Council of Institutional Investors®
The voice of corporate governance

Source: CII analysis of SEC filings
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Companies with Time-Based Sunset Approaches to Dual-Class Stock

Company	IPO Year	Time-based Trigger	Dilution Trigger	Current Status
EVO Payments	2018	3 years	None	Remains dual-class
Texas Roadhouse	2004	5 years	None	Converted in 2009 to one share, one vote
Groupon	2011	5 years	None	Converted in 2016 to one share, one vote
MuleSoft	2017	5 years	None	Acquired in 2018 by Salesforce
Bloom Energy	2018	5 years	5% of outstanding common	Remains dual-class
MaxLinear	2010	7 years	None	Converted in 2017 to one share, one vote
Yelp	2012	7 years	10% of outstanding common	Converted in 2016 to one share, one vote due to dilution sunset
Kayak Software	2012	7 years	None	Acquired in 2013 by Priceline, now Booking Holdings
Mindbody	2015	7 years	None	Acquired in 2019 by Vista Equity Partners
Apptio	2016	7 years	25% of outstanding common	Acquired in 2018 by Vista Equity Partners
Twilio	2016	7 years	None	Remains dual-class
Smartsheet	2018	7 years	15% of outstanding common	Remains dual-class
Veeva Systems	2013	10 years	None	Remains dual-class
Castlight Health	2014	10 years	None	Remains dual-class
Pure Storage	2015	10 years	10% of outstanding common	Converted in 2018 to one share, one vote due to dilution sunset
Stitch Fix	2017	10 years	10% of outstanding common	Remains dual-class
Alteryx	2017	10 years	10% of outstanding common	Remains dual-class
Hamilton Lane	2017	10 years	25% of voting power	Remains dual-class
Okta	2017	10 years	None	Remains dual-class
Zuora	2018	10 years	5% of outstanding common	Remains dual-class
Eventbrite	2018	10 years	None	Remains dual-class
Altair Engineering	2017	12 years	10% of outstanding common	Remains dual-class
Fitbit	2015	12 years	None	Remains dual-class
Nutanix	2016	17 years	None	Remains dual-class
Workday	2012	20 years	9% of outstanding common	Remains dual-class

Why Sunsets?

The principle of one share, one vote is a foundation of good corporate governance and equitable treatment of investors. CII believes public companies should provide all shareholders with voting rights proportional to their holdings. While the first policy adopted by CII in 1985 endorsed one share, one vote, CII members have since approved a statement on expectations for newly public companies that calls for those using unequal voting structures to adopt sunset mechanisms that revert to one share, one vote within a reasonably limited period.

An increasing number of dual-class companies have elected to go public with time-based sunset provisions incorporated into their charters. Each of the companies in the table above features provisions providing for a fixed point in time at which the class of shares with superior voting rights will automatically convert into common stock with one vote per share. Many dual-class companies also have sunsets triggered when the superior class of shares is diluted below a prescribed threshold of outstanding common, also included in the table above. Some companies not included in the table have event-driven sunsets, preserving unequal voting rights for as long as circumstances permit, such as an insider's departure, disability, death, or transfer of shares.

CII believes that based on the experience of numerous dual-class companies specifically, and the results of empirical research generally, a sunset of seven years or less offers an appropriate period to harness whatever benefits of innovation and control a dual-class structure may provide at newly public companies while mitigating the agency costs it imposes over time. To that end, CII submitted petitions to NYSE and NASDAQ in October 2018 asking these exchanges to require newly listed companies with dual-class structures to adopt a time-based sunset of seven years or less, subject to extension by a vote of all shareholders voting on a one share, one vote basis. Early supporters included major institutional investors like BlackRock, T. Rowe Price, CalPERS and CalSTRS.