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To Our Clients

## State Takeover Laws

The Delaware takeover law became effective on May 1, 1976. The Maryland takeover law becomes effective July 1, 1976.

The Delaware law is applicable to any Delaware corporation even if it does not have a principal place of business or substantial assets in Delaware. It is a notice type statute. It requires 20 days prior notice to the target and a minimum offer period of 20 days. Thus a target has a minimum of 40 days after the first disclosure of a tender offer. There is no exception for friendly offers. A tender offer is defined as any acquisition of shares that would result in the offeror owning more than 5% of any class of equity securities of the target.

The Maryland takeover law applies to any Maryland corporation or any other corporation that has its primary place of business or a substantial portion of its assets in Maryland. The Maryland statute is a filing type statute and requires 20 days prior filing with the Commissioner and authorizes the Commissioner to commence administrative proceedings. There is an exception for friendly offers. The 5% definition of tender offer is used.

Takeover laws have now been enacted in:

Colorado	Minnesota
Delaware	Nevada
Hawaii	Ohio
Idaho	Pennsylvania
Indiana	South Dakota
Kansas	Tennessee
Kentucky	Utah
Maryland	Virginia
Wisconsin	

Proposed takeover laws are pending in several other states, including New York.

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