

April 25, 1988

To Our Clients

Bankers as Bidders

In the Koppers case Shearson was held to be a "bidder" along with Beazer, an English company that was to be the ultimate acquiror, on the grounds that it had an equity interest in the bidding entity and was advisor and financier for the transaction. On close analysis, Shearson's participation is different only in form from that of other bankers who provide bridge financing for tender offers. The decision is a warning to bankers as to the structuring of bridge financing for hostile tender offers and an opportunity for targets to defend against such offers.

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