vote was required given the stock consideration) as well as the target's shareholders. Despite not receiving support from ISS and GL, the deal was ultimately approved by shareholders of both companies

Date	Details
11/7/22	Deal Announced ► IAA entered into a definitive agreement to be acquired by RBA for $10.00 in cash plus 0.5804 RBA shares per IAA share ► After announcement, RBA's stock fell 18% based on strategic rationale and capital structure concerns
11/14/22	IAA Shareholder Activism Against Deal ► IAA shareholder Ancora Holdings (a 4% shareholder) urged the company Board 'to pursue ... more cash ... and a higher premium'
12/16/22	RBA Shareholder Activism Against Deal ► Luxor Group (holder of 3.6% of RBA) announced intent to vote against the merger
1/23/23	Deal Amended to Increase Cash, but Decrease Stock Consideration….with Activist Shareholder Support ► RBA entered into a securities purchase agreement with Starboard Value related to a $485M convertible preferred equity and $15M common share investment in RBA ► IAA and RBA amended their agreement to increase the merger consideration to $12.80 in cash plus 0.5252 RBA and allow RBA to pay a one-time, special cash dividend not to exceed $1.08 per share ► IAA activist Ancora Holdings agreed to vote its shares in favor of the deal, and in exchange, received the right to appoint one of the four post-merger Board designees of IAA
1/30/23	New Investor Opposition ► Janus Henderson, investment advisor to RBA stockholders, signifies intention to vote against the transaction ► On 2/15/23, (1) RBA shareholder Eminence Capital announced its intention to vote against, noting 'the flawed and risky nature of the transaction with limited strategic logic' while (2) IAA shareholder Discerene Group signified its intent to vote against on account of the offer being inadequate
3/6/23	ISS and GL Recommend AGAINST RBA Vote, but recommend FOR IAA vote ► ISS and GL recommended that RBA shareholders vote against RBA's share issuance related to the IAA acquisition; ISS and GL recommended that IAA shareholders vote FOR the deal
3/14/23	Shareholders Vote to Approve Merger ► Both RBA and IAA shareholders approved the transaction

Source: Company filings; Deal Point Data

CEO Turnover When an Activist Is Involved

A new study published by Strategic Governance Advisors indicates that an activist on the board doubles the likelihood of CEO Departure

When activists obtained board seats at Russell 3000 companies, the rate of CEO change over the subsequent two years more than doubles

- In 2021, post-activism CEO turnover reached a high of 56% - compared to 21% in the "normal course" of business on a rolling 2-year basis
- Even when the activist does not win board seats, the CEO turnover rate increases materially, to a rate in the low- to mid-30's on a 2-year rolling basis

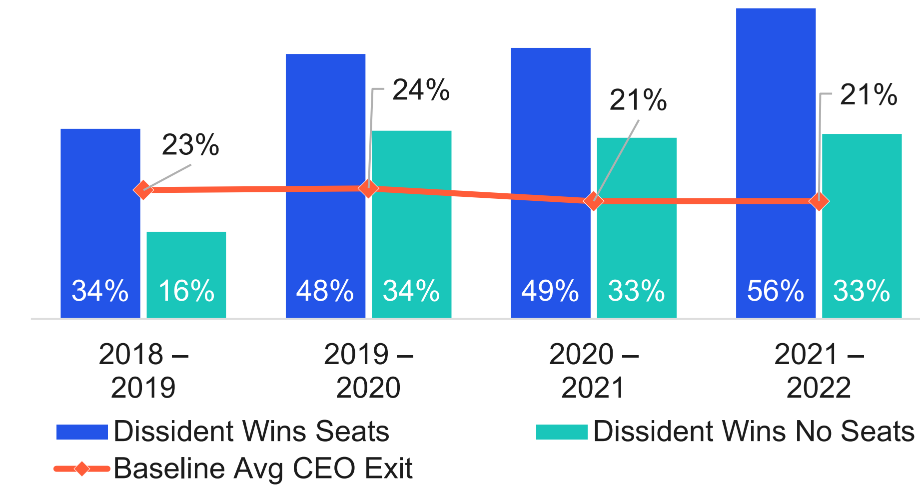
While activists rarely explicitly campaign for CEO change, the data suggest that once on the board, activists take a more direct approach to achieving that end

- Among the most aggressive activists with at least 5 campaigns in the sample, rates of near-term CEO change ranged from 42% for Elliott to as high as 75% of the companies targeted by Engaged Capital

Shareholder activism – even if "unsuccessful," but particularly when it results in an activist gaining board seats – can have significant implications for a company's leadership

- Boards need to consider these implications in communicating to investors and developing a strategy for responding to activism

CEO EXITS WITH ACTIVIST CAMPAIGNS



Activists	Campaigns Launched	CEOs Ousted	Rate* (%)	Avg Mkt Cap ($B)
Starboard Value	34	12	35.3%	$13.6
Elliott	31	13	41.9%	$29.7
Land and Buildings	19	6	31.6%	$6.5
Icahn Enterprises L.P.	16	8	50.0%	$24.8
ValueAct Capital	15	3	20.0%	$32.4

Source: Strategic Governance Advisors and FactSet
Note: 2022 data is preliminary as of July 2022, each period is the sum of the listed year plus the following year
*Percentage of public campaigns from 2018 - present which resulted in CEO turnover within 2 years of public launch