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CROWN DEFEAT CASTS PALL ON POISON PILL DEFENSE

By ERIC N. BERG

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In gaining control of the **Crown Zellerbach** Corporation, Sir James Goldsmith has demonstrated that the celebrated takeover defense known as the poison pill is no sure thing.

This is the view of Wall Street analysts and takeover specialists, who said yesterday that the outcome of the eight-month-long **Crown Zellerbach** fight could lead many corporations with poison pill provisions to rethink their strategies - and plug loopholes such as the one that allowed Sir James to win Crown.

''The poison pill, in the form used by Crown, will now be seen by other companies as ineffective and undesirable,'' said Chad E. Brown, an analyst at Kidder, Peabody & Company. ''If I were running a company that had one of those pills in effect, I would certainly want to go back and rethink it.''

The ''poison'' in poison pill refers to added debt, or other encumbrance, that an acquirer would be burdened with in taking over a company. In the case of Crown, the company gave its shareholders the rights to buy new shares at a big discount in the event of a merger. Thus, takeover experts said, Crown reasoned that Sir James would have had to buy more shares than anticipated if he wanted to acquire 100 percent of the company.

The Unexpected

What Crown did not expect, the experts said, was that Sir James would choose to gain control of the company without buying it all.

Crown's mistake was, in a sense, understandable, takeover specialists said. Many corporate buyers purchase a company outright, so they do not have to deal with minority shareholders. Moreover, many banks will not finance an acquisition unless the buyer gets all of the stock. Finally, Crown's management apparently believed Sir James wanted total control so he could liquidate it piece by piece.

Not all companies rely on poison pills that only become effective upon a full merger. Taking no chances, some corporate targets have crafted poison pills that try to stop takeovers earlier. The Unocal Corporation, for example, recently beat back a takeover attempt by T. Boone Pickens, the Texas oilman, by vowing to saddle itself with debt when Mr. Pickens had only 13.6 percent of Unocal's shares. 51.3% of the Stock Crown, based in San Francisco, officially ceded control to Sir James on Thursday. The British financier, who won out with 51.3 percent of the company's outstanding shares, will become chairman of Crown, and was given the right to select six members of the company's 11-member board.

As the head of Sir James's advisory team sees it, ''the poison pill really did not apply to us.'' Robert Pirie, president of Rothschild Inc., which represented Sir James, added: ''We didn't get around the poison pill, It's just that he had no plans to merge.''

And Peter S. Golden, a mergers specialist at the New York law firm of Fried, Frank, Harris, Shriver & Jacobson, said: "The key point was that Goldsmith was willing to live without 100 percent."

Crown's poison pill was not totally ineffective. For one thing, takeover specialists said, it undoubtedly increased the time required for Sir James to gain his majority stake, not to mention causing him bills from lawyers and investment bankers.

Beyond that, the specialists said, it prevented Sir James from engaging in a so-called two-tiered tender offer, in which at least 50 percent of a company's shares are bought at one price, while remaining shareholders receive a lower price for their holdings.

Most-Critical Point

Yet, on the most-critical point - retaining control of the corporation -Crown's defense failed, the experts contend. Moreover, it made it impossible for Crown to seek refuge in the hands of a friendly suitor, since that acquirer, too, would have had to swallow the poison pill. The events thus showed that chinks can be uncovered even in high-priced corporate armor.

To ward off Sir James, Crown hired Salomon Brothers Inc. and the law firm of Wachtell, Lipton, Rosen & Katz both considered masters of takeover defense. Yesterday spokesmen for both firms said they would not comment on the matter. Larry Kurtz, a Crown spokesman, said the company's executives were unavailable.

Experts believe that the Crown experience could have a profound effect on executive thinking, forcing many corporations to overhaul their takeover defenses with an eye toward stopping up holes. Specialists believe that dozens of other companies have poison pills similar to Crown's.

Four Crown Options Seen

Crown, meanwhile, must decide its own future. As part of an agreement reached with Sir James, a corporate committee half controlled by Sir James will study four options: a restructuring of the company, additional purchases of shares by Sir James, a tender offer by Crown for its own shares and a transaction with a third party that presumably would lead to a sale of assets.

All four options are aimed at pumping up Crown's share price, and any one or combination, analysts say, is possible. But if Sir James's history is any guide, at least a partial liquidation of Crown seems likely. The last time Sir James made a major acquisition, of the Diamond International Corporation, another forest-products concern, entire sectors of the business were sold off, with Sir James reaping huge profits on the deals.

"He will proceed to liquidate the company in an orderly fashion, taking care not to trigger the poison pill," said Mr. Brown of Kidder.

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