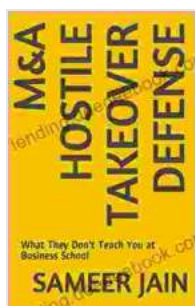


# Hostile Takeover Defense: The Ultimate Guide to Protecting Your Company's Future



## M&A Hostile Takeover Defense: What They Don't Teach You at Business School by Sameer Jain

★★★★☆ 4.5 out of 5

Language : English

File size : 2449 KB

Screen Reader : Supported

Print length : 113 pages



A hostile takeover occurs when a company attempts to acquire another company without the consent of the target company's management. Hostile

takeovers can be a significant threat to companies, as they can result in the loss of control, layoffs, and other negative consequences.

There are a number of different strategies that companies can use to defend against hostile takeovers. These strategies can be divided into two main categories: preventative measures and reactive measures.

Preventative measures are designed to make a company less attractive to potential acquirers, while reactive measures are designed to respond to a hostile takeover attempt.

## **Preventative Measures**

There are a number of different preventative measures that companies can take to make themselves less attractive to potential acquirers. These measures include:

\* **Maintaining a strong financial position.** Companies with strong financial performance are less likely to be targeted for hostile takeovers. \*

\* **Building a strong corporate culture.** Companies with a strong corporate culture are more likely to be able to resist a hostile takeover attempt. \*

\* **Adopting anti-takeover provisions in the company's bylaws.** Anti-takeover provisions can make it more difficult for an acquirer to acquire a company. \*

\* **Maintaining a staggered board of directors.** A staggered board of directors makes it more difficult for an acquirer to gain control of a company. \*

\* **Authorizing a poison pill.** A poison pill is a provision that allows a company to issue new shares to its shareholders if an acquirer acquires a certain percentage of the company's shares. This can make it more expensive for an acquirer to acquire a company.

## **Reactive Measures**

If a company is the target of a hostile takeover attempt, there are a number of reactive measures that it can take. These measures include:

\* **Hiring a financial advisor.** A financial advisor can help a company evaluate its options and develop a defense strategy. \* **Contacting legal counsel.** Legal counsel can help a company understand its rights and obligations under the law. \* **Communicating with shareholders.** It is important to keep shareholders informed of the situation and to explain the company's defense strategy. \* **Launching a public relations campaign.** A public relations campaign can help to generate support for the company's defense strategy. \* **Pursuing legal action.** In some cases, a company may be able to pursue legal action to block a hostile takeover attempt.

## **Case Study**

In 2018, the pharmaceutical company Pfizer attempted to acquire the biotechnology company Allergan. Allergan employed a number of defensive tactics, including a poison pill and a shareholder rights plan. Allergan also launched a public relations campaign and pursued legal action. Ultimately, Pfizer abandoned its takeover attempt.

Hostile takeovers can be a significant threat to companies. However, by taking the appropriate steps, companies can protect themselves against these threats. Companies should consider adopting a combination of preventative and reactive measures to ensure that they are well-positioned to defend against a hostile takeover attempt.

## **Additional Resources**

\* [Securities and Exchange Commission: Hostile Takeovers]

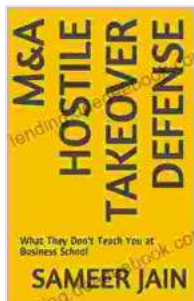
(<https://www.sec.gov/divisions/enforcement/investor-alerts-bulletins/hostile->

takeovers) \* [American Bar Association: Hostile Takeovers]

([https://www.americanbar.org/groups/business\\_law/publications/blt/2019/09](https://www.americanbar.org/groups/business_law/publications/blt/2019/09),

\* [Mergers & Acquisitions: Hostile Takeovers]

(<https://www.mergersandinquisitions.com/hostile-takeovers/>)



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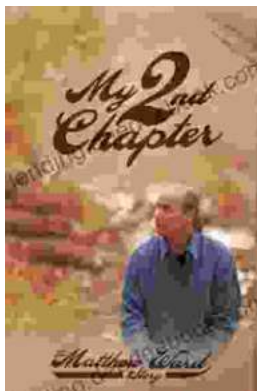
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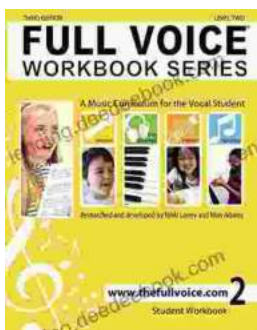
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