

Delaware Court Upholds Poison Pill to Preserve NOLs

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The Delaware Court of Chancery, in *Selectica, Inc. v. Versata Enterprises, Inc.*, has upheld a corporation's "poison pill" that was designed to protect the future availability of the corporation's NOLs. The court held that a board of directors can validly conclude that the triggering stockholders' acquisition of their company's stock posed a threat to the company's ability to use its NOLs under Section 382. Moreover, the court held that protecting a corporation's NOLs can be a valid corporate objective. This article discusses the aspects of the case relevant to tax advisors and their clients.

CONTACTS

For more information, contact your Katten attorney or any of the following attorneys.



Brooks T. Giles

+1.312.902.5386

brooks.giles@katten.com



Brooks T. Giles

+1.312.902.5386

brooks.giles@katten.com

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