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To Our Clients

The Creeping Tender Offer is Still Alive

The sharp fall of stock prices has stimulated open market accumulations of control positions -- creeping tender offers. With the 600 to 700 basis point spread over treasuries and the sharp contraction of liquidity for junk bonds, it had been hoped that takeover activity would decline. The 13D filings of the last ten days show that creeping tender offer activity has not declined -- it is as strong as ever.

The best immediately available defense against a creeping takeover is the second generation share purchase rights plan with a 20% flip-in provision that may be amended to 15% or 10% to meet specific threats. We recommend that all of our clients consider substituting the new plan to achieve this important protection for their shareholders.

M. Lipton