

RFHHA MANAGEMENT TIP OF THE DAY FOR HOSPITAL ADMINISTRATORS 1318

Learn the FM: What is anti-hostile takeover protection mechanism ?

ANTI HOSTILE TAKEOVER PROTECTION MECHANISMS

BACK-END PLAN:

A Back-End Plan allows certain existing shareholders of hospital (other than the bidder) to exchange their existing shares for a package of securities that effectively requires the acquiring hospital to buy out the shareholders at a price established by the target company's management.

BANKMAIL ENGAGEMENT:

A Bankmail Engagement is an anti-hostile takeover arrangement whereby the bank of a target firm agrees to refuse to finance another acquirer's bid.

A Bankmail Agreement is meant to stop other potential acquirers from receiving similar financing arrangements.

CROWN JEWEL DEFENSE MECHANISM :

In corporate finance, a "**Crown Jewel**" is a particularly profitable or otherwise particularly valuable corporate unit or asset of a hospital.

The Crown Jewel Defense is an Anti Hostile Takeover Mechanism in which the target hospital sells off **attractive assets (the crown jewels)** to a **friendly third party or spins off** the valuable assets in a separate entity.

As a consequence, the target hospital becomes less attractive to the bidder.

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

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