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Fiduciary Duties of Directors Considering Strategic Alternatives

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Fiduciary Duties of Directors Considering Strategic Alternatives

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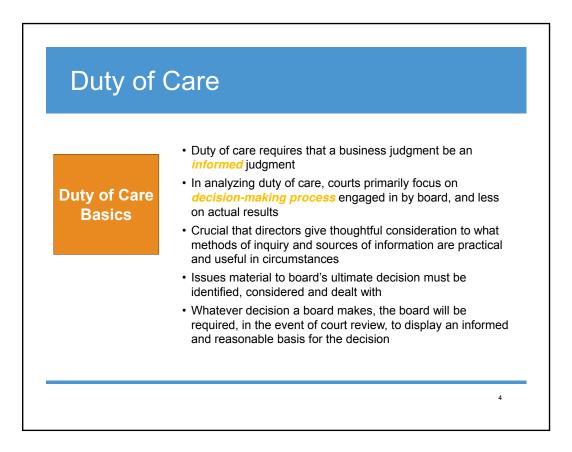
Directors' Fiduciary Duties: The Business Judgment Rule

The Business Judgment Rule

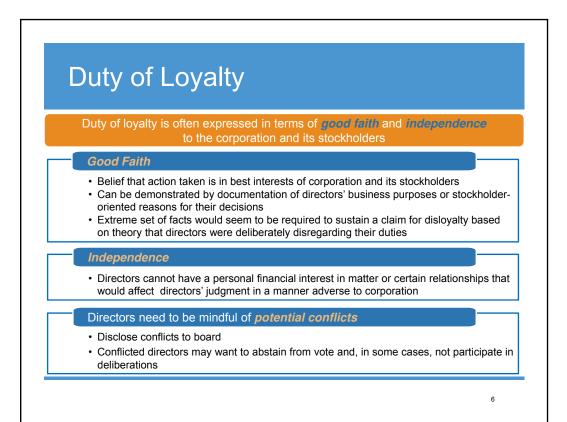
Generally, acts of directors of a Delaware corporation are reviewed under the business judgment rule

- Presumption that in making a business decision, directors acted:
 - · On an informed basis
 - In good faith
 - In the honest belief that action taken was in best interests of the corporation
- Under business judgment rule, courts afford directors broad deference in exercise of business judgment and "will not substitute their judgment for that of the board if the latter's decision can be attributed to any rational business purpose"
- Does not apply unless board observes its *duty of care* and *duty of loyalty*

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