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NINETY-NINTH CONGRESS

U.S. House of Representatives

SUBCOMMITTEE ON TELECOMMUNICATIONS,
CONSUMER PROTECTION AND FINANCE
OF THE
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WASHINGTON, DC 20515

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April 30, 1985

Mr. John J. Phelan, Jr.
Chairman
New York Stock Exchange, Inc.
11 Wall Street
New York, NY 10005

Dear John:

I am writing to confirm my invitation to you to testify before the Subcommittee on Telecommunications, Consumer Protection and Finance at a hearing on shareholder interests in contests for corporate control. The hearing will be held on Wednesday, May 22, 1985, beginning at 9:30 a.m. in a room to be announced.

As you know, the Subcommittee is holding a series of hearings on the impact of corporate takeovers on the economy, companies, shareholders, communities and the capital and credit markets. Our effort in this Congress began with a hearing in February, which focused on the recent takeover battle for Phillips Petroleum Company as the basis for considering broad public policy objectives affected by takeovers. It was followed by a hearing in March, which examined the impact of takeovers on the economy. This month, a third hearing focused upon the financing of takeovers and the impact of such financing on bidders, targets and financial institutions.

The hearing on May 22 will focus specifically on the interests of shareholders in corporate takeovers and other contests for corporate control. We will examine the changes in the shareholder community in recent years (the shift from individual to institutional investors, in particular), and the impact of these changes on the takeover process, as well as on corporate management decisions. We also will examine the current debate over listing standards as they relate to takeover defensive strategies, shareholder voting rights and corporate governance.

In addition to holding hearings on the issues, we have begun holding informal meetings with experts, and we are evaluating

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written comments by hundreds of individual investors, institutions, corporations, lawyers, academics, economists, investment bankers, labor and consumer groups and government officials. Through this process we hope to reach a consensus on the basic principles and objectives of tender offer regulation and to identify the critical problems in this area. Following the completion of the hearings and other review efforts, the Subcommittee will consider whether any legislation is appropriate.

Under the procedure to be followed for this hearing, your written testimony may be of any length, and it will be included in the hearing record in full. However, please attach to your testimony a written summary of no more than two pages, which sets forth the key points of your written testimony. At least 48 hours prior to the hearing, 100 copies of your written testimony should be delivered to Sarah Berry, Hearings Coordinator for the Subcommittee on Telecommunications, Consumer Protection and Finance, Room B-331 Rayburn House Office Building, Washington, D.C. 20515.


To maximize the opportunity for Members to ask questions, your oral presentation should be no more than five minutes and may either summarize or expand upon your written testimony.

If you have any questions about your testimony or your appearance, please feel free to call me, or contact Marti Cochran of the Subcommittee staff at 202/225-9304.

As you know from listening to the comments of Subcommittee Members at the Exchange in February, shareholder voting rights and the potential impact of changes in the Exchange's listing standards are matters of concern to many of us. I know you are sensitive to those concerns and hope that you, personally, will participate in this important hearing.

With best wishes,

Sincerely yours,


Timothy E. Wirth
Chairman

TEW:mc