

Winston & Strawn Successfully Defeats Shareholder Strike Suit for PGRT

DECEMBER 28, 2012

Winston & Strawn successfully defeated efforts to thwart a major transaction for our client Prime Group Realty Trust (PGRT), the company which owns the famed Chicago skyscraper formerly known as IBM Plaza. In the transaction, Five Mile Capital, a \$2 billion private equity fund, bought out the company's minority shareholders' interest in the skyscraper. We provided the legal advice to PGRT and its Board of Trustees regarding the structure of the transaction and the process for the Board to consider and approve the transaction.

In this lawsuit, the putative class challenged (1) the adequacy of the information provided to shareholders in the proxy statement and (2) the fairness of the merger. The case is particularly noteworthy given how few "strike suits" are brought in Illinois and how few of those have been litigated through a preliminary injunction ruling.

After an evidentiary hearing, Judge Matthew Kennelly denied plaintiffs' bid to halt the transaction. After finding that the shareholders were provided with adequate information to evaluate the transaction, the Court analyzed the fairness of the process undertaken by the Board to consider the offer and, ultimately, the fairness of the cash-out price offered to the shareholders. Applying the rigorous "entire fairness" standard, the Court concluded: "Reviewing the transaction as a whole, the Court finds that plaintiffs are unlikely to succeed on their claim that the merger was not entirely fair." We believe that this decision will serve as important precedent for Illinois-based companies facing future merger litigation in the Seventh Circuit and provided confirmation of our legal analysis and advice.

This victory was obtained through collaboration between our corporate and litigation departments. The litigation team was led by Chicago partners Larry Desideri and Bill O'Neil, litigation associates Andrew Sullivan and Jeff Huelskamp. New York partner Jim Smith also provided invaluable assistance on the briefing. The corporate team, which represented PGRT in the underlying transaction, was led by a Chicago-based corporate partner.

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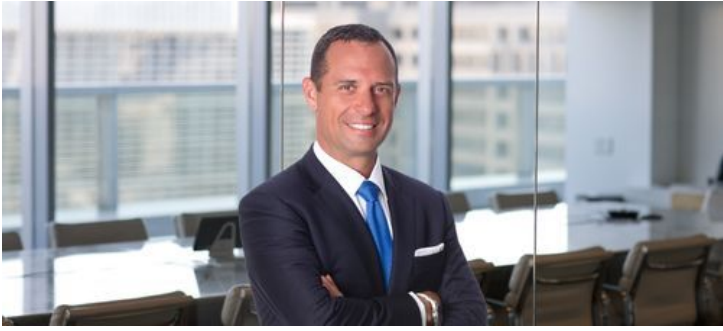
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