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Case Name: [In Re Globe Specialty Metals Inc. Stockholders Litigation](#)
Case Conclusion: February 2016
Caption: Delaware Court of Chancery, Consol. C.A. No. 10865-VCG
Keywords: Fiduciary Duty, Class Action, M&A Litigation
Industry: Industrial Metals
Professionals: [William Jeffers, CFA](#) and [William P. McInerney, ASA](#)

In February 2015, multinational silicon producers Grupo FerroAtlántica, S.A.U. (“FerroAtlántica”) and Globe Specialty Metals, Inc. (“Globe”) agreed to merge in a \$3.1 billion stock-for-stock transaction in which FerroAtlántica received a 57% equity stake in the combined company and Globe stockholders received the remaining 43%.

Globe stockholders filed a class action lawsuit alleging that Globe’s Board of Directors breached their fiduciary duties to stockholders by selling Globe for an inadequate price, and that FerroAtlántica aided and abetted those breaches. The suit noted that the consideration Globe stockholders were to receive – a minority interest in a combined company incorporated in the United Kingdom and controlled by FerroAtlántica’s Spanish parent – represented a significant and unfavorable change to the equity and governance structure that Globe stockholders previously enjoyed.

Counsel for the plaintiff class retained William Jeffers, CFA of the Griffing Group to provide valuation analysis and expert witness testimony. In July 2015, Mr. Jeffers issued an expert report that demonstrated the transaction was unfair to Globe’s public stockholders because the proposed stock swap provided them with a negative premium for their shares, even after accounting for future synergies expected from the merger.

In late August 2015, the Court held a hearing on plaintiffs’ motion for a preliminary injunction. In early September, prior to the Court’s ruling on the motion, the parties entered into a memorandum of understanding which provided settlement terms including a \$32.5 million cash payment to plaintiffs and significantly enhanced corporate governance protections for former Globe stockholders at the combined company. The Court approved the settlement in February 2016. Vice Chancellor Glasscock called the settlement “an excellent result for the stockholders.”

William Jeffers, CFA was assisted by William P. McInerney, ASA. The plaintiffs were represented by Mark Lebovitch, Jeroen Van Kwawegen, Christopher J. Orrico, and John Vielandi of Bernstein Litowitz Berger & Grossmann LLP; Michael Hanrahan, Paul A. Fioravanti, Jr., Corinne Elise Amato, and Kevin H. Davenport of Prickett, Jones and Elliott, P.A.; Marc A. Topaz, Lee D. Rudy Michael C. Wagner, and Justin O. Reliford of Kessler Topaz Meltzer & Check, LLP; Randall J. Baron and David T. Wissbroecker of Robbins Geller Rudman & Dowd LLP; and Frank R. Schirripa of Hach Rose Schirripa & Cheverie LLP.