

## Should Companies Play Strong Defense in These Hostile Times?

March 20, 2020 | Client Update

Extreme dislocation and a major sell-off in global equity markets have led to many public companies finding their stock prices at severely depressed levels, often over 50% off last twelve month highs. These markets may present opportunities for strategic or financial bidders, including campaigns from well-known activists.

Many companies prepare for the possibility of a hostile campaign by having a shareholder rights plan (often called a “poison pill”) on the shelf and ready for adoption if needed. As the coronavirus (COVID-19) pandemic continues to weigh on markets, our Client Alert considers whether the conventional playbook makes sense and how a Board in appropriate cases may think about adopting a rights plan customized to its situation before an actual threat emerges.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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