

November 20, 1987

To Our Clients

Pension Funds Return With  
Anti-Pill Proxy Resolutions

As predicted the pension funds have returned with their anti-pill resolutions. So far more than a dozen companies have received demands for inclusion in their 1988 proxy statements of a resolution seeking rescission of their pills unless approved by a shareholder vote. The campaign has started earlier and seems better organized than it was last year.

We again recommend the new second generation pill which provides for a shareholder vote within 120 days with respect to fully-financed, fairly-priced, cash bids for all the shares by a bidder who has not accumulated more than 1% of the shares. The new pill, with a 20% flip-in, is stronger protection against abusive takeover tactics. The provision for a shareholder vote will not mollify the corporate raiders and the pension funds that want to refuel the takeover frenzy, but it will enable the large number of pension fund managers who do recognize the dangers of the junk-bond, bust-up takeover frenzy, to vote against the anti-pill resolution.

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