Council of Institutional Investors®
The voice of corporate governance

August 24, 2018

Kevin Hartz, Executive Chairman and Director
Roelof Botha, Lead Independent Director
c/o Samantha Harnett, Senior VP and General Counsel
Eventbrite, Inc.
155 5th St., 7th Floor
San Francisco, CA 94103

Dear Messrs. Hartz and Botha:

I am writing on behalf of the Council of Institutional Investors (CII) to encourage Eventbrite to adopt a sunset to automatically convert Class A and Class B common stock, carrying one and 10 votes per share respectively, to common stock with one vote per share within seven years or less.

CII is a nonpartisan, nonprofit association of public, corporate, and union employee benefit funds, other employee benefit plans, foundations and endowments with combined assets under management exceeding $3.5 trillion. Our member funds include major long-term shareholders with a duty to protect the retirement savings of millions of workers and their families. Our associate members include a range of asset managers with more than $25 trillion in assets under management, most also with long-term investment horizons.[1] CII members share a commitment to healthy public capital markets and strong corporate governance.

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.[2]

We therefore applaud Eventbrite for including provisions in its IPO prospectus that provide for a time-based sunset to its dual-class unequal voting structure. We note that in both the August 23 S-1 and August 24 S-1/A filings, the number of years after which the automatic conversion will take place is left blank.[3] We encourage Eventbrite to fill that blank with seven years or less, a figure both commonly chosen by recent IPO companies and supported by empirical studies of dual-class company performance.

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[1] For more information about the Council of Institutional Investors (Council or CII) and our members, please visit the Council's website at http://www.cii.org/about_us.

[2] CII Corporate Governance Policies (Section 3.3) provides that, "Each share of common stock should have one vote. Corporations should not have classes of common stock with disparate voting rights. Authorized, unissued preferred shares that have voting rights to be set by the board should not be issued without shareowner approval." CII's member-approved Investor Expectations for Newly Public Companies states, "Upon going public, a company should have a 'one share, one vote' structure…CII expects newly public companies without such provisions to commit to their adoption over a reasonably limited period through sunset mechanisms."

[3] Eventbrite, Inc. Form S-1, August 23, 2018; Eventbrite, Inc. Form S-1/A, August 24, 2018.

Just this year, EVO Payments, Bloom Energy and Smartsheet held dual-class IPOs with three, five and seven year sunsets respectively. Other recognizable technology companies to take this approach include Groupon, which went public in 2011 with a five year sunset and successfully collapsed its unequal voting structure in 2016; MaxLinear, which went public in 2010 with a seven year sunset and reverted to one share, one vote last year; Yelp, which went public in 2012 with a seven year sunset and collapsed its dual-class structure two years early last year; and MuleSoft, which went public last year with a five year sunset and was acquired by Salesforce earlier this year.[4]

One study of dual-class company performance found that even at innovative companies where unequal voting structures correlate to a value premium at the time of the IPO, that premium dissipates within six to nine years before turning negative.[5] Another recent study found that dual-class structures correlate with more innovation and value creation in the period shortly after an IPO, but within six to 10 years, the costs of the unequal voting structures outweigh the benefits. The study's authors conclude, "Our findings lend credence to the recent call from shareholder advocacy groups that if dual class structures should be allowed at all, they should face rigorous sunset provisions and be eliminated in a certain period post-IPO."[6]

Based on the experience of numerous dual-class companies specifically, and the results of empirical research generally, we believe 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 while mitigating the costs of inefficiency it imposes over time. We remain convinced that one share, one vote is the best model for sustainable value creation in the long term.

We are excited that after 12 years and $10 billion in ticket sales, Eventbrite is taking this momentous step into public markets. Notwithstanding our fundamental concerns about unequal voting structures, we are pleased that you are signaling to public investors that they will soon have a meaningful say in company matters through a time-based sunset. And we hope you share our view that a sunset of seven years or less is the ideal period for Eventbrite and its future shareholders.

Thank you for considering CII's views. If you have any questions or would like to discuss this further, please contact me at ken@cii.org or (202) 822-0800.

Sincerely,

Kenneth A. Bertsch
Executive Director

[4] See CII's List of Companies with Time-Based Sunset Approaches to Dual-Class Stock.
[5] Martijn Cremers, et al., *The Life-Cycle of Dual Class Firms*, November 2017, "We find that the initial dual class valuation premium is temporary and disappears within 6 to 9 years after the IPO…The declining valuations of dual- versus single-class firms suggests that potentially increased agency problems at mature dual class firms may be mitigated by a mandatory sunset provision for dual class structures, as advocated by Bebchuk and Kastiel;" *See* Lucian Bebchuk and Kobi Kastiel, *The Untenable Case for Perpetual Dual-Class Stock*, April 2017.
[6] Lindsay Baran, et al., *Dual Class Share Structure and Innovation*, May 2018.
For more research, see CII's Summaries of Key Academic Literature on Multi-Class Structures and Firm Value.