NEWS

SECURITIES AND EXCHANGE COMMISSION
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For Immediate Release: Friday, July 8 83-34

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ADVISORY COMMITTEE ON TENDER OFFERS
ADOPTS FINAL REPORT AND RECOMMENDATIONS

The Advisory Committee on Tender Offers adopted today and presented to the SEC its final report and recommendations regarding regulation of takeovers of publicly owned companies and related practices.

The Committee was appointed by SEC Chairman John S.R. Shad, with the concurrence of the other four Commissioners, on February 25, 1983. Its mandate was to examine the numerous questions raised in connection with takeovers and the effectiveness of the regulatory pattern under the Williams Act of 1968 and to report to the SEC and Congress by July 8. The Committee's 18 members (list attached) include attorneys, accountants, portfolio managers, investment advisers and corporate executives with extensive experience in tender offers.

The Committee endorsed the premise upon which Federal regulation of takeovers has been based, which is that regulation should favor neither bidders nor targets, but rather should be aimed at protecting the interests of shareholders and the integrity and efficiency of the markets.

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Among the Committee's principal recommendations were the following.

-- Takeovers in which an exchange of stock is offered rather than cash should be put on the same timetable as cash offers by streamlining the SEC registration procedures for issues of stock used in such transactions.

-- In order to allow all of a company's shareholders to share in premiums often paid in takeover transactions, once an acquiror reaches 20% of a company's stock. further purchases would have to be made via a tender offer to all shareholders.

-- As a disincentive to partial and two-tier tender offers. which the Committee felt might be coercive, the minimum period that such transactions must stay open would be approximately two weeks longer than for "any and all" tender offers.

-- All initial tender offers would have to be kept open at least 30 calendar days. while subsequent, competing offers would have to be kept open at least 20 calendar days. Pro-ration and withdrawal rights would exist for at least the minimum offering period. The minimum offering period and prorationing would be extended five calendar days from the announcement of an increase in price or number of shares sought.

-- With regard to defensive tactics, so-called "super-majority" charter provisions would have to be adopted. and periodically ratified, by an equivalent super-majority of shareholder votes.

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-- Companies would be required to publicly disclose, and obtain annual advisory votes of shareholders on change of control policies and any change of control compensation for executives (i.e. "golden parachutes", etc). Further, no such compensation arrangements could be adopted once a takeover had commenced.

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