

Cite as: 2 NCTU L. REV., Dec. 2017, at 127.

## **Components of Control Premium and Its Allocation**

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### Abstract

This article analyzes the components of control premium by observing the discussion under the U.S. law and argues that control premium consists of synergistic value, expropriation value and pure control value. Except for tender offer, the controller of a company is entitled to receive the control premium by default, but the controller could share the control premium with the minority shareholders under the U.S. law. Therefore, there is no single answer with respect to allocation of the control premium. Under Taiwan law, the concept of control premium is developed in the context of appraisal right. Although the control premium is soundly developed, the allocation of the control premium has not been adequately explored and Taiwan court seems to be inclined to give a one-size-fits-all answer in this regard. This article reviews the academic discussions and cases, and provides a global structure with respect to the allocation of the control premium.

**Keywords:** Control Premium, Minority Discount, Marketability Discount, Sale of Controlling Shares, Appraisal, Review of Fiduciary Duty, Tender Offer

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