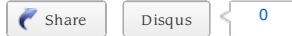


## Stalking-Horse Bid



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### Definition of 'Stalking-Horse Bid'

An initial bid on a bankrupt company's assets from an interested buyer chosen by the bankrupt company. From a pool of bidders, the bankrupt company chooses the stalking horse to make the first bid.

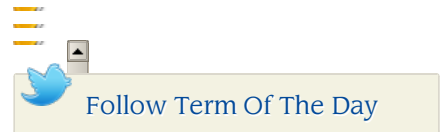


### Investopedia explains 'Stalking-Horse Bid'

This method allows the distressed company to avoid low bids on its assets. Once the stalking horse has made its bid, other potential buyers may submit competing bids for the bankrupt company's assets. In essence, the stalking horse sets the bar so that other bidders can't low-ball the purchase price.



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