

## INDIVIDUAL ASSIGNMENT INSTRUCTIONS - Dual-Class Stock Structure and Corporate Governance

The voting right, which is a unique feature of common stock, allows stockholders to control the company that they jointly own for the pursuit of their interests in corporate decisions. The election of directors to serve on the Board that represents their interests is one of the most important corporate governance mechanisms stockholders exercise (though indirectly) their influence in corporate decisions. With one vote per share, the cumulative voting method in the election of directors allows minority shareholders to gain representation on the Board for the protection of their interests. However, the dual-class stock structure poses challenges to the extent of voting rights and hence control enjoyed by public investors of common stock issued by such companies.

Based on the information provided in the posted required readings (and maybe the posted optional readings as well), you are required to present your analysis and integrative discussions of the following issues in a **3-page** report with a minimum 10-pt font size and 1.5-line (or single line) spacing.

- (1) The **features and fundamentals** of dual-class common stock structure;
- (2) The **benefits and costs** of companies with the dual-class structure compared to the one vote one share structure, including the related empirical findings on the stock price performance of the dual-class structure;
- (3) The **investors' concerns** of their common stock investments under the dual-class structure;
- (4) The **market conditions and/or company and management characteristics** that may favor or justify the dual-class structure;
- (5) The **challenges** of the dual-class structure **on the effectiveness of corporate governance** in "protecting" the interests of minority shareholders, which are defined as shareholders that have relatively limited voting power; and
- (6) Other dimensions that you consider important in studying the readings that you like to include in your analysis.

Last but not least, you are required to (7) **discuss remedial proposals** (yours and based on required readings) that could address or mitigate the concerns with the dual-class common stock structure.

Though NOT required, additional outside sources may also be included if relevant and helpful in your analysis!

This assignment is **DUE by Friday July 16th, 2021**. The assignment may be turned in at any time on or before due date. Submit your Word file on Canvas – Individual Assignment.