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Delaware Court Upholds Barnes & Noble Shareholder Rights Plan

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The Delaware Chancery Court last week upheld a shareholder rights plan adopted by Barnes & Noble's board of directors in the face of a rapid accumulation of stock by investor Ronald Burkle's Yucaipa funds. In a rare post-trial opinion addressing the validity of a shareholder rights plan, Vice Chancellor Strine affirmed that *Unocal* provides the appropriate standard of review for the board's adoption and maintenance of a rights plan with a 20% trigger that "grandfathered" in the existing 30% holding of the company's founder and chairman, Leonard Riggio, while limiting further acquisitions by him.

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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