

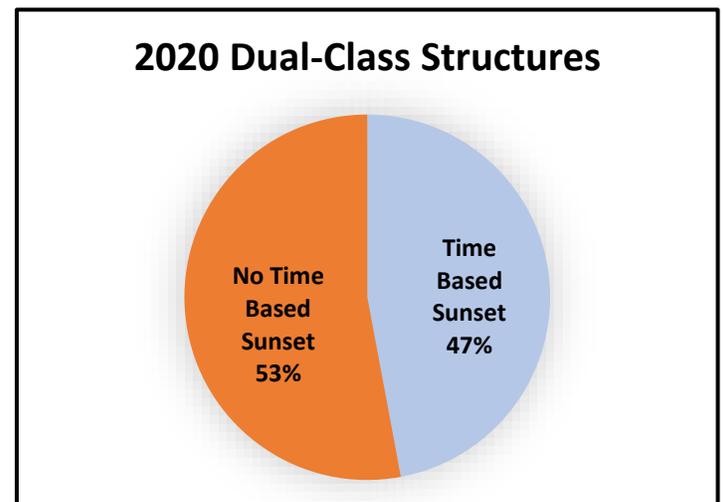
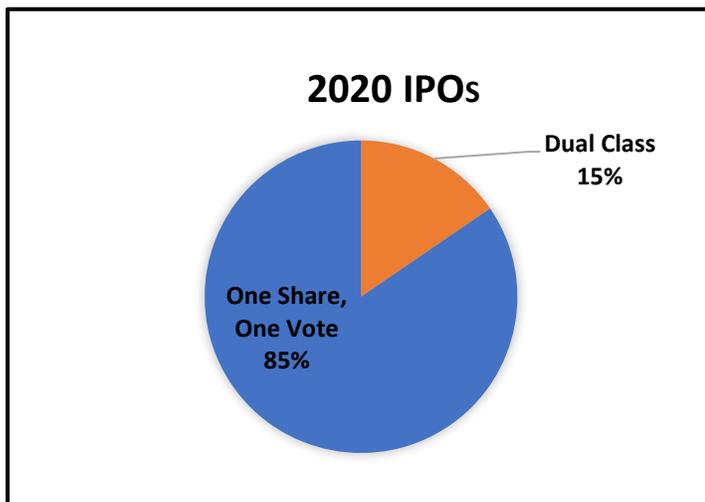
Dual-Class IPO Snapshot: 2017–2020 Statistics

In 2020, over eight in 10 companies went public with a one share, one vote structure.

In 2020, a total of 431 companies went public on U.S. exchanges. Of these, 52 were foreign private issuers (FPIs), 230 were special purpose acquisition companies (SPACs) and 5 were real estate investment trusts (REITs).

Of the remaining 110 IPOs (excluding FPIs, SPACs, and REITs):

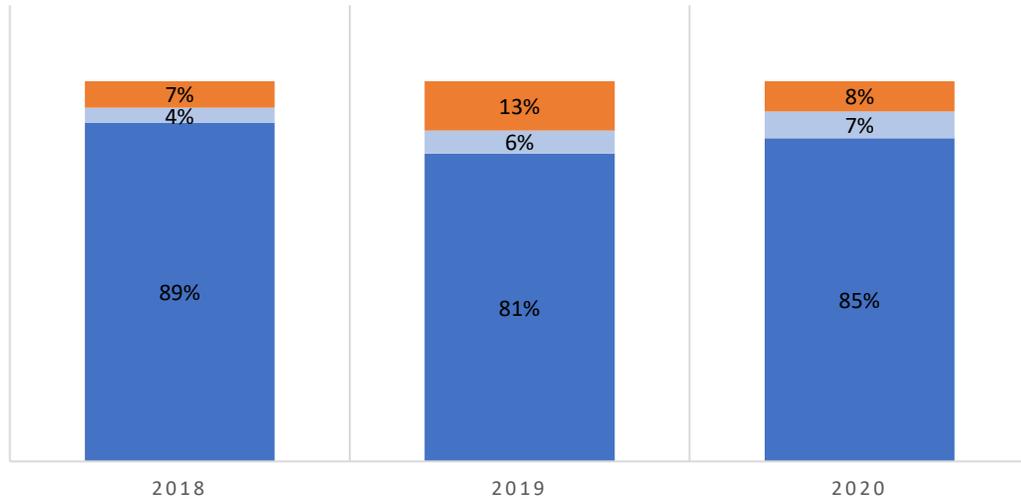
- **93 or 85%, were one share, one vote.**
- 17 or 15%, had dual-class structures with unequal voting rights.
- Five companies included non-voting shares in their structure: Airbnb, Aligos Therapeutics, Aziyo Biologics, BioAtla and DoorDash.
- Eight (47%) of the dual-class IPOs will phase out their unequal voting structures with time-based sunsets: Seer (5 years), American Well (7 years), ContextLogic/Wish (7 years), Snowflake (7 years), Asana (10 years), Pubmatic (10 years), Airbnb (20 years) and C3.ai (20 years).



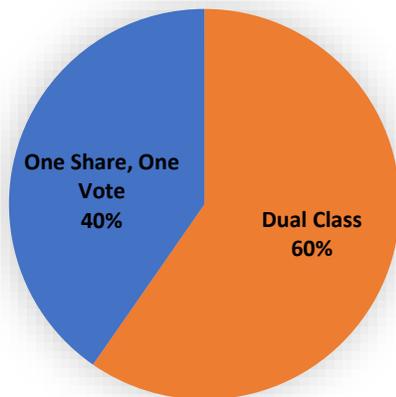
These indefinite dual-class companies are only 8% of U.S. IPOs

THREE YEAR TRENDS IN IPO CAPITAL STRUCTURE

■ One Share, One Vote ■ DC w/ Tim Based Sunset ■ DC w/o Time Based Sunset

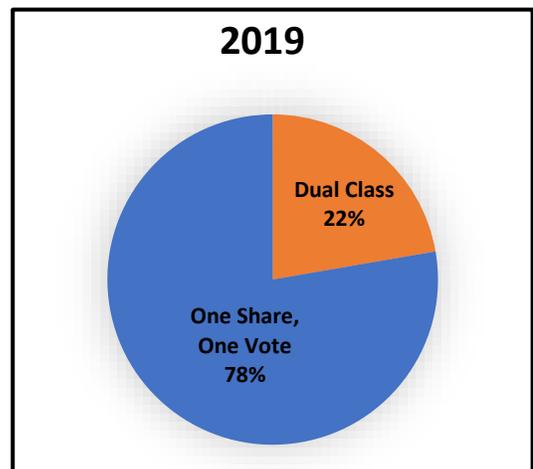
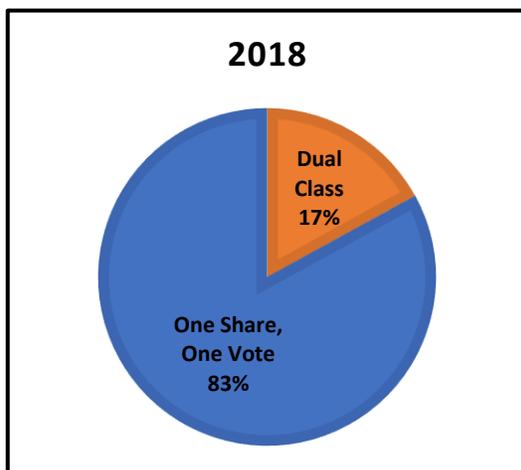
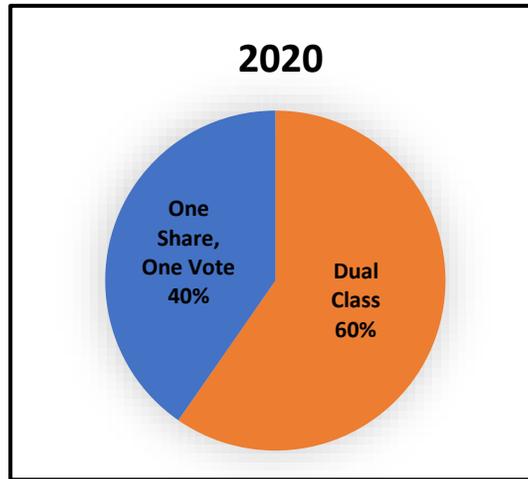


Share of Total Market Cap by Capital Structure 2020



Companies with a one share, one vote capital structure continue to dominate the market in number, but dual-class companies account for a greater share of the market. As seen in the chart to the left, 60% of the total IPO market value is attributed to dual class companies. This is an increase from 2019 (22%) and 2018 (17%).

Trend in Total Market Capitalization: 2018-2020



Over the past three years, dual-class corporations have grown to account for two-thirds of the total IPO market value in 2020.

In 2017, dual-class companies comprised nearly half of IPO market capitalization despite accounting for one-fifth of IPOs. **Over the past three and a half years, more companies opted to use one share, one vote, which comprised 40% of total market capitalization in 2020.**

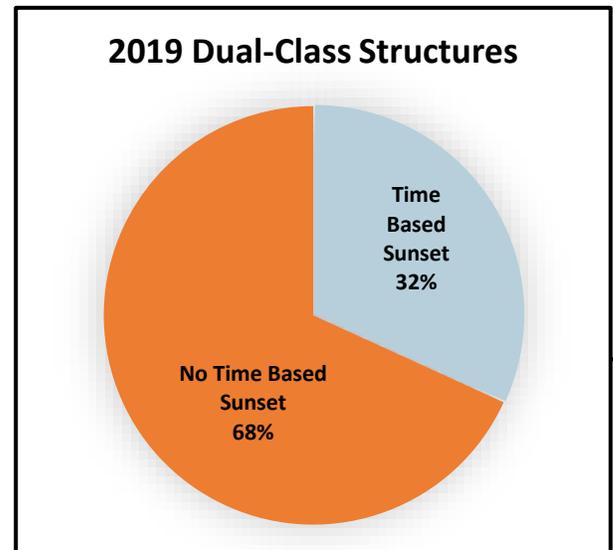
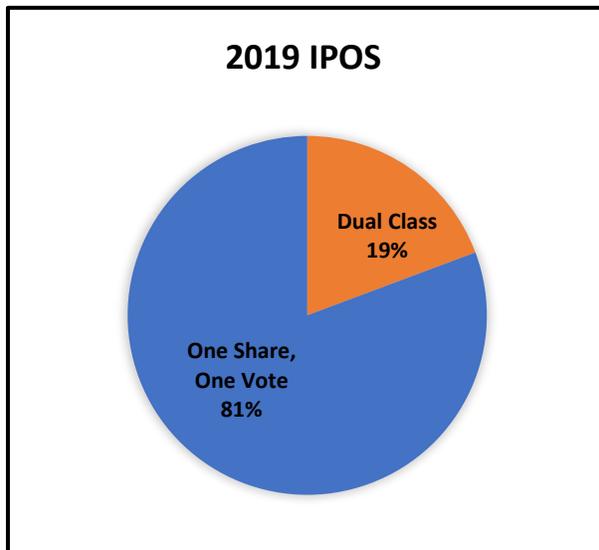
CII [recommends](#) a sunset of seven years for newly public companies that choose to adopt dual-class structures with unequal voting rights.

In 2019, over eight in 10 companies went public with a one share, one vote structure.

Last year, a total of 216 companies have gone public on U.S. exchanges. Of these, 49 were foreign private issuers (FPIs), 50 were special purpose acquisition companies (SPACs), and 3 were real estate investment trusts (REITs).

Of the remaining 114 IPOs (excluding FPIs, SPACs, and REITs):

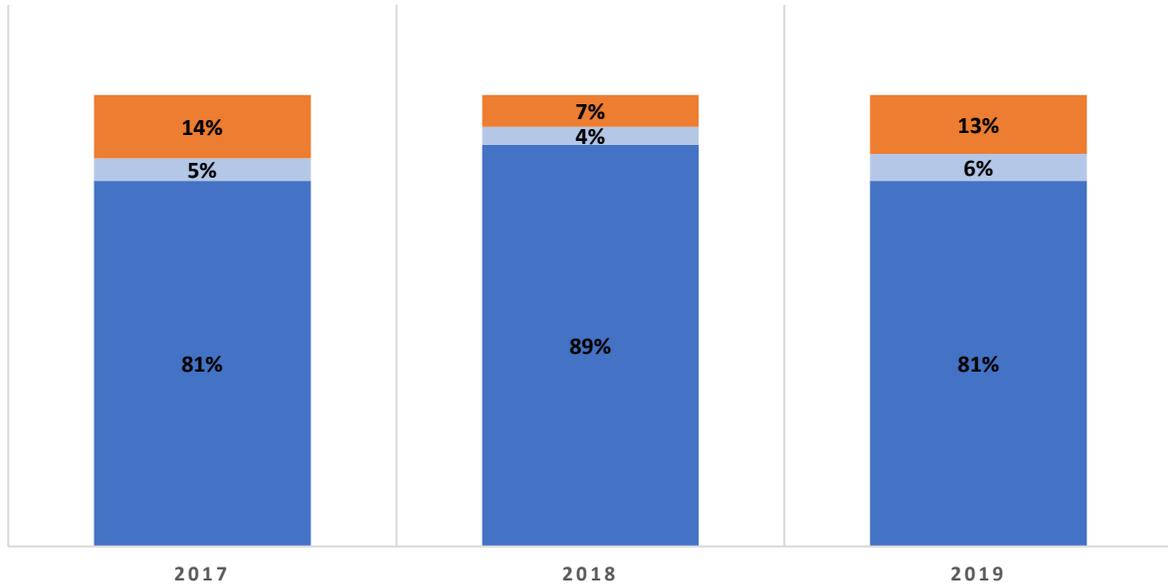
- **92 or 81%, were one share, one vote.**
- 22 or 19%, had dual-class structures with unequal voting rights.
- Three companies included non-voting shares in their structure: Atreca, IGM Biosciences, and Hookipa Pharma.
- Seven (32%) of the dual-class IPOs will phase out their unequal voting structures with time-based sunsets: Sprout Social (7 years), Datadog (10 years), Fastly (10 years), Peloton Interactive (10 years), Slack Technologies (10 years), SmileDirectClub (10 years) and Zoom Video Communications (15 years).



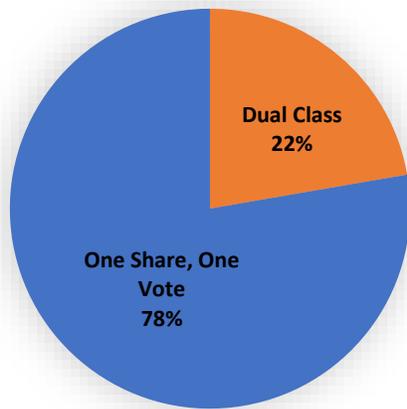
These indefinite dual-class companies are only 13% of U.S. IPOs

THREE YEAR TRENDS IN CAPITAL STRUCTURE

■ One Share, One Vote ■ DC w/ Tim Based Sunset ■ DC w/o Time Based Sunset

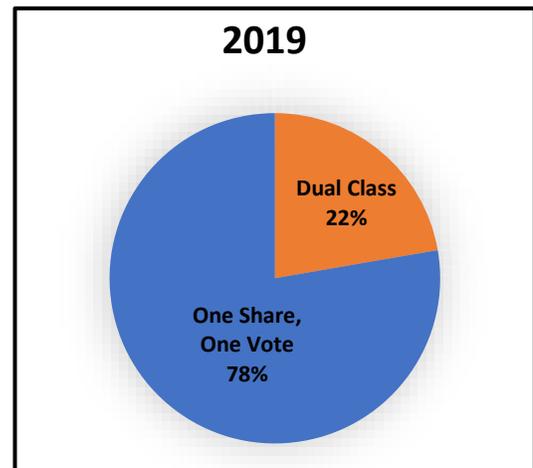
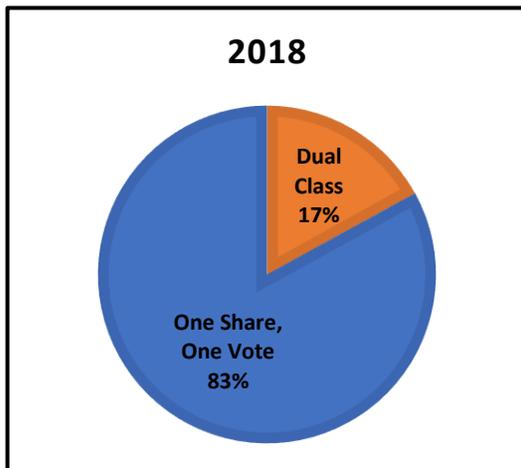
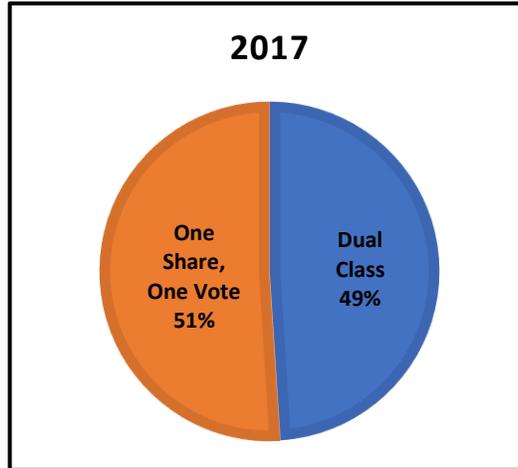


Share of Total Market Cap by Capital Structure 2019



Companies with a one share, one vote capital structure have continued to dominate the market both in numbers and size. As seen in the chart to the left, only 22% of the total IPO market cap is attributed to dual class companies. This is a decrease from 2017 (49%) and increase from 2018 (17%).

Trend in Total Market Capitalization: 2017-2019



Dual-class companies also comprised a much smaller proportion of IPO market capitalization in 2018 and 2019 compared to 2017.

In 2017, dual-class companies comprised nearly half of IPO market capitalization despite accounting for one-fifth of IPOs. **Over the past two years, more large companies opted to use one share, one vote, which comprised more than three-quarters of market capitalization in 2018 and 2019.**

CII [recommends](#) a sunset of seven years for newly public companies that choose to adopt dual-class structures with unequal voting rights.

Calendar Year 2018:

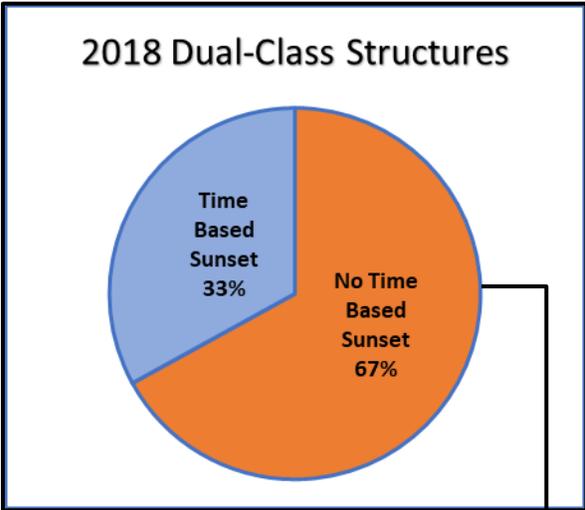
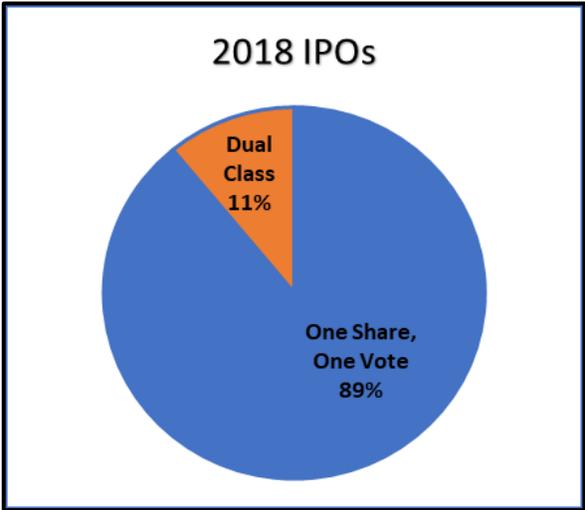
In 2018, nearly nine in ten companies went public with a one share, one vote structure.

In 2018, a total of 246 companies went public on U.S. exchanges. Of these, 54 were foreign private issuers (FPIs), 44 were special purpose acquisition companies (SPACs), and eight were foreign companies but not FPIs.

Of the remaining 140 IPOs (excluding FPIs, SPACs and other foreign companies):

- **125, or 89%, were one share, one vote.**
- 15, or 11%, had dual-class structures with unequal voting rights.
- Just one, Dropbox, included non-voting shares in its structure, but these shares have not been issued to public investors.
- Five, or one-third of dual-class IPOs, will phase out their unequal voting structures with time-based sunsets: EVO Payments (three years), Bloom Energy (five years), Smartsheet (seven years), Eventbrite and Zuora (10 years).

The mean sunset in 2018 was seven years, down from 9.5 years in 2017 and 10.3 years in 2016. **Last year, just 9% of companies held IPOs with indefinite unequal voting structures.**



These indefinite dual-class companies are only **7%** of U.S. IPOs

Calendar Year 2017:

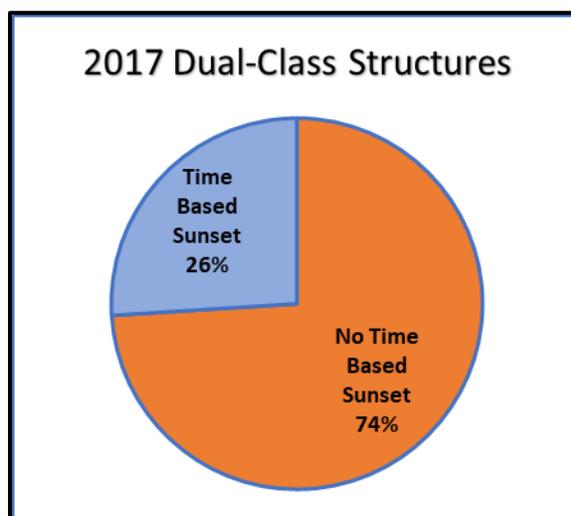
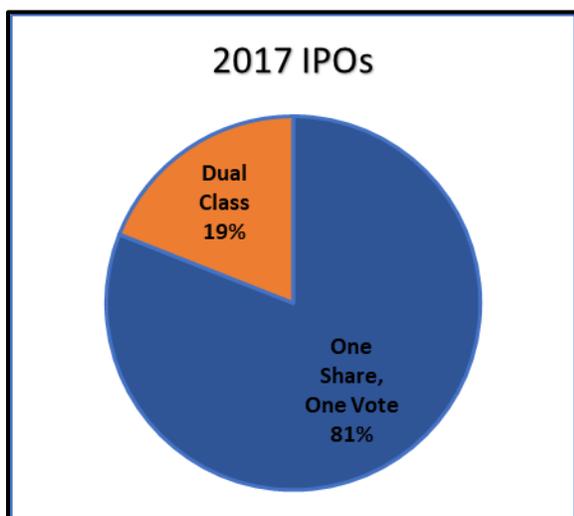
CII's tracking of the IPO market in 2017 shows more than four in five companies continue to go public with a one share, one vote structure.

In 2017, a total of 195 companies went public on U.S. exchanges. Of these, 45 were foreign private issuers (FPIs), 20 were special purpose acquisition companies (SPACs), and six were master limited partnerships (MLPs).

Of the remaining 124 IPOs (excluding FPIs, SPACs, and MLPs):

- **101, or 81%, were one share, one vote.**
- 23, or 19%, had dual-class structures with unequal voting rights.
- Four, or 3%, included non-voting shares in their structures: Snap, Altice USA, Blue Apron and Cadence Bancorporation. Snap is the only company that has actually issued non-voting shares to public investors, and no IPO with non-voting shares occurred in 2017 after Blue Apron's IPO in June.
- Six, or 26% of dual-class IPOs, will phase out their unequal voting structures with time-based sunsets

November of 2017 set a record for IPOs with time-based sunset provisions that automatically convert the super-voting class to one share, one vote common stock. The six companies with these sunsets are Mulesoft (five years), Hamilton Lane (10 years), Alteryx (10 years), Okta (10 years), Stitch Fix (10 years), and Altair Engineering (12 years). The mean sunset for 2017 was 9.5 years, down from 10.3 years in 2016.



In 2017, just 14% of companies went public with indefinite unequal voting structures. That said, the two largest IPOs, Snap and Altice USA, were dual-class with unequal voting rights.

Although dual-class structures skew toward larger companies that comprised roughly half of the total IPO market capitalization in 2017, Snap and Altice witnessed significant price declines after their IPOs, lessening the market cap weight of dual-class firms among the new IPOs by year end.