Merger Agreement Termination Based on Plain Contract Language

A recent Delaware Court of Chancery ruling is a stark reminder that courts will enforce the terms of a merger agreement as written, and that the failure to comply with seemingly ministerial formalities can have severe consequences, according to **a post** on the Harvard Law School Forum on Corporate Governance and Financial Regulation.

The authors, partners at Cleary Gottlieb Steen & Hamilton, discuss *Vintage Rodeo Parent, LLC v. Rent-A-Center, Inc.*, which involves a proposed merger. The agreement included a prescribed "end date," means for extensions, and a reverse termination fee of $126.5 million.

The article expands on key takeways from the ruling, including the need for struct compliance with notice provisions, the lack of implied duty to warn a counterparty of its mistake, the discoverability of text messages, and enforceability of reverse termination fees.

Read the article.