

# KCLI: Shareholder Issues Letter to Board of Directors, Believes Proposed 'Go-Private' Transaction Structured Unfairly

NEW YORK, N.Y., Sept. 10, 2015 (SEND2PRESS NEWSWIRE) – On Sept. 9, 2015, Sherow Management, LLC, an outside shareholder, sent a letter addressed to Kansas City Life Insurance Co's Board Chairman in response to the Company's proposed "Go-Private" Transaction. Sherow believes the deal is unfair to outside shareholders and should be amended. Excerpts from the letter and a link to a copy follow.

Sherow Management, LLC  
Eric Smallowitz  
30 Broad Street, 14th FL  
New York, NY 10004  
646-480-4844

September 9, 2015

Mr. Robert Philip Bixby  
Chairman of the Board  
Kansas City Life Insurance Co.  
3520 Broadway  
Kansas City, MO 64111

Dear Mr. Bixby,

I write to you on behalf of shareholders regarding Kansas City Life Co's proposed stock registration termination transaction, detailed in the proxy dated 8/4/2015. In my opinion, the proposed 'go-private' transaction is wholly unfair to minority shareholders, both those small holders being offered an inadequate price of \$52.50 per share & even more so to Institutional holders including Sherow Capital Partners, LP, represented in this letter by its General Partner. The Company's proposal would affect no positive change for holders of over 30% of outstanding stock but does in fact do significant harm to those holders.

I believe the Board of Directors did not fulfill its Fiduciary duty to protect minority shareholders' interests in crafting this proposal. The Board should immediately rectify this by fulfilling its obligation to maximize value for all Shareholders by instructing its Financial Advisors to fully explore all avenues for value creation. I urge fellow shareholders to clearly reject this proposal & force the Board to represent all Shareholders evenly.

Specifically, the go-private transaction is flawed & the Board's actions inadequate in many respects. First, the savings generated are insufficient to improve returns meaningfully. Second, remaining shareholders are left with no

guarantee, nor any increased likelihood that the stock price now will trade closer to Management's own determined worth. The amount of shares to be bought in this transaction is small; on the contrary, KCLI's Board suspended its open market stock buyback with the announcement and has not detailed any capital return plan post the transaction's close. In fact, the proxy details many risks to going private to remaining shareholders including further reduced liquidity & even less transparency from management.

Third, the Board's duty is to all shareholders, not controlling family interest; any shareholder vote on going private should be a vote of only minority shareholders who stand to be left with a bulletin board listed stock issue. Fourth, the Independent Committee of the Board by its own admission did not explore all avenues of value creation for Shareholders, instead remained beholden to ensuring the lack of change of control from the current majority holder.

However, this transaction does in fact change the Company's capital structure in a meaningful way as well as its business operations going forward. The Company admits as much in the many risk factors detailed in the Proxy. Last, the price of \$52.50 is inadequate relative to comparable transactions the past 24 months and does not reflect an accurate market valuation.

While I do not doubt the Board & Management's dedication to KCLI, I believe the Board has made a poorly designed proposal & should change course on its own to benefit shareholder interests. I urge you to meet the Board's responsibility & examine all avenues of value creation.

Sincerely,  
Eric Smallowitz  
Principal  
Sherow Management, LLC

Link to Letter: <http://goo.gl/9dZ4TY>.

**About Sherow Management:**

Sherow Management, LLC is a New York Registered Investment Advisory focused on the Financial Sector. Sherow's proprietary method seeks to identify appropriate investment opportunities focused mainly on Small & Mid Cap Growth Financial Companies in early stages of their growth, including Regional and Community Banks. Founded in 2011, Sherow Management LLC currently has over \$24mm AUM. Eric Smallowitz, the founder and principal of Sherow, has over 16 years of experience analyzing and trading U.S. Financial Companies.

More information: <http://SherowManagement.com/>.

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