

January 18, 1982

To Our Clients

Lock-Ups and Two-Tier Pricing

The Marathon and Mallinckrodt shareholder suits reported in the press last week illustrate the problems caused by the indiscriminate use of lock-ups and two-tier pricing that we have been warning against. Whatever the ultimate legality of these devices (we believe them to be legal and useful in certain cases), they now have been proven to carry a very high risk of litigation that may adversely effect a deal. They are not "boilerplate" to be used in every deal. They should be used only in those relatively few situations where they are appropriate and useful.

M. Lipton