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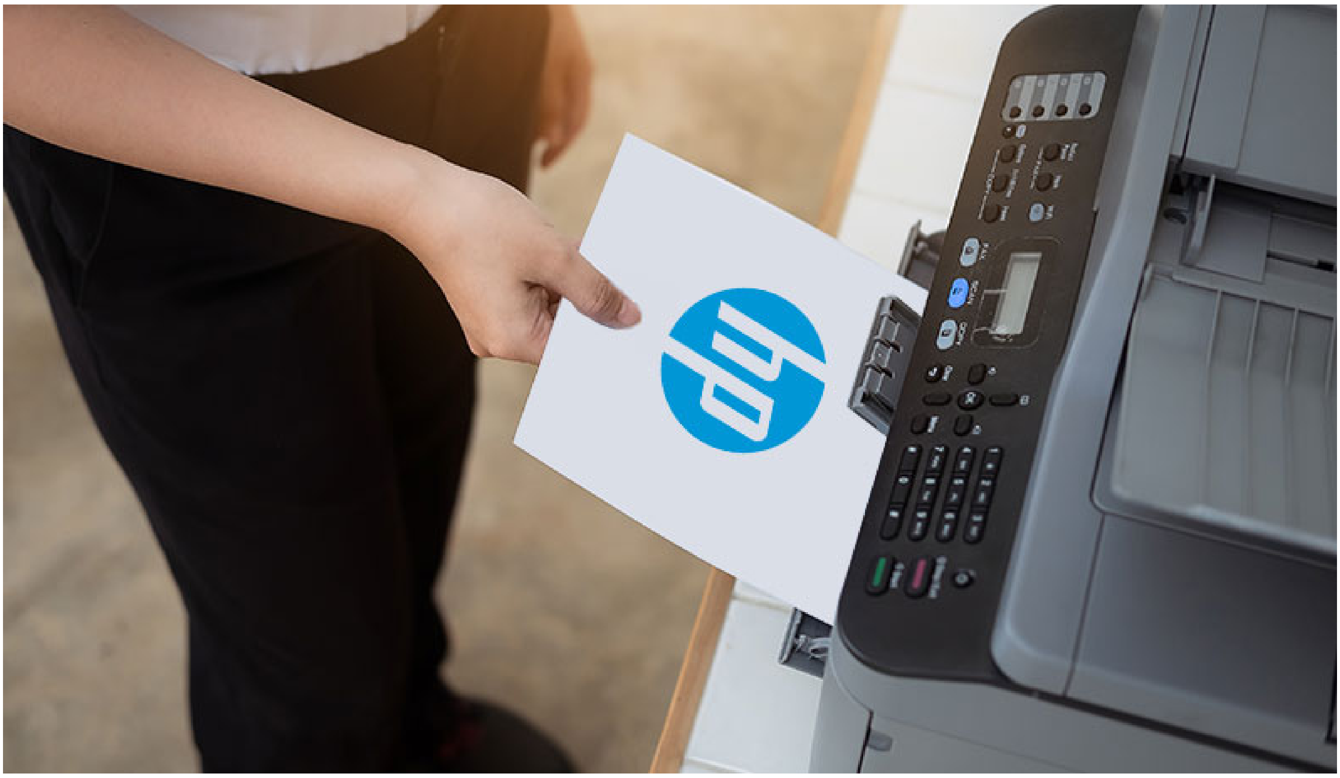
The HP board makes declares the latest "unsolicited exchange offer" from Xerox is not in the best interest of the company, and unanimously insists shareholders not only reject said offer, but also hold on to their shares.



“Our message to HP shareholders is clear-- the Xerox offer undervalues HP and disproportionately benefits Xerox shareholders at the expense of HP shareholders,” chairman Chip Berg says. “The Xerox offer would leave our shareholders with an investment in a combined company that is burdened with an irresponsible level of debt and which would subsequently require unrealistic, unachievable synergies that would jeopardize the entire company.”

Xerox made a $35 billion stock-and-cash offer for HP, something that will saddle the smaller company with a fair amount of debt. While the Xerox offer is backed by powerful activist investor Carl Icahn, HP is set to fight takeover attempts with an aggressive share repurchase programme, one funded by a combination of free cashflow and, unsurprisingly, debt. The buyback programme is worth $15bn and, according to the Financial Times, should make it impossible for Xerox to make a suitable bid.

The idea of Xerox buying HP came about in May 2019. A regulatory filing reveals that after Icahn, the largest Xerox shareholder, acquired a 4% stake in HP, suggested a merger of the two companies would create value. A September 2019 meeting of Xerox and HP execs left the larger company with "reservations" about the deal, while Xerox set about putting even more effort in securing funding for the acquisition.

Go HP Rejects Unsolicited Exchange Offer from Xerox

Go HP Open to Other Deals as it Rejects Xerox Offer (The Financial Times)

Go Xerox Starts Tender Offer in Hostile Takeover Bid for HP (Bloomberg)

Go HP Refuses Xerox Takeover