



IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

PONTIAC GENERAL EMPLOYEES
RETIREMENT SYSTEM, on behalf of itself
and all other similarly situated shareholders of
ANCESTRY.COM INC.,

Plaintiff,

v.

PAUL R. BILLINGS, CHARLES M.
BOESENBERG, DAVID GOLDBERG,
THOMAS LAYTON, ELIZABETH
NELSON, VICTOR PARKER, MICHAEL
SCHROEPFER, BENJAMIN SPERO,
TIMOTHY SULLIVAN, HOWARD
HOCHHAUSER, ANCESTRY.COM INC.,
SPECTRUM EQUITY INVESTORS V, L.P.,
SPECTRUM V INVESTMENT
MANAGERS' FUND, L.P., SPECTRUM
EQUITY INVESTORS III, L.P., SEI III
ENTREPRENEURS' FUND, L.P.,
SPECTRUM III INVESTMENT
MANAGERS' FUND, L.P., PERMIRA
ADVISERS LLC, GLOBAL
GENERATIONS INTERNATIONAL INC.,
and GLOBAL GENERATIONS MERGER
SUB INC.,

Defendants.

C.A. No. _____

VERIFIED CLASS ACTION COMPLAINT

Plaintiff Pontiac General Employees Retirement System ("Pontiac General"), on behalf of itself and all other similarly situated public shareholders of Ancestry.com Inc. ("Ancestry" or the "Company"), makes the following allegations in its Verified Class Action Complaint (the "Complaint") against the members of the board of directors of Ancestry (the "Board" or "Ancestry Board"), certain of the Company's senior executive

officers, Spectrum Equity Investors (“Spectrum”),¹ Permira Advisers LLC (“Permira Advisers”), Global Generations International Inc. (“Parent”), and Global Generations Merger Sub Inc. (“Merger Sub”, and together with Permira Advisers and Parent, “Permira”) (collectively, the “Defendants”). The allegations herein are made in support of Plaintiff’s claims challenging Defendants’ conduct in connection with the sale of Ancestry to a consortium of investors (collectively, the “Buyout Group”) including Ancestry’s largest shareholder, Spectrum, certain members of the Company’s senior management team, and Permira Advisers, in exchange for \$32 per share in cash (the “Proposed Transaction”). The allegations herein are based on the knowledge of Plaintiff as to itself and its own actions, and on information and belief, including the investigation of counsel and review of publicly available information, as to all other matters.

INTRODUCTION

1. This action arises because on October 21, 2012, the members of the Ancestry Board, in breach of their fiduciary duties, allowed the Company’s largest shareholder, Spectrum, to partner up with certain members of the Company’s senior management team and private equity firm Permira to take the Company private for a patently inadequate price of \$32 per share.

2. Since 2003, Spectrum has been a large stockholder of Ancestry – at times its majority shareholder – and has used its significant ownership stake to stock the

¹ The specific Spectrum funds that are the recordholders of Spectrum’s Ancestry shares are: (1) Spectrum Equity Investors V, L.P.; (2) Spectrum V Investment Managers’ Fund, L.P., (3) Spectrum Equity Investors III, L.P.; (4) SEI III Entrepreneurs’ Fund, L.P.; and (5) Spectrum III Investment Managers’ Fund, L.P. These five named defendants are collectively referred to throughout this complaint as “Spectrum.”

Ancestry Board with Spectrum employees, business associates and other loyalists. As set forth below, at least five of the nine members of the Board have significant ties to Spectrum or senior management and, as a result, did not focus solely on obtaining the highest possible price in connection with the sale of Ancestry.

3. Following numerous indications of interest from potential buyers during the first half of 2012, Spectrum came to believe that now was the time to finally monetize its nearly decade-long investment in Ancestry. To this end, Spectrum caused the Ancestry Board to retain a financial advisor to explore a potential sale of the Company. Following a sales process, two private equity firms, Permira and TPG, submitted bids for Ancestry. One of the bids was reportedly \$35 per share. Critically, the Board, at Spectrum's insistence, rejected the \$35 per share bid as being inadequate.

4. Knowing that Spectrum was looking to monetize its Ancestry investment, but was not a willing seller at \$35 per share, Permira approached Spectrum with an appealing proposition. Permira offered Spectrum the opportunity to cash-out part of its Ancestry investment at \$32 per share and roll-over \$100 million of its Ancestry equity as part of the Buyout Group. While \$32 per share was considered inadequate when Spectrum was asked to sell its entire position, Spectrum was willing to accept a lower amount for part of its investment in exchange for the potential upside on Spectrum's continued Ancestry investment. Ancestry's public shareholders, however, were not given the same opportunity.

5. Similarly, Permira secured the support of the Company's Chief Executive Officer ("CEO") Timothy Sullivan ("Sullivan") and Chief Financial Officer ("CFO") and

Chief Operating Officer (“COO”) Howard Hochhauser (“Hochhauser”) by offering them the opportunity to roll-over the majority of their Ancestry equity in the buyout and promising them lucrative employment upon consummation of the deal.

6. The Ancestry Board, comprised almost entirely of members of the Buyout Group and other Spectrum loyalists, was not going to stand in the way of Spectrum and management’s preferred deal, even if such deal offered shareholders \$3 per share less than the offer the Board deemed inadequate only two months earlier.

7. Not only did the Ancestry Board accede to the wishes of the Company’s largest shareholder and senior management team in approving an underpriced sale, the Board also gave the Buyout Group a myriad of powerful deal protections which ensure consummation of the Proposed Transaction. These deal protections include a \$37.8 million termination fee, a no solicitation provision (“No-Shop”), and unlimited recurring matching rights.

8. Moreover, the Board failed to negotiate for a provision in the merger agreement (“Merger Agreement”) that would have conditioned the deal’s approval on the support of a majority of Ancestry shareholders other than Spectrum, CEO Sullivan and CFO/COO Hochhauser. Thus, with Spectrum pledging its entire 30% equity stake in support of the Proposed Transaction and Sullivan likely making a similar commitment for his 5% stake, less than one-quarter of the Company’s public shareholders need to support the deal for it to be consummated.

9. In light of the breaches of fiduciary duty on the part of the Ancestry Board, Spectrum, and certain members of the Company’s senior management team, and

the aiding and abetting of such breaches by Permira, Plaintiff is entitled to enjoin the deal or, alternatively, to recover damages in the event the Proposed Transaction is consummated on its current terms.

THE PARTIES

10. Plaintiff Pontiac General is a shareholder of Ancestry and has been a shareholder of Ancestry at all material times alleged in this Complaint.

11. Defendant Ancestry is the world's largest online family history resource, with more than 2 million paying subscribers. Ancestry users have created more than 39 million family trees containing approximately 4 billion profiles. Ancestry is headquartered in Provo, Utah. The Company is incorporated under the laws of the State of Delaware. Ancestry trades on the NASDAQ under the ticker symbol "ACOM."

12. Defendant Timothy Sullivan has served as the Company's President and Chief Executive Officer and a director since September 2005. As of March 30, 2012, Sullivan was the beneficial owner of 2,308,516 shares of Ancestry common stock, or 5.2% of the Company's total outstanding common stock. Sullivan is a member of the Buyout Group.

13. Defendant Paul R. Billings ("Billings") has served as a member of the Ancestry Board since May 2012.

14. Defendant Charles M. Boesenberg ("Boesenberg") has served as one of the Company's directors since July 2006, and has been the Chairman of the Board since October 2010.

15. Defendant David Goldberg ("Goldberg") has served as a member of the

Ancestry Board since February 2008.

16. Defendant Thomas Layton (“Layton”) has served as a member of the Ancestry Board since October 2009.

17. Defendant Elizabeth Nelson (“Nelson”) has served as a member of the Ancestry Board since July 2009.

18. Defendant Victor Parker (“Parker”) has been an observer on the Ancestry Board since 2003 and has served as one of the Company’s directors since 2006. Parker is a Managing Director of Spectrum, which is the Company’s largest stockholder and a member of the Buyout Group.

19. Defendant Michael Schroepfer (“Schroepfer”) has served as a member of the Ancestry Board since January 2011.

20. Defendant Benjamin Spero (“Spero”) has served as a member of the Ancestry Board since December 2007. Spero is a Managing Director of Spectrum, which is the Company’s largest stockholder and a member of the Buyout Group.

21. Defendant Howard Hochhauser has served as the Company’s CFO and COO since February 2012. He joined Ancestry in January 2009 as the Company’s CFO. As of March 30, 2012, Hochhauser was the beneficial owner of 310,009 shares of Ancestry common stock. Hochhauser is a member of the Buyout Group.

22. The defendants listed in paragraphs 12 to 20 above are collectively referred to herein as the “Director Defendants.” Defendants Sullivan (in his capacity as Ancestry’s CEO) and Hochhauser are collectively referred to herein as the “Officer Defendants.” The Director Defendants and the Officer Defendants are collectively

referred to herein as the “Individual Defendants.”

23. Defendant Spectrum is a private equity firm founded in 1994. Spectrum has raised six private equity funds totaling \$4.7 billion of capital exclusively focused on the information economy. Spectrum is a member of the Buyout Group.

24. Defendant Permira Advisers is European private equity firm founded in 1985. Permira Advisers has total committed capital of approximately \$26 billion. Permira Advisers is the leader of the Buyout Group.

25. Defendant Global Generations International Inc. is a Delaware corporation, affiliated with investment funds advised by Permira Advisers, that was created for the purpose of consummating the Proposed Transaction.

26. Defendant Global Generations Merger Sub Inc. is a Delaware corporation and a direct wholly-owned subsidiary of Global Generations International Inc. that was created for the purpose of consummating the Proposed Transaction.

SUBSTANTIVE ALLEGATIONS

I. Spectrum’s Longstanding Investment In Ancestry

27. In 2003, Spectrum invested \$13 million into Generations Network, Inc. (“Generations”), the then-parent company of Ancestry.

28. In October 2007, Spectrum led a group of investors that purchased Generations outright for \$354 million. In connection with the purchase, Spectrum injected an additional \$100 million into Generations and rolled over its existing equity. The cash injection increased Spectrum’s ownership stake in Generations to 67%.

29. In July 2009, Generations adopted the name of its flagship subsidiary,

Ancestry.com.

30. In November 2009, Ancestry.com conducted an initial public offering (“IPO”) of 7.4 million shares of common stock at \$13.50 per share. Spectrum sold a portion of its Ancestry equity in the IPO, reducing its ownership stake in the Company from 67% to approximately 54.8%.

31. By the spring of 2012, Spectrum had monetized a significant portion of its equity stake in the Company through a series of stock sales, reducing its position from 54.8% to 31.1%. These stock sales, when combined with Spectrum’s portion of the IPO proceeds, netted the private equity firm a total of \$360.2 million in cash, more than triple Spectrum’s \$113 million total investment in Ancestry.

II. The Ancestry Board Is Comprised Almost Entirely Of Spectrum Loyalists

32. While Spectrum is no longer the majority stockholder of the Company, Spectrum remains Ancestry’s largest shareholder and retains significant influence and control over the Ancestry Board. In fact, a majority of the members of the Ancestry Board are either employees of Spectrum, executives at Spectrum portfolio companies, or individuals with longstanding ties with Spectrum. Moreover, all but two of the Company’s nine directors were appointed to the Board prior to the Company’s November 2009 IPO (*i.e.*, when Ancestry was privately-held and Spectrum was the Company’s majority shareholder).

33. Two members of the Board, Defendants Parker and Spero, are managing directors at Spectrum.

34. CEO and director Sullivan was recruited to serve as Ancestry's CEO by Spectrum in 2005.

35. A fourth director, Defendant Goldberg, is the CEO of SurveyMonkey.com LLC ("SurveyMonkey"), a company in which Spectrum is a majority investor.

36. Chairman Boesenberg was a director at Onyx Software ("Onyx"), a company at which Spectrum managing director Parker was formerly an executive.

37. While Spectrum sold down its Ancestry equity stake over time, Spectrum clearly maintained a significant degree of influence over the Board.

III. Ancestry Embarks On A Sales Process After Receiving Multiple Expressions of Interest

38. According to *The Times (London)*, during the first half of 2012, Ancestry received expressions of interest from Internet giants Facebook and Google.

39. Additionally, the Company was the recipient of unsolicited expressions of interest from various private equity firms. The Company is an ideal target for a private equity buyout because of its relatively low valuation on an EBITDA basis, predictable subscription-based revenue model and debt-free balance sheet.

40. In response to these expressions of interest and looking to cash-out on its nearly decade-long investment, the Spectrum-dominated Board retained Qatalyst Partners ("Qatalyst"), an M&A technology-focused boutique investment bank, to serve as its financial advisor in connection with a possible sale of the Company. With Qatalyst's assistance, the Board embarked on a sales process in which multiple private equity firms, including Permira, TPG, Providence Equity Partners, and KKR. All reportedly expressed

at least some level of interest in bidding on the Company.

41. According to a July 24, 2012 article in the *New York Times Dealbook* entitled “Ancestry.com is Said to Be in Talks for a Buyout”, discussions regarding a sale of the Company centered on a deal price of \$35 to \$39 per share.

42. Suitors were required to submit their bids to acquire Ancestry by early August 2012. According to an article from *Bloomberg.com* entitled “Ancestry Said to Seek Higher Price From Permira and TPG,” Permira and TPG each submitted offers to acquire the Company. One of the bids was reportedly \$35 per share. The Ancestry Board, however, likely upon Spectrum’s recommendation, rejected the \$35 per share bid as being inadequate.

IV. Permira Invites Spectrum And Ancestry’s Senior Management Into The Buyout Group To Secure Board Approval

43. After the Ancestry Board rejected the \$35 offer, Permira changed its acquisition strategy. Knowing that Spectrum was looking to monetize its Ancestry investment, but was not a willing seller at \$35 per share, Permira approached Spectrum with an appealing proposition. Permira offered Spectrum the opportunity to cash-out approximately 75% of its Ancestry investment at \$32 per share and roll-over \$100 million of its Ancestry equity as part of the Buyout Group. While \$32 per share was less than Spectrum would accept in exchange for cashing-out its entire position, the potential upside on Spectrum’s rolled-over Ancestry investment led the private equity firm to accept a price in the Proposed Transaction that was not value-maximizing for Ancestry’s public shareholders.

44. To gain senior management's support for a sale of the Company for \$32 per share, Permira also offered CEO Sullivan and CFO/COO Hochhauser the opportunity to join the Buyout Group. Permira permitted Sullivan and Hochhauser to roll-over a substantial majority of their respective shares of Company common stock into the newly-private entity. As buyers, not sellers, Spectrum's senior executives were now incentivized to support a sale of the Company at the lowest market clearing price possible.

45. Moreover, Permira further purchased the loyalty of the Company's senior management team by dangling the prospect of continued executive employment post-closing.

46. With Spectrum, Sullivan and Hochhauser now supporting Permira's buyout offer, Ancestry Board approval was a *fait accompli*. The Board, comprised almost entirely of members of the Buyout Group and other Spectrum loyalists, was not going to stand in the way of Spectrum's preferred deal, even if such deal offered shareholders \$3 per share less than the offer the Board deemed inadequate two months earlier.

47. On October 21, 2012, the Company entered into the Merger Agreement with Permira whereby Ancestry stockholders will receive \$32 per share in cash in a transaction valued at \$1.6 billion. That same day, Spectrum, Sullivan and Hochhauser entered arrangements with Permira to formalize the equity roll-over detailed above.

V. **The Ancestry Board Agreed To Sell The Company To The Buyout Group For Inadequate Consideration**

48. The consideration offered in the Proposed Transaction is grossly inadequate when examined under even minimal scrutiny. The most powerful evidence that the offered consideration is inadequate is the fact that, only several months earlier, the Board soundly rejected a \$35 per share offer.

49. The Board cannot credibly claim that its willingness to now accept a \$32 offer can be explained by some material impairment of the Company's business during the intervening months. In fact, Ancestry's financial performance was exemplary during the third quarter of 2012.

50. In the Company's October 24, 2012 press release describing the third quarter, CEO Sullivan stated that

[w]e are pleased with our third quarter results that featured strong financial performance and subscriber metrics and solid execution on our content and product initiatives. We completed the indexing of the 1940 US Federal Census, a key milestone for Ancestry.com and the family history category, and we continued to make progress with our mobile app platform and AncestryDNA rollout.

(Emphasis added).

51. By the close of the third quarter of 2012, Ancestry surpassed the 2 million subscriber mark, a 19% increase over the end of the third quarter of 2011. Moreover, monthly subscriber churn was down from 4.2% in the third quarter of 2011 to 3.9% in the third quarter of 2012. Additionally, the Company's subscriber acquisition cost dropped from \$93.64 in the third quarter of 2011 to \$84.14 in the third quarter of 2012.

52. The meager premium associated with the Proposed Transaction further

underscores the inadequacy of the offered consideration. The \$32 deal price represents only a 10% premium to Ancestry's closing stock price on the last trading day before the deal was announced.

53. Moreover, the deal price fails to account for the significant anticipated benefits from the Company's two major acquisitions during 2012. On August 17, 2012, Ancestry consummated its purchase of Archives.com, a leading family history website for approximately \$100 million. When describing the deal, CEO Sullivan highlighted that "Archives.com is a great addition to the Ancestry.com family. It is a fast-growing business that has expanded the addressable family history market through a simple and affordable approach."

54. On October 3, 2012, the Company announced it had acquired 1000memories Inc., a startup that was focused on helping people digitize and share the estimated 1.7 trillion paper photos stored in their albums, attics, and shoeboxes. In the press release announcing the acquisition, Ancestry noted that the acquisition

will provide Ancestry members a compelling new way to share their family history discoveries with friends and family as well as scan and add their old photos to their family trees. It also brings an innovative team to the Ancestry.com family to advance Ancestry.com members' abilities to share the past with others.

55. Additionally, several Wall Street analysts who cover Ancestry are significantly more bullish on the Company's prospects. On September 20, 2012, Cantor Fitzgerald rated Ancestry as a "buy" and put a \$37.00 price target on the stock. On October 21, 2012, the day before the announcement of the Proposed Transaction, Citigroup reiterated its \$35 price target for the Company.

56. Ancestry's public shareholders have a right to receive consideration that accurately accounts for the Company's performance and prospects. However, the Board entered an underpriced deal with the Buyout Group in violation of the duties owed to the Company's public shareholders.

VI. The Ancestry Board Impermissibly Locks Up The Proposed Transaction

57. Particularly in light of the possibility that other bidders were willing to offer more than \$32 per share (but did not pursue a plan to join Spectrum as a co-bidder), the Board had a duty to leave the broadest opportunity for intervening bidders to maximize value for Ancestry's public shareholders. Instead of opening the door to competitors who did not co-opt Spectrum, the Board has agreed to provisions in the Merger Agreement that all but ensure consummation of the Proposed Transaction.

58. First, the Board failed to negotiate for a provision in the Merger Agreement that would have conditioned the deal's approval on the support of a majority of the Company's unaffiliated public shareholders who will not be participating in the Buyout Group (*i.e.*, Ancestry shareholders other than Spectrum, CEO Sullivan and CFO/COO Hochhauser). Instead, the Proposed Transaction is only subject to the approval of the holders of a majority of the outstanding shares of Ancestry. With Spectrum pledging its 30% equity stake in support of the Proposed Transaction and Sullivan likely making a similar commitment for his 5% stake, less than one-quarter of the Company's public shareholders need to support the deal for it to close.

59. Second, despite the known existence of at least one suitor willing to pay more than \$32 per share to acquire the Company, the Board failed to negotiate for a "Go-

Shop” or even a “Window Shop” provision. Instead, the Board agreed to a prohibitive “No-Shop” provision. Thus, the Board is prohibited from even encouraging competing bids for the Company, the antithesis of maximizing shareholder value. In light of the earlier \$35 offer and the Company’s attractiveness to private equity buyers, such a provision is particularly inappropriate.

60. While there is a limited “fiduciary-out” to the No-Shop provision, the composition of the Buyout Group dramatically reduces the likelihood of an unsolicited topping bid. Unless a third party is willing to offer Spectrum even more of a sweetheart deal, Spectrum is unlikely to pledge its 30% equity stake in support of the competing deal. Without Spectrum’s support, it will be nearly impossible for a third-party to get the necessary shareholder support to consummate a competing transaction.

61. Potential suitors would also have serious concern regarding whether the conflicted Ancestry Board, comprised of a majority of directors beholden to the Buyout Group, would fairly evaluate their topping bid.

62. Moreover, third parties have a strong reason to distrust any diligence materials that CEO Sullivan and CFO/COO Hochhauser, who are rolling over the majority of their Ancestry equity and have been promised lucrative employment post-closing, would turn over if such third party submitted a “Superior Proposal.”

63. Third, the Ancestry Board provided the Buyout Group with unlimited Matching Rights, granting the Buyout Group the luxury of four business days (the “Negotiation Period”) to revise its proposal or persuade the Board not to change its recommendation for the Proposed Transaction if an alternative bidder submits a Superior

Proposal. And if a competing suitor further modifies its bid during the Negotiation Period, the Buyout Group will be provided an additional two days – for a total of six days – to revise its proposal. This grace period for the Buyout Group to “match” any offer creates a significant advantage for the insider-led consortium to formulate a revised bid and “chill” further competing bids from emerging in the first place.

64. Under the Merger Agreement, not only does the Buyout Group have the unlimited ability to match any competing offers, but the Buyout Group is also entitled to broad information rights. The Buyout Group is entitled to know the identity of the bidder and all material terms and conditions of such a proposal before having to submit a matching bid. Ancestry is further obligated to provide the Buyout Group with copies of all written offers and/or information requests submitted to it by any third-party bidders. Any non-public information provided by Ancestry to a third party must also be provided promptly to the Buyout Group.

65. The Matching Right dissuades interested parties from making an offer for the Company because a third-party bidder must (a) make an offer that the Board deems superior before being allowed to conduct any due diligence, (b) acquiesce to having its bids undermined by the Board relaying all material information about them to the Buyout Group, (c) in the event that the Buyout Group matches the third-party proposal, the third party must then formulate a superior proposal without having any material information about the Buyout Group’s bid, and (d) the third party can only win the bidding war if the Buyout Group decides to give up. Due to the Proposed Transaction’s flawed process and inadequate price, no justification exists for the inclusion of the Matching Right and other

bid advantages in the Merger Agreement.

66. Finally, the Board further reduced the possibility of maximizing shareholder value by agreeing to a large termination fee. The Proposed Transaction provides that, upon termination of the Merger Agreement by the Company (or the Buyout Group upon specified conditions), the Company will be required to pay the Parent a termination fee of \$37.8 million. If not for the Ancestry Board's unjustifiable decision to agree to sell to the Buyout Group for \$32 per share, this is money that otherwise would have been paid to Ancestry shareholders as merger consideration – roughly \$0.89 per share.

67. These deal protections serve to deter competing parties from making bids and prevent the Board from properly exercising their fiduciary duties to obtain the maximum value for Ancestry shareholders. The deal protections erect barriers to competing offers and essentially guarantee that the Proposed Transaction will be consummated, leaving Ancestry shareholders with little, if any, opportunity to consider any superior offer that is known to exist.

CLASS ACTION ALLEGATIONS

68. Plaintiff brings this action pursuant to Rule 23 of the Rules of the Court of Chancery, individually and on behalf of all other holders of Ancestry's common stock (except defendants herein and any persons, firm, trust, corporation or other entity related to or affiliated with them and their successors in interest) who are or will be threatened with injury arising from defendants' wrongful actions, as more fully described herein.

69. This action is properly maintainable as a class action.

70. The Class is so numerous that joinder of all members is impracticable. The Company has thousands of shareholders who are scattered throughout the United States. As of March 30, 2012, there were 42,597,736 shares of Ancestry's common stock outstanding.

71. There are questions of law and fact common to the Class including, *inter alia*, whether:

a. The Director Defendants breached their fiduciary duties by refusing to extract the highest value possible from the Buyout Group in this all-cash sale of the Company;

b. The Individual Defendants are acting in furtherance of their own self-interests to the detriment of the Class;

c. Plaintiff and the other members of the Class are being and will continue to be injured by the wrongful conduct alleged herein and, if so, what is the proper remedy and/or measure of damages; and

d. Plaintiff and the other members of the Class will be damaged irreparably by Defendants' conduct.

72. Plaintiff is committed to prosecuting the action and has retained competent counsel experienced in litigation of this nature. Plaintiff's claims are typical of the claims of the other members of the Class, and Plaintiff has the same interests as the other members of the Class. Plaintiff is an adequate representative of the Class.

73. The prosecution of separate actions by individual members of the Class would create the risk of inconsistent or varying adjudications with respect to individual

members of the Class, which would establish incompatible standards of conduct for Defendants, or adjudications with respect to individual members of the Class, which would as a practical matter be disjunctive of the interests of the other members not parties to the adjudications or substantially impair or impede their ability to protect their interests.

74. Defendants have acted, or refused to act, on grounds generally applicable to, and causing injury to, the Class and, therefore, preliminary and final injunctive relief on behalf of the Class, as a whole, is appropriate.

COUNT I

BREACH OF FIDUCIARY DUTY AGAINST THE DIRECTOR DEFENDANTS

75. Plaintiff repeats and realleges each and every allegation above as if set forth in full herein.

76. The Director Defendants, as Ancestry directors, owe the Class the utmost fiduciary duties of due care, good faith, candor and loyalty. By virtue of their positions as directors and/or officers of Ancestry and/or their exercise of control and ownership over the business and corporate affairs of the Company, the Director Defendants have, and at all relevant times had, the power to control and influence and did control and influence and cause the Company to engage in the practices complained of herein. Each Director Defendant was required to: (a) use their ability to control and manage Ancestry in a fair, just and equitable manner; (b) act in furtherance of the best interests of Ancestry and its shareholders and not their own; and (c) fully disclose the material circumstances,

procedures, and terms of the Proposed Transaction so that shareholders can make a fully informed decision.

77. The Ancestry directors are obligated by their fiduciary duties to ensure that any all-cash sale of the Company is accomplished by a reasonable process aimed at obtaining the highest price reasonably available. The Ancestry directors have breached these duties.

78. The Director Defendants failed to fulfill their fiduciary duties in connection with the Proposed Transaction.

79. As a result of the Ancestry directors' breaches of fiduciary duty in agreeing to the Proposed Transaction, the Class will be harmed by receiving the inferior consideration offered in the Proposed Transaction.

80. Plaintiff and the Class have no adequate remedy at law.

COUNT II

BREACH OF FIDUCIARY DUTY AGAINST THE OFFICER DEFENDANTS

81. Plaintiff repeats and realleges each and every allegation above as if set forth in full herein.

82. Defendants Sullivan and Hochhauser, in their capacities as Ancestry officers, owe the public shareholders of Ancestry the fiduciary duties of loyalty and due care. To fulfill these fiduciary duties, Defendants Sullivan and Hochhauser are obligated to act in the best interests of Ancestry's public shareholders and may not sacrifice those interests in favor of his own interests.

83. In negotiating the Proposed Transaction with the Buyout Group, the

Officer Defendants breached their fiduciary duties by placing their own interests ahead of those of Ancestry's public shareholders. Because the Officer Defendants stand on both sides of the Proposed Transaction, they were in a position to abuse their positions of trust as fiduciaries for the Company's public shareholders. Specifically, the Officer Defendants abused this trust by supporting a deal that provided them with the opportunity to roll-over the majority of their Ancestry equity and obtain continued employment rather than seeking to maximize value for Ancestry's public shareholders.

84. Further, the Officer Defendants endorsed the inadequate consideration offered in the Proposed Transaction because the Officer Defendants, as members of the Buyout Group, stood to gain personally from a less than value-maximizing purchase price.

85. As a result of the Officer Defendants' breaches of fiduciary duty, Plaintiff and the Class have been and will continue to be harmed in the Proposed Transaction.

86. Plaintiff and the Class have no adequate remedy at law.

COUNT III

BREACH OF FIDUCIARY DUTY AGAINST SPECTRUM

87. Plaintiff repeats and realleges each and every allegation above as if set forth in full herein.

88. Spectrum is Ancestry's *de facto* controlling shareholder. As described herein, Spectrum currently exercises control over the business and affairs of Ancestry and over the Ancestry Board.

89. Spectrum owes the Class the utmost fiduciary duties of due care, good

faith, and loyalty.

90. As a member of the Buyout Group, Spectrum's financial interests are adverse to the financial interests of Ancestry's public shareholders who will be cashed out in the Proposed Transaction.

91. The proposed merger consideration is inadequate and unfair, and Spectrum has leveraged its position as the Company's *de facto* controlling shareholder to dominate and influence the sales process, thus breaching its fiduciary duties.

92. Plaintiff and the Class have been harmed by Spectrum's breaches of fiduciary duty because they will not receive a fair price in the Proposed Transaction and the deal's structure will deter superior proposals.

93. Plaintiff and the Class have no adequate remedy at law.

COUNT IV

AIDING AND ABETTING AGAINST PERMIRA

94. Plaintiff repeats and realleges each and every allegation above as if set forth in full herein.

95. Permira offered the prospect of (a) equity participation to Spectrum, Sullivan and Hochhauser and (b) continued employment to Sullivan and other members of the Company's senior management to induce support for Permira's low premium offer.

96. As a result of this conduct by Permira, Plaintiff and other members of the Class have and will be damaged by being denied the best opportunity to maximize the value of their investment in the Company.

97. Plaintiff and the Class have no adequate remedy at law.

RELIEF REQUESTED

WHEREFORE, Plaintiff demands judgment as follows:

a. Preliminarily and permanently enjoining Ancestry and any of the Ancestry Board members and any and all other employees, agents, or representatives of the Company and persons acting in concert with any one or more of any of the foregoing, during the pendency of this action, from taking any action to consummate the Proposed Transaction until such time as the Ancestry Board has fully complied with their fiduciary duties and taken all readily available steps to maximize shareholder value;

b. Finding the Ancestry Board liable for breaching their fiduciary duties to the Class;

c. Finding the Officer Defendants liable for breaching their fiduciary duties to the Class;

d. Finding Spectrum liable for breaching its fiduciary duties to the Class;

e. Finding Permira liable for aiding and abetting breaches of fiduciary duty;

f. Finding the Merger Agreement invalid and unenforceable, or in the alternative, amending or enjoining the deal protection provisions as necessary to ensure a full and fair sales process for the benefit of the Class;

g. Awarding the Class compensatory damages, together with pre- and

post-judgment interest;

- h. Awarding Plaintiff the costs and disbursements of this action, including attorneys', accountants', and experts' fees; and
- i. Awarding such other and further relief as is just and equitable.

Dated: October 26, 2012

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