RFHHA MANAGEMENT TIP OF THE DAY FOR HOSPITAL ADMINISTRATORS 1317

Learn the FM: What is anti-hostile takeover of company or hospital?

The term **Hostile Takeover** refers to the situation in which

1. The Board of Directors of the target corporation rejects the buyout offer, fights the acquisition and recommends to the shareholders not to accept the offer by the acquiring company, but the acquirer continues to pursue it, or

2. Makes the offer directly after having announced its firm intention to make an offer.

A Hostile Takeover normally occurs only with publicly traded companies, as it requires the acquirer to bypass the board of directors and purchase the shares from other sources.

ANTI HOSTILE TAKEOVER PROTECTION MECHANISMS

A great number of protective mechanisms against unwanted or unfriendly takeovers exist. Often these antitakeover tactics appear to serve the needs of managers (risking to lose their job) rather than those of the shareholders:

- Back-End Plan
- Bankmail Engagement
- Crown Jewel Defense
- Flip-in , Flip-over
- Golden Parachute
- Goodbye Kiss
- Grey Knight & Greenmail
- Killer Bees

- Leveraged Recapitalization
- Lobster Trap & Pension Parachute
- People Pill & Poison Put
- Safe Harbor
- Scorched-Earth Defense
- Staggered Board of Directors
- Standstill Agreement
- Subscription Right
- Targeted Repurchase
- Voting Rights Plan
- White Knight

The above mechanisms may be or may not be perceived as legal or ethical depending on the legal system and culture. It's interesting from a Framing perspective, that many of the terms for anti-takeover techniques have very negative associations attached to it. Also called **Shark Repellent**.

We will discuss anti-hostile takeover protection mechanisms one by one……

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