

April 7, 1988

To Our Clients:

Target Enjoined from Defending against
Cash Tender Offer for All Shares

In a bizarre interpretation of Delaware law, a federal district court in Texas enjoined Moore McCormack from pursuing a restructuring plan and ordered it to redeem its poison pill in order to facilitate a hostile cash tender offer for all its shares. Apparently the court was influenced by the value of the restructuring plan being slightly less than the bid and by the absence of any effort by the target to use the pill to encourage white knights. The court implies that a pill may not be used to stop an all cash bid and may only be used against two-tier bids. The court said that in deciding to issue a preliminary injunction it was applying the standard "whether a fully informed, wholly disinterested, reasonably courageous director would dissent from the board's act in any material part." This is not the law of Delaware and I believe that the Delaware courts will not adopt any such standard.

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