

SUPPORTING STATEMENT FOR SCHEDULE TO

This submission pursuant to the Paperwork Reduction Act of 1995, 44 U.S.C. Section 3501 et seq., consists of this supporting statement and the following exhibits:

- A. Statutory Authority
- B. Schedule TO

A. Justification

1. Necessity of Information Collection

In 1999, in Release No. 33-7760, the Commission adopted comprehensive revisions to its rules and regulations applicable to takeover transactions (including tender offers, mergers, acquisitions and similar extraordinary transactions). In addition, the revised rules integrate forms and disclosure requirements applicable to issuer tender offers, third-party tender offers and going private transactions. The revised rules also consolidated the disclosure requirements. As part of the comprehensive revision, the Commission created Schedule TO which contains information concerning reporting companies that make tender offers for their own securities and information that persons, other than the reporting company, making a tender offer for a company's equity securities registered under Section 12 of the Exchange Act (which offer, if consummated, would cause that person to own over 5 percent of that class of the securities) must file at the time of the offer and send to certain other parties, such as the issuer and any competing bidders.

2. Purposes of, and Consequences of Not Requiring, the Information Collection

The purpose of Schedule TO is to improve communications between public companies and investors before companies file registration statements involving tender offer statements. The information is needed so that security holders may make informed tender and voting decisions in tender offers, mergers, acquisitions, and other extraordinary transactions.

3. Role of Improved Information Technology and Obstacles to Reducing Burden

Schedule TO is filed electronically on EDGAR.

4. Efforts to Identify Duplication

Schedule TO consolidated the requirements of Schedule 13E-4 and Schedule 14D-1 under the Securities Exchange Act of 1934. There are no other publicly filed sources of this information.

5. Effect on Small Entities

Many small businesses do not have a class of securities registered pursuant to Section 12 of the Exchange Act and therefore are exempt from the requirements of Schedule TO. A small entity may be required to file a Schedule TO if it has significant equity participation in a control transaction. Schedule TO is designed to reduce the costs and burdens for all registrants, including small businesses.

6. Consequences of Less Frequent Collection

The purpose of collecting information on Schedule TO is to elicit disclosure concerning substantial equity participants in control transactions and to identify indirect control. Less frequent collection could compromise investor protection and the legislative intent behind this information collection.

7. Inconsistencies with Guidelines in 5 CFR 1320.6

Not applicable.

8. Consultations Outside the Agency

Before being adopted, Schedule TO was proposed for public comment. No comments were received during the 60-day comment period prior to OMB's approval of this submission.

9. Payment or Gift to Respondents

Not applicable.

10. Assurance of Confidentiality

Schedule TO is a public document.

11. Sensitive Questions

Not applicable.

12. Estimate of Respondent Reporting Burden

Schedule TO takes approximately 43.5 hours per response and is filed by approximately 2,500 issuers annually. We estimate that 50% of the 43.5 hours per response (21.75 hours) is prepared by the issuer for an annual reporting burden of 54,375 hours (21.75 hours per response x 2,500 responses). The estimated burden hours are for the sole purpose of the Paperwork Reduction Act and are not derived from a comprehensive or even a representative survey or study of SEC rules and forms.

13. Estimate of total annualized cost burden

We estimated that 50% of the 43.5 hours per response (21.75 hours) is prepared by an outside law firm hired by the company. We estimate the law firm cost to be \$400 per hour (\$400 x 21.75 hours x 2,500 responses) for a total of \$21,750,000. The estimated cost burden is made solely for the purposes of the Paperwork Reduction Act. The cost burden is not derived from a comprehensive or even a representative survey or study of the cost of SEC rules and forms.

14. Estimate of Cost to Federal Government

The estimated cost to the federal government is \$50,000.

15. Explanation of Changes in Burden

The increase of \$5,437,000 in cost burden is due to an adjustment. The adjustment in cost burden was because the Commission increased its burden cost estimate from \$300 per hour to \$400 per hour for outside counselors.

16. Information Collections Planned for Statistical Purposes

Not applicable.

17. Explanation as to Why Expiration Date Will Not be Displayed

Not applicable.

B. Collection of Information Employing Statistical Methods

Not applicable.