

February 9, 1979

To Our Clients:

Takeovers

The highlights of the SEC's proposed new tender offer rules are:

1. Pre-tender offer notice. This has again been rejected. Filing and notification is required on the day the tender offer commences.

2. Commencement date. A tender offer commences on the date one of the publication methods is used. Announcement of intention to make a tender offer does not "commence" the tender offer if within 5 business days the bidder announces it is not making an offer or complies with the filing and publication requirements.

3. Minimum offer period. 30 business days.

4. Minimum extension in event of increase in price or soliciting dealer's fee. 10 business days (concurrent with minimum offer period).

5. Withdrawal. During the 15 business days after commencement and the 10 business days after a competing offer.

6. Proration. The statutory requirement of proration of securities tendered during the first 10 days may be extended by the bidder to any longer period it determines.

7. Publication. Long form ad; summary ad; and mailing are specifically permitted.

8. Shareholder lists. On demand by the bidder the subject company, at its election, must either supply a shareholder list or mail for the bidder.

9. Disclosure. No significant changes in present practice.

10. Definition of tender offer. No definition. The SEC reiterates the need for flexibility and its position that purchase techniques other than conventional tender offers are covered by the Williams Act. The SEC no longer stresses the "impact test."

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11. Post-tender offer purchases. Integration of the best price rule for 40 business days so that there can be no purchases at a lower price than the tender offer price during this period and if there is a purchase at a higher price during this period all securities purchased pursuant to the tender offer get the benefit of the higher price.

12. Pre-tender offer purchases. Prohibited after the bidder decides to make a tender offer. Permitted before the actual tender offer decision is made. Deliberately left vague as to when there is a "decision".

13. Recommendations by the subject company. Schedule 14D would become Schedule 14D-10 and the scope of the disclosures of "defensive" efforts would be expanded. As proposed it would appear that White Knight intentions and efforts by the subject company would have to be disclosed.

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