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To Our Clients:

Hostile Takeovers and Long Term Planning

The Time case points up the absolute necessity for a company that desires to maximize its ability to reject a hostile takeover bid to consider periodically its long term business and acquisition strategies. In Time both the Delaware Chancery Court and Supreme Court were influenced heavily by the documented history of Time's long term business and acquisition strategies and Time's prior consideration and rejection of Paramount as a merger partner. The lesson here is that the courts respect and defer to a company's long term plans and will not force a company to accept a hostile takeover bid if the company's board of directors determines to reject the bid and pursue the long term plans. Each company should learn the lesson of Time and do its homework. The homework could be essential in enabling a company to reject successfully an unwanted takeover bid.

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