Fair Summary: Delaware's Framework for Disclosing Fairness Opinions

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Directors of Delaware corporations owe to their stockholders a duty of disclosure derived from their ordinary fiduciary duties of care and loyalty. A common disclosure claim is that the target company's disclosure document in a business combination was materially misleading or incomplete with respect to the fairness opinion relied on by the target's board in evaluating the transaction. The Delaware courts have decided numerous cases involving claims that disclosure as to some element of a fairness opinion—projections, analyses, assumptions—is defective. This Article describes the general duty of disclosure, discusses the principles behind the cases on fairness opinions, and sets out a framework for predicting the information that must be disclosed with respect to fairness opinions under Delaware law.

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