

NEWS RELEASE

Contact: *United States*
Jason Milch
Hellerman Baretz Communications
312.379.9406
jmilch@hellermanbaretz.com

Susan Wittner
Cornerstone Research
212.605.5002
swittner@cornerstone.com

Europe
Gus Sellitto
Byfield Consultancy
+44.020.7092.3999
gus@byfieldconsultancy.com

FOR IMMEDIATE RELEASE

New Report by Cornerstone Research Points to Shifts in M&A Litigation

Percentage of M&A deals challenged by shareholders of public target companies remained high in 2014, but other indicators suggest a slowdown

Menlo Park, Calif., February 25, 2015—A new report shows that the percentage of 2014 lawsuits filed by shareholders in M&A deals remained consistent with the previous four years, while other key indicators suggest a slowdown. The report, [*Shareholder Litigation Involving Acquisitions of Public Companies*](#), released today by Cornerstone Research, reveals that investors contested 93 percent of M&A transactions in 2014. Despite this typically high percentage, shareholders brought a smaller number of competing lawsuits per deal and in fewer jurisdictions, challenged fewer deals valued below \$1 billion, and took slightly longer to file lawsuits.

In a significant shift from recent years, 60 percent of contested M&A deals had lawsuits filed against them in only one jurisdiction. Just 4 percent of these deals were challenged in more than two courts, the lowest number since 2007.

“This decline in the number of courts is likely the result of the widespread adoption of corporate bylaws that specify exclusive jurisdiction,” said [Adel Turki](#), a senior vice president of Cornerstone Research and head of the firm’s finance practice. “For acquisitions involving Delaware-incorporated companies, the Delaware Chancery Court has gained ground as a preferred filing destination.”

Key Trends

- Plaintiff attorneys filed more than 600 lawsuits challenging M&A deals announced in 2014 and valued over \$100 million.
- The percentage of deals challenged in litigation remained high at 96 percent for deals valued over \$1 billion, but declined for deals valued under \$1 billion, from 94 percent in 2013 to 89 percent in 2014.
- The average number of lawsuits per deal declined from 5.2 in 2013 to 4.5 in 2014, the lowest annual rate since 2009.
- The number of deals with more than 10 filings decreased, from 14 in 2013 to nine in 2014.
- The percentage of lawsuits resolved before M&A deals closed in 2014 slid to the lowest level since 2008. In 2014, only 59 percent of litigation was resolved before the deals were concluded, compared with 74 percent in 2013.
- Only one M&A case in the data went to trial in 2014; it resulted in a \$76 million damages award.
- Lawsuits challenging M&A deals were filed more slowly in 2014. The first lawsuit was filed an average of 14 days after the deal announcement, compared with 11 days in both 2012 and 2013.
- Similar to prior years, almost 80 percent of settlements reached in 2014 provided only additional disclosures. Just six settlements involved payments to shareholders.

About the Author

[Olga Koumrian](#) is a principal in the Menlo Park office of Cornerstone Research.

About Cornerstone Research

Cornerstone Research provides economic and financial consulting and expert testimony in all phases of complex litigation and regulatory proceedings. The firm works with an extensive network of prominent faculty and industry practitioners to identify the best-qualified expert for each assignment. Cornerstone Research has earned a reputation for consistent high quality and effectiveness by delivering rigorous, state-of-the-art analysis for over 25 years. The firm has more than 500 staff and offices in Boston, Chicago, London, Los Angeles, Menlo Park, New York, San Francisco, and Washington.

Please visit Cornerstone Research's [website](#) for more information about the firm's capabilities in [economic and financial consulting](#) and [expert testimony](#).

[Twitter at @Cornerstone_Res](#)

###