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September 13, 2007

Securities and Exchange Commission
Division of Corporation Finance
100 F Street, N.E.
Washington, D.C. 20549

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Attention: Daniel F. Duchovny
Michael Pressman

Re: Microtune, Inc. - Request for Exemptive Relief

Ladies and Gentlemen:

Microtune, Inc., a Delaware corporation (the “**Company**” or “**Microtune**”), commenced a tender offer (the “**Initial Offer**”), pursuant to which the Company offered certain eligible employees (the “**Eligible Optionees**”) the opportunity to amend certain stock options outstanding under the Company’s 1996 Stock Option Plan, as amended (the “**1996 Plan**”), and the Company’s 2000 Stock Plan, as amended (the “**2000 Plan**” and, together with the 1996 Plan, the “**Plans**”). The primary purpose of the Initial Offer was to increase the exercise price of portions of such stock options in order to limit the potential adverse personal tax consequences that may apply to holders of these stock options under Section 409A (“**Section 409A**”) of the Internal Revenue Code of 1986, as amended (the “**Code**”), and the regulations issued by the United States Internal Revenue Service (the “**IRS**”) thereunder, while preserving the essential retention incentive inherent in the original stock option grants.

The Initial Offer was commenced for compensatory purposes and was structured in reliance upon (1) the Division of Corporation Finance’s Exemptive Order dated March 21, 2001 entitled “Issuer Exchange Offers Conducted for Compensatory Purposes” (the “**Exemptive Order**”), which provides relief from the requirements of Rules 13e-4(f)(8)(i) and 13e-4(f)(8)(ii) (the “all holders” and “best price” rules) under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), and (2) certain of the Option Repricing Offers (as defined below) which featured tender offers with delayed payments conducted for compensatory purposes in situations that the Company believes are analogous to the issues raised by Section 409A. The Initial Offer did not rely on the 409A Letters, the Chordiant Letter or the HCC Letter (as defined below), which were issued subsequent to the termination of the Initial Offer. The Initial Offer, which is more fully described in a Schedule TO filed with the Securities and Exchange Commission (the “**Commission**”) on February 13, 2007, was terminated by the filing of an amendment to Schedule TO on February 16, 2007 after telephone conversations with the staff of the Division of Corporation Finance (the “**Staff**”). Subject to the grant of exemptive relief requested herein, the Company intends to commence another tender offer (the “**Proposed Offer**”) for the same compensatory purposes, and upon the terms and conditions more fully described below.

Requested No Action and Exemptive Relief

On behalf of Microtune, we hereby request, pursuant to Rule 13e-4(h)(9) under the Exchange Act, that the Staff of the Commission grant the Company exemptive relief from compliance with Rule 13e-4(f)(5) and Rule 14e-1(c) (the prompt payment rule) under the Exchange Act and confirm that the Staff will not recommend that the Commission take enforcement action under Rules 13e-4(f)(5) or 14e-1(c) in connection with the Proposed Offer.

Factual Background

Microtune became a publicly-traded company in 2000. During May 2006, after extensive press coverage regarding the stock option granting practices of other companies, the Board of Directors of Microtune (the "**Board**") inquired into the Company's own stock option grant practices. An initial review of high-level timing and pricing characteristics related to historical equity grants indicated no apparent issues. However, in connection with a proposed annual grant to employees (originally scheduled to occur in June 2006), and due to management's concern about the timing of the proposed grant relative to the Company's normal trading black-out schedule, management further examined past stock option grant paperwork for the purpose of understanding past granting trends and discovered potentially problematic documentation. Management communicated its concerns to the Audit Committee of the Board (the "**Audit Committee**") in June 2006, and the Audit Committee self-initiated an independent investigation into the Company's stock option grant practices covering the period from the date of the Company's initial public offering on August 4, 2000 through June 2006. In connection with the investigation, the Audit Committee identified certain inappropriate practices, each of which occurred prior to the appointment of the Company's current Chief Executive Officer. As a result of these inappropriate practices, as well as certain deficiencies in the administration of the Company's stock option plans and the controls governing the Company's stock option grant practices which occurred throughout the period reviewed by the Audit Committee, the Company identified occasions on which the Company used incorrect measurement dates for determining the accounting impact of certain stock option grants. In addition, as a result of the investigation, the Company's Audit Committee concluded that there was no intentional wrongdoing by the Company's current Chief Executive Officer, Chief Financial Officer or General Counsel, or by its Board. Based on the determination made for accounting purposes, the Company believes that the affected stock option grants may now be deemed to have been granted at a discount for tax purposes, which may expose the holders of these affected stock option grants to potentially adverse tax treatment under Section 409A.

The adverse tax treatment under Section 409A that may apply to Eligible Optionees may include an obligation of the holder to recognize: (1) ordinary income for state and federal income tax purposes; (2) an additional 20% federal income tax under Section 409A; and (3) state and federal interest penalties.

Under current guidance for Section 409A, Eligible Optionees may avoid adverse tax treatment under Section 409A if Eligible Options (defined below) are amended by December 31, 2007 to increase the exercise price of such Eligible Options to the closing price of the Company's common stock on the actual measurement date of each applicable option grant.

Current IRS guidance under Section 409A also provides that if Microtune wishes to compensate Eligible Optionees in cash for the increase in the exercise price of the Eligible Options, any such cash payment must not be made in the same calendar year in which such Eligible Options are amended. If the payment is made prior to January 1, 2008, the Eligible Options and the cash payment(s) will both be subject to adverse tax treatment under Section 409A and the fundamental compensatory purpose of the Proposed Offer would be frustrated.

Under the terms of the Proposed Offer, the Company would offer eligible employees the opportunity to amend those stock options that: (1) were granted under either of the Plans; (2) have exercise prices per share that were less than the fair market value per share of the Company's common stock underlying such stock options on the stock options' actual measurement dates; (3) were unvested, either in whole or in part, as of January 1, 2005; (4) are outstanding as of the last date on which the Proposed Offer remains open for acceptance; and (5) are held by employees of the Company who are subject to taxation in the United States (such options, the "**Eligible Options**").¹ The Proposed Offer will not be made to any former or current executive officer or director of Microtune, and none of the Eligible Options are held by an executive officer or director of the Company.²

Each eligible employee who elects to amend his or her Eligible Options pursuant to the terms of the Proposed Offer would receive, within three business days after expiration of the Proposed Offer, an amended option pursuant to an Amendment to Stock Option Agreement.³ In addition, those Eligible Optionees with Eligible Options that have exercise prices that are equal to or less than \$5.00 per share would receive, within three business days of the expiration of the Proposed Offer, a letter (the "**Promise to Make Cash Payment**") evidencing the Company's promise to make, and the employee's nontransferable right to receive, a cash payment equal to the difference between the new exercise price per share of the affected portion of each Eligible Option and the original exercise price per share of such portion, multiplied by the number of option shares in the affected portion of each such Eligible Option (the "**Cash**

¹ The Company will not seek waivers for any claims for potential liability related to its stock option granting practices in connection with the Proposed Offer.

² For individuals subject to Section 16 of the Exchange Act ("Section 16 Persons"), the Section 409A deadline was December 31, 2006. Because of this, on December 28, 2006, the three Section 16 Persons at the Company who held options subject to Section 409A agreed to amend the exercise prices of such options to be equal to the fair market value on the accounting measurement date of each option. The agreements for Robert S. Kirk and Albert H. Taddiken, the Company's Vice President of Worldwide Sales and Chief Operating Officer, respectively, provided for cash compensation for the increase in the exercise price of their stock option awards subject to the agreements. James A. Fontaine, the Company's Chief Executive Officer, declined this cash payment and did not, directly or indirectly, receive any cash payments or rights to receive cash payments in the future in connection with the amendment of his affected stock options. No Section 16 Persons (including persons who are subject to Section 16 now, but who were not when the discount options were granted) hold discount options, and no Section 16 Persons will be eligible to participate in the Proposed Offer.

³ The vesting and exercisability provisions of Eligible Options will not be modified as a result of the Proposed Offer.

Payment").⁴ Current IRS guidance regarding Section 409A does not allow the Company to make the Cash Payment in the same calendar year in which the Eligible Options are amended.⁵

Thus, to comply with IRS guidance regarding Section 409A, the Cash Payment would be paid as follows: (1) on the first regular payroll pay-date after January 1, 2008 with respect to that portion of the Eligible Options that vests prior to January 1, 2008 (including options that were vested as of December 31, 2004); and (2) on the first regular payroll pay-date after the last business day of the quarter in which such options vest with respect to options that vest following December 31, 2007.

To receive the Cash Payment (or any portion thereof), an employee must be employed at the time the corresponding option amount vests. Thus, termination of employment prior to the date an Eligible Option (or any portion thereof) vests results in the forfeiture of an Eligible Optionee's right to receive the Cash Payment for such option (or the unvested portion thereof, as applicable). Microtune has structured the Cash Payment in this fashion to: (1) maintain the economic benefit to Eligible Optionees of the original exercise price of the Eligible Options; (2) exempt these options from Section 409A; (3) prevent Eligible Optionees from receiving an economic benefit that they would not be eligible to receive if they were to terminate their employment prior to vesting of the Eligible Options; and (4) serve its compensatory objectives by providing a means of retaining, motivating and promoting continued employment of employees by delaying payment of the portion of the Cash Payment attributable to unvested Eligible Options until after vesting of such options.⁶

Eligible Options accepted for amendment under the Proposed Offer will be amended effective as of the expiration of the Proposed Offer (the "**Expiration Date**"), and will be exercisable by the Eligible Optionees immediately thereafter, to the extent such options are otherwise vested and exercisable as of such date. In addition, any exercise of the Eligible Options, whether or not amended, will be subject to compliance with the Microtune Insider Trading Compliance Policy and any interim blackout periods during which cashless exercises and sales to cover are not permitted. As amended, the Eligible Options will continue to be governed by the terms of the applicable Plan and, therefore, will be eligible to be exercised pursuant to the applicable registration statements on Form S-8 that were previously filed in respect of such options.

Eligible Optionees will have a contractual right to the Cash Payment effective as of the Expiration Date, as documented in a "Final Election Confirmation Statement" that each Eligible Optionee who accepts the Proposed Offer will be sent via email within three business

⁴ The Company does not believe the Promise to Make Cash Payment is a "security" within the meaning of Section 2(a)(1) of the Securities Act of 1933, as amended (the "**Securities Act**"), because the contractual right is nontransferable.

⁵ See IRS Notice 2005-1, 2005-2 I.R.B. 274; and IRS Notice 2006-79, 2006-43 I.R.B. 763 at Section 3.04.

⁶ Options are not exercisable until they vest and options cease to vest upon termination of employment or, if vested, are forfeited ninety days after termination of employment, if not exercised. Therefore, paying the Cash Payment prior to the vesting of Eligible Options or for Eligible Options which are forfeited would give Eligible Optionees an economic benefit which they would otherwise not be able to receive if they were to terminate their employment in the absence of the Proposed Offer. Microtune believes it would be impractical and unduly administratively burdensome to make the Cash Payment following vesting of Eligible Options more often than quarterly.

days after the Expiration Date. The Final Election Confirmation Statement will include the contractual Promise to Make Cash Payment, including the dollar value of the Cash Payment for each Eligible Option. Once an Eligible Option (or portion thereof) has vested, an employee will have a nonforfeitable contractual right to the corresponding Cash Payment for such option (or portion thereof).

Discussion

The Company recognizes the relief recently granted by the Commission to issuers making tender offers for compensatory purposes to address issues arising under Section 409A in five No-Action Letters: (1) Adobe Systems Incorporated, Commission No-Action Letter (February 28, 2007); (2) CNET Networks, Inc., Commission No-Action Letter (February 28, 2007); (3) Juniper Networks, Inc., Commission No-Action Letter (March 6, 2007); (4) Chordiant Software Inc., Commission No-Action Letter (March 26, 2007) (the “**Chordiant Letter**”); and (5) HCC Insurance Holdings, Inc., Commission No-Action Letter (June 12, 2007) (the “**HCC Letter**”) (collectively, the “**409A Letters**”). As discussed below, the Company believes that the regulatory characteristics of the Proposed Offer are substantially similar to those at issue in the 409A Letters, certain employee stock option repricing offers⁷ (the “**Option Repricing Offers**”), and certain employee stock option liquidity programs⁸ (the “**Option Liquidity Programs**”) and, collectively with the 409A Letters and the Option Repricing Offers, the “**Analogous Facilities**”).

Microtune is a fabless semiconductor company that relies heavily on the contributions of its engineering personnel. Furthermore, the analog radio frequency (RF) engineers that it is so heavily dependent upon are in very high demand and are extremely difficult to attract and retain. The Company structured the terms of the Proposed Offer to permit compliance with applicable IRS guidance under Section 409A while preserving incentive(s) for employees to remain employed by the Company, ensuring that the Cash Payment serves compensation and retention functions similar to those of the Eligible Options and is not a mere windfall. Accordingly, the Company believes that the Proposed Offer will foster the retention of its employees and serve to better align the interests of its employees and stockholders to maximize stockholder value. The terms of the Proposed Offer have been carefully designed by the Company’s Board to balance the interests of the Company and its stockholders in the retention of the Company’s employees and in the maintenance of employee morale (which has been damaged by the consequences of Section 409A) with the interests and tax treatment of such employees.

In making the Proposed Offer, the Company intends to rely upon: (1) the general relief provided by the Commission in the Chordiant Letter, (2) the Exemptive Order with respect to Rules 13e-4(f)(8)(i) and 13e-4(f)(8)(ii) under the Exchange Act, and (3) the Option Repricing

⁷ See, e.g., Martha Stewart Living Omnimedia, Inc., Commission No-Action Letter (November 7, 2003); LookSmart, Ltd., Commission No-Action Letter (March 20, 2001); Digimarc Corporation, Commission No-Action Letter (March 16, 2001); Lante Corporation, Commission No-Action Letter (Feb. 9, 2001); see also the Exemptive Order.

⁸ See, e.g., Microsoft Corporation, Commission No-Action Letter (October 15, 2003) and Comcast Corp. Commission No-Action Letter (October 7, 2004).

Offers in connection with tender offers with delayed payments conducted for compensatory purposes. In this regard, we supplementally advise the Staff that in accordance with the conditions to the general relief provided by the Chordiant Letter: (1) the Proposed Offer will be made to current employees of the Company for compensatory purposes in order to address the potential materially adverse personal tax treatment of certain options under Section 409A; (2) the delay in the making of the Cash Payment until at least January 1, 2008 is required by the provisions of Section 409A; (3) Eligible Optionees of the Company holding Eligible Options will be granted a contractual right to receive the Cash Payment in respect of their vested options in the form of the Promise to Make Cash Payment, and the Cash Payment will be paid on or before the Company's first regular payroll pay-date in January 2008; (4) the vesting and exercisability provisions of Eligible Options will not be affected by the Proposed Offer; (5) the Proposed Offer will not be made to any of the Company's former or current executive officers or directors; and (6) the Company has determined that, aside from the prompt payment issue, it may rely on the relief granted by the Staff pursuant to the Exemptive Order.⁹ Except with respect to the relief requested hereby and the Company's reliance on the Exemptive Order, the Option Repricing Offers and the Chordiant Letter, the Company expects to conduct the Proposed Offer in compliance with Rule 13e-4 of the Exchange Act.

The Company believes that the Proposed Offer's terms and conditions, including payment of the Cash Payment(s), do not raise the concerns of fraudulent, deceptive or manipulative acts or practices, concerns which gave rise to the adoption of Rule 13e-4 and Rule 14e-1 of the Exchange Act. In support, we note (1) the tax law requirements behind the January 2008 payment date, (2) the general exemptive relief granted in the Chordiant Letter, (3) Microtune's desire that Eligible Optionees maintain the economic benefit of the original exercise price of the Eligible Options, (4) payment of the Cash Payment after vesting of the Eligible Options prevents Eligible Optionees from receiving an economic benefit that they would not be eligible to receive if they were to terminate their employment prior to vesting and (5) the detailed information that will be available to Eligible Optionees regarding the Proposed Offer. We further note that Eligible Optionees will receive non-forfeitable contractual right (represented by the Promise to Make Cash Payment) to the portion of the Cash Payment applicable to Eligible Options as they vest and that an Eligible Optionee's decision to tender Eligible Options will be completely voluntary. Microtune believes that granting an exemption from the "prompt payment" rules for the Proposed Offer will be consistent with the actions taken by the Staff and the Commission with respect to the Analogous Facilities where the "prompt payment" rules were implicated but where, as here, the potential for fraud, deception and manipulation did not exist.

In the view of the Company, the terms of the Proposed Offer are substantially identical to those at issue in the HCC Letter. After telephone conversations with the Staff, and because the general relief extended by the Chordiant Letter does not extend to the payment

⁹ In this connection, we further supplementally advise the Staff that as contemplated by the requirements of the Exemptive Order: (1) the Company is eligible to use Form S-8; (2) the Eligible Options were issued under an employee benefit plan as defined in Rule 405 under the Securities Act of 1933, as amended, and after being amended in connection with the Proposed Offer will be issued under such an employee benefit plan; (3) the Proposed Offer is conducted for compensatory purposes; and (4) the Company will disclose in the Proposed Offer the essential features and significance of the tender offer, including risks that holders of Eligible Options should consider in deciding whether to accept the Proposed Offer.

structure contemplated by the HCC Letter and the Proposed Offer, we are submitting this request for exemptive relief.

Valid Business Purposes

Section 409A was adopted pursuant to the American Jobs Creation Act of 2004 (the “AJCA”) to address perceived abuses in deferred compensation. Under the AJCA, deferred compensation includes stock options granted, intentionally or otherwise, with an exercise price that is less than the fair market value of the underlying common stock on the date of grant. Section 409A has retroactive effect and so could be applicable to the unvested Eligible Options. Section 409A imposes adverse tax treatment directly on the individual employee, not on Microtune. Thus, Microtune is not required to offer either the opportunity to bring the unvested Eligible Options into compliance with Section 409A or to provide the Cash Payment (or any other compensatory payment) to compensate the Eligible Optionees for the increase in the exercise price of their Eligible Options.

In the view of Microtune, the Proposed Offer, including the Cash Payment, serves important compensatory, employee retention and morale maintenance goals. The Proposed Offer to amend the Eligible Options provides valued employees with the opportunity to avoid adverse tax treatment under federal and state tax laws, and thus retain the opportunity to share in the value that they helped to create during the terms of their unvested Eligible Options through their talent and hard work, as originally intended at the time of grant. In addition, the offer of the Cash Payment serves the Company’s legitimate business interests. By providing a means to retain, motivate and promote the continued employment of Eligible Optionees through the vesting term(s) of the Eligible Options, the Proposed Offer as structured, including the Cash Payment, serves Microtune’s compensatory and employee retention objectives.

Therefore, if the Cash Payment were required to be made prior to the vesting of the Eligible Options, the valid business purposes of the Company would be frustrated and Eligible Optionees would receive an economic benefit which they would not be eligible to receive if they were to terminate their employment prior to vesting.

Prompt Payment

The consideration under the Proposed Offer has been structured to be documented and paid as promptly as administratively feasible consistent with a tax-effective result under Section 409A and the economic benefit of the original exercise price of the Eligible Options that the Eligible Optionees expected at the time that they accepted their Eligible Options. The Eligible Options will be amended effective as of the Expiration Date and to the extent vested, will be immediately exercisable following the Expiration Date.

With respect to the Cash Payment, Microtune believes the appropriate characterization of the cash consideration under the Proposed Offer for vested Eligible Options is as a non-forfeitable contractual right. As noted, each Eligible Optionee who accepts the Proposed Offer will receive a Promise to Make Cash Payment. Thereafter, the Cash Payment will be paid on the “Cash Payment Dates” (described below), so long as the Eligible Optionee was employed by Microtune on the date the Eligible Option vests and regardless of whether the

Eligible Option is ever exercised by the Eligible Optionee. For the Eligible Options, the Cash Payment Dates were determined as follows:

- the first regular payroll pay-date after January 1, 2008 for Eligible Options that vested prior to January 1, 2008, since (1) Section 409A and analogous state laws require that the Cash Payment be made in a different calendar year than the amendment of the Eligible Options, (2) such date is the earliest date to make payment following the conclusion of calendar year 2007 and (3) the requirements of Section 409A and analogous state tax laws are similar to the facts which prompted option repricings in which existing options were exchanged for new options that would not be granted for at least six months following the conclusion of the applicable tender offer in order to avoid triggering variable accounting under the then current accounting rules; and
- the first regular payroll pay-date after the last business day of the quarter in which an Eligible Option vests for an Eligible Option that vests after December 31, 2007, to serve Microtune's compensatory objectives by providing a means of retaining, motivating and promoting continued employment of employees, to prevent Eligible Optionees from receiving an economic benefit that they would not be eligible to receive if they were to terminate their employment prior to the vesting of the Eligible Options and because such date is the earliest administratively feasible payroll date following vesting.¹⁰ For example, if an Eligible Optionee has an Eligible Option that vests during the first quarter of 2008 and such Eligible Optionee terminates his employment during the quarter but following vesting of such Eligible Option (or any portion thereof), this Eligible Optionee has an irrevocable right to the portion of the Cash Payment with respect to such option (or any portion thereof) and will receive such payment on the first regular payroll pay-date after the last business day of the first quarter of 2008.

We also note that in certain other of the Analogous Facilities, the Staff granted no-action and exemptive relief for programs that provided for a two or three year delay of payment of some or all of the consideration, based not on tax law or accounting requirements, but instead because of the issuer's discretionary requirement that the participants provide continued service over that period.¹¹

¹⁰ In the Option Repricing Offers commonly referred to as 6 & 1 employee stock option repricings, the six month delay in the issuance of new options following the closing of the offer and the requirement that the employee remain employed on the Cash Payment Date were imposed for the benefit of the company. In the Proposed Offer, the timing of the vested portion of the Cash Payment is solely for the benefit of the Eligible Optionees. Furthermore, like the 6 & 1 stock option repricings, the Cash Payment relating to Eligible Options that vest after December 31, 2007 will be made only if the Eligible Optionee's employment with Microtune does not terminate prior to the Cash Payment Date. See, e.g., Lante Corporation, Commission No-Action Letter (Feb. 9, 2001); Digimarc Corp., Commission No-Action Letter (Mar. 16, 2001); LookSmart, Ltd., Commission No-Action Letter (Mar. 20, 2001).

¹¹ See, e.g., Security Capital Assurance, Ltd. and XL Capital Ltd., Commission No-Action Letter (October 31, 2006); Microsoft Corporation, Commission No-Action Letter (October 15, 2003); Martha Stewart Living Omnimedia, Inc.; Commission No-Action Letter (November 7, 2003).

Prominent Disclosure

Microtune will provide the Eligible Optionees with all material information necessary for them to independently make a well informed decision on whether to participate in the Proposed Offer, including the essential features of the Proposed Offer and the risks that they should consider in deciding whether to accept the Proposed Offer. The Company will prominently and repeatedly disclose in the Proposed Offer materials the timing of the Cash Payment and will also describe the tax law and compensatory reason for such timing. In addition, each Eligible Optionee will be able to determine the total Cash Payment that he or she will receive under the Proposed Offer by referring to the personalized option summary that will be emailed to him or her at the commencement of the Proposed Offer and the Final Election Confirmation Statement that will be sent within three business days after the Expiration Date. Hard copies of this and other relevant information are also available to each Eligible Optionee. The Company believes the provision of this information, including making expressly clear the value of the Cash Payment, is consistent with the Analogous Facilities.

Conclusion

For the reasons stated above, Microtune believes that the Proposed Offer's payment features do not constitute a fraudulent, deceptive or manipulative act or practice, and hereby requests that the Staff grant any necessary exemptive relief from compliance with Rule 13e-4(f)(5) and Rule 14e-1(c) with respect to the Proposed Offer, as currently structured. As the Company is taking no action with respect to the Proposed Offer unless and until it receives exemptive relief from the Staff, Microtune would greatly appreciate your early consideration of this matter

If you have any questions or comments about the matters discussed above, please feel free to contact me at (214) 953-6819.

Very truly yours,



Craig N. Adams

CNA:blt

cc: James A. Fontaine
Microtune, Inc.

Phillip D. Peterson
Microtune, Inc.