In re Alberto-Culver Company Shareholder Litigation

COURT: Delaware Court of Chancery
CASE NUMBER: Consolidated C.A. No. 5873-VCS

On October 5, 2010, BLB&G filed a class action complaint (the "Complaint") in the Delaware Court of Chancery on behalf Laborers Local 235 Benefit Funds and similarly situated public shareholders of beauty products company Alberto-Culver Co. ("Alberto-Culver" or the "Company") challenging the terms of a proposed sale of the Company to Unilever (the "Proposed Transaction"). Among other things, the Complaint alleged that the Alberto-Culver board of directors (the "Board") improperly structured the Proposed Transaction to favor its preferred bidder, Unilever, and dissuade other interested parties from bidding for the Company in order to further the interests of Alberto-Culver's patriarch and his family. The agreement between Alberto-Culver and Unilever forbade the Board from taking any steps to maximize shareholder value by restricting its ability to contact potential bidders and limiting the information it could provide to interested third parties. In addition, the agreement provided Unilever unlimited matching rights - preclusive privileges that deter potential bidders from expending times and resources on an offer when it could be summarily "matched" by a favored buyer.

On October 20, 2010, BLB&G filed an amended complaint (the "Amended Complaint") that added claims relating to the wholly inadequate disclosure made by the Company in its Preliminary Proxy Statement relating to the Proposed Transaction filed on October 15, 2010 (the "Proxy"). In addition to numerous other shortcomings, the Proxy failed to adequately describe the Board's decision to negotiate exclusively with Unilever.

After an expedited discovery that included the review of thousands of pages of documents and numerous depositions in a matter of weeks, BLB&G filed a motion to enjoin the Proposed Transaction on November 23, 2010.

On November 29, 2010, the parties agreed to settle all of the outstanding claims in the lawsuit. As part of the settlement Alberto-Culver agreed to:

1) eliminate the matching rights it had granted to Unilever;
2) lower any break-up fee the Company may be obliged to pay by $25 million to $100 million; and
3) be prepared to promptly provide any superior bidder with the same confidential documents that had been shared with Unilever.

In addition, Alberto-Culver agreed to amend the Proxy to provide shareholders with substantially more information about the Proposed Transaction and process, and to postpone a scheduled shareholder vote on the Proposed Transaction until December 17, 2010, in order to give shareholders adequate time to analyze the transaction, and any potential suitor time to bid for the Company.

The Court preliminarily approved the settlement and BLBG provided notice to the class. Subsequently, on January 24, 2011 BLBG submitted Plaintiffs' papers in support of final approval of the proposed settlement and the Court approved the settlement on February 21, 2011.

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Case Documents

- February 15, 2011 - Plaintiffs' Reply Brief in Support of Motion for Final Approval of the Proposed Settlement, Certification of the Class, and an Award of Attorneys Fees and Reimbursement of Expenses
- January 24, 2011 - Proposed Order Granting Attorneys' Fees and Expenses
- January 24, 2011 - Exhibits to Joint Declaration of J.Kairis and M.Lebovitch in Support of Co-Lead Plaintiffs' Motion for Final Approval of Proposed Settlement, Certification of the Class, and an Award of Attorneys' Fees and Reimbursement of Expenses
- January 24, 2011 - Joint Declaration of John C. Kairis and Mark Lebovitch in Support of Co-Lead Plaintiffs' Motion for Final Approval of Proposed Settlement, Certification of the Class, and an Award of Attorneys' Fees and Reimbursement of Expenses
- January 24, 2011 - Exhibits to Declaration of J. Kairis in Support of Plaintiffs' Motion for Final Approval of Proposed Settlement, Certification of the Class, and an Award of Attorneys' Fees and Reimbursement of Expenses
- January 24, 2011 - Declaration of J. Kairis in Support of Plaintiffs' Motion for Final Approval of Proposed Settlement, Certification of the Class, and an Award of Attorneys' Fees and Reimbursement of Expenses
- January 25, 2011 - Plaintiffs' Brief in Support of Motion for Final Approval of the Proposed Settlement, Certification of the Class, and an Award of Attorneys' Fees and Reimbursement of Expenses
- January 24, 2011 - Plaintiffs' Motion for Final Approval of Proposed Settlement, Certification of the Class, and an Award of Attorneys' Fees and Reimbursement of Expenses
- December 22, 2010 - Notice of Pendency and Proposed Settlement
- November 29, 2010 - Exhibit A to Settlement
- November 29, 2010 - Stipulation and Agreement of Compromise and Settlement
- October 21, 2010 - Verified Amended Class Action Complaint

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