

December 16, 1977

To Our Clients:

Issuer Repurchase Tender Offers

On December 7, 1977, in Release No. 34-14234, the SEC proposed rules to regulate tender offers by issuers repurchasing their own securities. These rules are intended to apply to all repurchases and thus would be cumulative with the going private rules proposed on November 17, 1977 in Release No. 34-14185 if a tender offer is a step in a going private transaction.

Basically the proposed issuer tender offer rules follow the third party tender offer rules proposed by the SEC on August 2, 1976 in Release No. 34-12676. The following summarizes the provisions of the proposed issuer tender offer rules:

- (1) Minimum Period of Tender Offer - 15 business days.
- (2) Withdrawal Rights - (a) During the first 10 business days.  
(b) After 40 business days.  
(c) During the 7 business days following a competing offer.
- (3) Proration - All shares deposited during first 10 business days with special exceptions for odd lots and security holders who elect "all or none" or "part or none".
- (4) Equality of Treatment - (a) If consideration increased during offer, prior tenders must receive increase.  
(b) Tender offer would have to be made to all holders of class except "odd lot" tenders would be permitted.

- (5) Prohibition of Purchases in Market or Otherwise for 10 Days After Termination of Issuer Tender Offer.
- (6) A Disclosure Document, Schedule 13E-4, Similar to Schedule 14D-1, Would be Required.

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