

Delaware Supreme Court's Ruling in DFC Global Provides Important Clarity on the Role of Deal Price and the Sale Process in Appraisal Proceedings

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The Delaware Supreme Court, in [an opinion by Chief Justice Strine](#), recently reversed and remanded the Chancery Court's ruling in *DFC Global Corporation v. Muirfield Value Partners, L.P.*, an appraisal proceeding to determine the fair value of DFC Global following its acquisition by the private equity firm Lone Star Funds. In recent appraisal decisions, including *DFC Global* and *In re Appraisal of Dell, Inc.*, the Chancery Court declined to rely on the deal price as the best evidence of fair value, notwithstanding a robust sale process. This was due, in part, to flaws that the Chancery Court determined to exist in the ability of the market to establish a fair price. These decisions resulted in appraisal values meaningfully in excess of the deal price, creating significant uncertainty for buyers and sellers in the M&A market. *DFC Global*, a highly anticipated opinion by the Delaware Supreme Court, provides important clarity over the role of the deal price and the sale process in Delaware appraisal proceedings. The Delaware Supreme Court will also have an opportunity to provide further clarity on the role of deal price and the sale process in appraisal proceedings in its upcoming review of the Chancery Court's decision in *Dell*. The *Dell* proceedings will therefore continue to be worth monitoring.

The key elements of the Delaware Supreme Court's decision in *DFC Global*, and its implications for buyers and sellers in future M&A transactions, are outlined in this memorandum.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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