

Delaware Supreme Court's Rulings Re-Establish Importance of Deal Price and Sale Process in Appraisal Proceedings

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In two important recent decisions, *DFC Global Corp. v. Muirfield Value Partners, L.P.* and *Dell Inc. v. Magnetar Global Event Driven Master Fund Ltd.*, the Delaware Supreme Court provided clarity about the role of the deal price and the sale process in appraisal proceedings, reassuring buyers and sellers in M&A transactions that market-based indicators of value, including the target's stock price and the deal price, should receive heavy, if not dispositive, deference where there is an absence of evidence demonstrating an inefficient market and where the deal price is the result of a robust sale process. We believe these decisions can be read fairly to create a new approach to the fair value analysis required in appraisal proceedings. While not establishing a presumption or bright-line rule in favor of the deal price, the Delaware Supreme Court's opinions emphasized that market-based evidence, including the unaffected stock price in an efficient market and price discovery through an open and fair sale process, often provides the most reliable evidence of fair value.

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