

April 6, 2011

BUDGET IMPASSE MAY LEAD TO SEC SHUTDOWN

To Our Clients and Friends:

On Tuesday, April 5, 2011, the Obama administration and Congressional leaders announced that they had failed to reach a budget agreement, which could lead to a partial shutdown of the federal government if no budget bill or continuing resolution is approved by the close of business on Friday, April 8, 2011. The U.S. Securities and Exchange Commission ("SEC") is likely to be significantly affected by any shutdown due to the budget impasse.

While the details of a potential SEC shutdown have not been officially announced or confirmed, we understand that, in the event of a shutdown, only a very limited number of essential emergency personnel will be on duty at the SEC after Friday, April 8, 2011, until funding or a continuing resolution is approved in legislation passed by Congress and signed by President Obama. We understand that during any shutdown, non-emergency personnel will not have access to their offices or SEC online resources. As a result, we believe that little or no action will be taken during any shutdown on matters requiring action by SEC staff, including with respect to comment letters for IPOs or other securities offerings, M&A transactions or periodic filings, reviews of confidential treatment requests or no-action letters, review/no-review decisions and rulemaking actions. We expect that the Division of Trading and Markets will have limited staff on hand to deal with time sensitive trading, markets, or financial responsibility issues.

We believe that EDGAR will still be operational, and that filings and transactions that do not require processing by the SEC staff may proceed. For example, we believe it will be possible to file reports on Forms 8-K, 10-K and 10-Q, Section 16 reports, definitive proxy statements for annual meetings and similar reports. We also believe that it will be possible to file registration statements that are automatically effective upon filing (and post-effective amendments for such registration statements), such as Forms S-8 and S-3ASR, and to file prospectus supplements in connection with such registration statements and already effective registration statements on Form S-3. Issuers contemplating such transactions in the near future should ensure they have sufficient funds in their accounts with the SEC to pay any necessary filing fees. We note that offices such as the Office of EDGAR Information Analysis and EDGAR Filer Support will likely not be available to support filers that are having difficulties. We recommend that clients and friends prepare for a possible SEC shutdown by:

- wiring funds into the SEC's lock-box for any potential filing that requires the payment of filing fees sufficiently in advance of Friday;
- submitting any requests for any necessary SEC filing codes as soon as possible; and
- for those working on responding to SEC comment letters, waiting for a review/no-review decision, seeking no-action relief, or otherwise actively dealing with SEC staff on a matter, reaching out to your contact person regarding the status of any outstanding comments or other feedback, on or before this Friday.



Gibson, Dunn & Crutcher's lawyers are available to assist in addressing any questions you may have regarding these issues. Please contact the Gibson Dunn lawyer with whom you work, or any of the following:

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