

In re Smurfit-Stone Container Corp. Shareholder Litigation

COURT: Delaware Court of Chancery
CASE NUMBER: Consolidated C.A. No. 6164-VCP
JUDGE: Vice Chancellor Donald F. Parsons, Jr.
CASE CONTACTS: Mark Lebovitch

On January 23, 2011, Smurfit-Stone Container Corp. ("Smurfit-Stone" or the "Company"), entered into a merger agreement with Rock-Tenn Company ("Rock-Tenn"), whereby each share of Smurfit-Stone common stock would be converted into the right to receive \$17.50 in cash and 0.30605 shares of Rock-Tenn common stock (the "Proposed Transaction"). BLB&G challenged the Proposed Transaction as a product of breaches of fiduciary duty by the Smurfit-Stone's board of directors, aided and abetted by Rock-Tenn. The parties engaged in expedited discovery proceedings. In response to the challenges made by shareholder plaintiffs, defendants filed several amendments to their proxy statements and made other supplemental disclosures.

On May 2, 2011, the Court certified a class, and designated BLB&G as Co-Lead Counsel. After a hearing, on May 20, 2011, the Court denied shareholder plaintiffs' motion for a preliminary injunction. The Smurfit-Stone shareholders approved the Proposed Transaction, and it closed on May 27, 2010. It then came to the parties' attention that the proxy statements erroneously described and attached an outdated version of Delaware's appraisal statute. Thereafter, the parties negotiated a settlement, whereby former Smurfit-Stone shareholders are provided with the right to elect to participate in quasi-appraisal proceedings. On December 9, 2011, the Court approved the settlement.