



**For Immediate Release**

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**WLF URGES CALIFORNIA SUPREME  
COURT TO REVERSE RULING IMPOSING  
LIABILITY FOR THE VALUE OF STOCK OPTIONS  
(*Woods v. Fox Broadcasting Company*)**

The Washington Legal Foundation (WLF) filed a brief this week in the California Supreme Court urging the Court to review and reverse a court of appeal decision that would second-guess the everyday business decisions made by corporations, their directors, and majority shareholders by requiring them to maximize the value of stock option holders, even if this were detrimental to the interests of the corporation and other shareholders.

In *Woods v. Fox Broadcasting Company*, the court of appeal held that when a corporation enters into a contract with a holder of stock options, there is an implied covenant of good faith in the option contract to maximize the option holder's return if the company's shareholders choose to sell their stock to a third party, even though (1) the corporation has no ability to control the actions of its shareholders, and (2) the option holder's interest may, in fact, be adverse to the corporation's and all other shareholders' best interests.

WLF argued in its brief that the lower court decision has compromised the corporation's, the directors', and the controlling shareholders' ability to fulfill their respective fiduciary obligations. "Unless reversed, this case will have ramifications far beyond the particular dispute, and subject the corporation to suits by persons and entities who claim that their interests were tangentially impacted by a myriad of corporate actions taken in the routine of the conduct of business," said Paul Kamenar, WLF's Senior Executive Counsel.

WLF's brief was filed with the *pro bono* assistance of Valerie M. Wagner and David A. Kotler, partners in the Law Offices of Dechert LLP. The California Supreme Court should decide by August whether it will hear the case.

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For information, contact Paul Kamenar, WLF Senior Executive Counsel, at 202-588-0302. WLF's brief is available on its website at [www.wlf.org](http://www.wlf.org).