

## In re Atlas Energy Resources, LLC Shareholder Litigation

**COURT:** Delaware Court of Chancery  
**CASE NUMBER:** 4589-VCN  
**JUDGE:** Vice Chancellor John W. Noble  
**CASE CONTACTS:** Mark Lebovitch

On May 13, 2009, BLB&G filed a class action complaint (the “Complaint”) in the Delaware Court of Chancery on behalf of all similarly situated Class B unitholders of Atlas Energy Resources, LLC (“Atlas Energy” or the “Company”) challenging the proposed merger of Atlas Energy with its controlling unitholder Atlas America, Inc. (“Atlas America”) (the “Merger”). Among other things, the Complaint alleged that (a) Atlas America, as controlling unitholder, breached its fiduciary duties to the minority unitholders of Atlas Energy by negotiating a merger through an unfair process which provided an unfair price and (b) the Atlas Energy board of directors (the “Board”) breached their fiduciary duties by agreeing to the Merger.

Atlas Energy was created to own and operate the natural gas and oil assets and the investment partnership assets management business of Atlas America. Atlas America owned over 47% of Atlas Energy’s Class B units (the “Class B Units”) and stocked Atlas Energy’s boardroom and executive officers with Atlas America directors and officers. Atlas America used its controlling position to impose a transaction on Atlas Energy in which Atlas America would acquire all outstanding Class B units that it did not already own for \$14.40 per Class B unit. The deal consideration represented essentially no premium to Atlas Energy’s closing price immediately preceding the Merger’s announcement. In connection with the Merger, the Company also announced that it would be suspending all cash distributions to unitholders until the deal was completed, depriving unitholders of a valuable aspect of their investment.

On June 15, 2009, the Court granted BLB&G’s motion for consolidation and appointment as co-lead counsel. On July 1, 2009, BLB&G filed a consolidated complaint expanding on the Plaintiffs’ initial breach of fiduciary duty claims.

On February 18, 2010, Defendants submitted a motion to dismiss Plaintiffs’ complaint. On May 3, 2010 BLB&G filed its brief in opposition to Defendants’ motion to dismiss. On June 11, 2010 Defendants filed their reply brief in support of their motion to dismiss.

On October 28, 2010, the Court issued a decision on Defendants’ motion to dismiss. The Court sustained Plaintiffs’ claims against Atlas America, but dismissed Plaintiffs’ claims against the members of the Atlas Energy Board.

After extensive discovery and zealous advocacy, the parties reached an agreement in principle relating to all of the outstanding claims in the lawsuit. The Stipulation and Agreement of Compromise required Atlas America to pay an additional \$20 million in consideration to the former Atlas Energy Class B unitholders. On May 14, 2012, the Court approved the terms of the settlement.