

January 25, 1993

To Our Clients

Takeovers: The Poison Pill

The poison pill will be 9 years old this Spring. It is still the single most effective takeover defense. It is an absolute bar to a raider acquiring control of a company through either open-market purchases or a tender offer without the approval of the company's board of directors.

While hostile takeover activity has dwindled, the partial revival of the junk bond market and the reappearance of bank lending for acquisitions may lead to a revival of takeovers. During the past 3 years little attention has been paid to takeover response preparation and many of the early poison pills are now 8 or 9 years old -- only 1 or 2 years from the expiration of their 10-year life.

This Spring may well be an appropriate time to make sure takeover defenses and response procedures are state of the art.

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