ES/07897

PAUL E. KANJORSKI
11TH DISTRICT, PENNSYLVANIA

COMMITTEE ON
FINANCIAL SERVICES

RANKING MEMBER
SUBCOMMITTEE ON CAPITAL MARKETS, INSURANCE, AND GOVERNMENT SPONSORED ENTERPRISES

COMMITTEE ON GOVERNMENT REFORM

WASHINGTON OFFICE:
2353 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-3811
(202) 225-6511

Website http://www.house.gov/kanjorski
E-mail paul.kanjorski@mail.house.gov

Congress of the United States
Washington, DC 20515-3811

DISTRICT OFFICES:
THE STEGMAIER BUILDING
7 NORTH WILKES-BARRE BOULEVARD
SUITE 400 M
WILKES-BARRE, PA 18702-5283
(570) 825-2200

546 SPRUCE STREET
SCRANTON, PA 18503-1808
(570) 496-1011

102 POCONO BOULEVARD
MOUNT POCONO, PA 18344-1412
(570) 895-4176

TOLL FREE HELP LINE
(800) 222-2346

June 22, 2004

441

RECEIVED
JUL 13 2004
OFFICE OF THE SECRETARY

The Honorable William H. Donaldson
Chairman
U.S. Securities and Exchange Commission
450 Fifth Street, NW, Room 6000
Washington, DC 20549

S7-10-04

Dear Mr. Chairman:

Earlier this year, the Securities and Exchange Commission issued for public comment a number of regulatory proposals designed to modify the rules governing our National Market System. As the Commission proceeds with its consideration of these matters, it is my very strong expectation that it will, first and foremost, ensure that any decision it reaches will protect the interests of average American retail investors.

In adopting the Securities Acts Amendments of 1975, the Congress wisely decided to provide the Commission with a broad set of goals and significant flexibility to respond to market-structure issues. This legal framework has worked generally well over the last three decades, and it is appropriate for the Commission to review its rules governing market structure at this time. In considering whether to adopt any regulatory changes, however, the Commission must ensure that its actions address the needs of small investors.

The House Financial Services Capital Markets Subcommittee has already convened four hearings in the 108th Congress to study market structure issues. During these hearings, we have heard from a variety of industry experts, including you, about how our securities markets have evolved in recent decades and why we now need to modify their regulatory structure in light of recent technological advances and competitive developments. I anticipate that we will continue to examine these issues in the coming months in order to maximize public input on these important matters.

At our initial hearings on market structure, I cautioned everyone involved in these debates to move carefully. Because we have many complex interlocking relationships in our securities markets, I believe that we should refrain from pursuing change for change's sake. In other words, the Commission should not adopt any modifications to its rules unless it can clearly and without a doubt establish that such changes would represent an improvement over the existing regulatory framework.

As you also noted during your testimony before our panel, in pursuing any plan to fix those portions of the National Market System experiencing genuine strain, we must ensure that we do not disrupt those elements of our markets that are working well. It is therefore my sincere hope that the Commission in working to finalize any changes in the market-structure rules will first make certain that any regulation it promulgates will provide an improvement over the existing regulatory regime and protect the interests of retail investors.

The trade-through rule, from my perspective, is one area of our regulatory structure that has worked well for nearly three decades. As one of the foundations of our National Market System, this rule has ensured that all investors get the best price that our securities markets have to offer regardless of the location of a trading transaction.

In its proposals, the Commission has put forward a plan to permit participants in our capital markets to opt out under certain circumstances of the trade-through rule's mandate of obtaining the best price for investors. This idea, if improperly adopted or incorrectly implemented, has the potential to produce significant unintended consequences and jeopardize the interests of average investors. Specifically, allowing sophisticated parties to opt out of the trade-through rule would likely splinter our securities markets, decrease liquidity, and limit price discovery. Such results also would likely prove deleterious for small investors, thereby reducing investor confidence in our securities markets and most probably damaging the long-term health of our economy.

As you deliberate further on these proposals and review the submitted comments, I consequently expect that you will study whether the creation of opt-out and *de minimus* exceptions to the trade-through prohibition will result in fragmented markets with stocks trading at differing prices. I also hope that you will examine whether allowing orders to trade through the best posted bid or offer will discourage market participants from posting limit orders and result in a loss of market liquidity. I further hope that you will consider whether the proposed exceptions provide adequate protections for the interests of average retail investors.

Additionally, we also had the good fortune of receiving the testimony of Mr. Frank Sullivan, the President and CEO of RPM International, during our hearings. In his prepared testimony, Mr. Sullivan concludes that we need to ensure that "all investors, large and small, have fair and equal access to the shares of companies traded on the largest and most liquid equities market in the world...and that they do so with the confidence that the are receiving the best and fairest price." Because I very much agree with Mr. Sullivan's assessments, I have enclosed a copy of Mr. Sullivan's testimony, as well as recent correspondence that he sent to me, for your review and examination. In addition to these items, please find several other letters enclosed. Each of these letters also raises concerns about the Commission's proposal to alter the trade-through rule.

In closing, thank you in advance for your consideration, consistent with all applicable law and regulations, of my thoughts about these important matters. As the Commission proceeds in its deliberations, I hope that it will move methodically and act in a way that places the greatest importance on protecting average investors. Please also share my correspondence with your fellow commissioners and continue to keep me informed about the Commission's progress in examining our National Market System.

Sincerely,

Paul E. Kanjorski
Ranking Member, Subcommittee on Capital Markets,
Insurance, and Government-Sponsored Enterprises

Enclosures: Letter and Testimony of Frank C. Sullivan, RPM International
Letter of Thomas A. Piraino, Parker-Hannifin Corporation
Letter of Robert J. Nugent, Jack in the Box
Letter of Paul R. Saueracker, Mineral Technologies
Letter of Michael F. Neidorff, Centene Corporation
Letter of Leonard F. Griehs, Campbell Soup Company

PEK/tmh

RPM

RPM INTERNATIONAL INC. • P.O. Box 777 • Medina, OH 44258 • 330-273-5808 • FAX: 330-220-8636

Frank C. Sullivan
President and Chief Executive Officer

MAR 2 4 2004

February 24, 2004 Fax: 202-225-0764

The Honorable Paul E. Kanjorski
United States House of Representatives
2353 Rayburn House Office Building
Washington, DC 20515-3811

RE: Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises
"Market Structure III: The Role of the Specialist in the Evolving Modern Marketplace"

Dear Congressman Kanjorski:

I was recently provided an opportunity to testify in front of the U.S. House of Representatives Subcommittee on Capital Markets at the above-referenced hearing on Friday, February 20, 2004. I thought it would be appropriate to follow up this testimony with a copy of my written statement, which is enclosed, as well as a summary of my views on this very important topic on capital markets and the companies and investors they serve.

It is interesting to note that of the seven witnesses asked to testify only two, myself as CEO of a public company with more than 100,000 individual shareholders and Mr. Gus Sauter, Chief Investment Officer and Managing Director of the Vanguard Group of Funds, directly represented the investing public, and that both of us continue to see important value added by the role of specialists in today's capital markets and also supported the Trade-Through Rule.

As a summary of our company's experience, which I believe is reflective of that of the majority of publicly traded companies in the United States, the centralized market system with the specialist at its center has proven to be a superior model for stock trading and has helped improve the quality of our investor base and reduce our cost of capital by providing deeper liquidity and better execution than comparable markets. This opinion is based upon our experience of having changed from the Nasdaq Market in 1998 to the New York Stock Exchange ("NYSE") the result of which has been an increase in our liquidity by a factor of nearly two-thirds and a feeling of much greater accountability relative to the relationship that we have with our specialist at the NYSE.

On numerous occasions, our specialist has stepped in to stabilize the market in times of extraordinary trading activity. On average our specialist is active in trading our stock approximately 8% indicating that 92% of the time buyers and sellers are meeting directly as they would on any other type of exchange including electronic trading markets. It is the direct involvement of the specialists to help stabilize the market often using their own capital that has made a difference for us during times of volatile or unusual trading activity. The specialist is able to use their vast experience and history in trading our stock as well as other stocks to dampen volatility and ensure a liquid market. I suspect this human role is one of the things that troubles electronic markets most as traders on these markets aggressively use computer trading which can act only as programmed and, thus, a human role in trading regardless of how small is problematic for these large institutional computerized trading programs.

As a company that directly represents over 100,000 individual shareholders and one that is dependent on the capital markets to support its growth, we clearly see the value added of the specialist system of the NYSE. If there were a more effective market for trading our stock, we could, and most assuredly would, change to that venue.

As it relates to the Trade-Through Rule, this is intended to protect the interest of small and individual investors which were typified by the "Mrs. Jones" referenced by Congressman Kanjorski during the hearing. The Trade-Through Rule acts as a sort of "speed bump" in order to make sure that the stock investing and trading interest of small individual investors are not run over or disadvantaged by the rapid and large trading which is done by major institutions. Once again, I believe this Trade-Through Rule "speed bump" is seen as an impediment by major institutions and massive stock traders which they would just as soon see disappear because it is in their way. If Congress were to dictate an elimination of the Trade-Through Rule "speed bump," my guess is "Mrs. Jones" would be so intimidated by the massive size trades done at an ever-faster rate of execution that she may very well choose to get off the highway. The implications of this for capital raising at American companies are profound and potentially hugely negative.

Our capital markets are the most efficient in the world for a number of reasons. One of the most important reasons, from a company's perspective that is reliant on these markets for growth capital, is the combination of long-term invested capital most typified by small and individual investors who generally are making long-term investments in companies with the goal of providing for things like homeownership, education or retirement and the extraordinary liquidity provided by the trading of major institutions. Companies whose shares are predominantly owned by major institutions experience an extraordinarily high level of volatility as these institutions trade in and out of stock for various reasons many of which have little to do with particular performance issues of the individual company. Eliminating the Trade-Through Rule would be one element likely driving the "Mrs. Joneses" of long-term stable capital out of the markets directly leaving them the only viable option of investing in companies through the major institutions, thus ruining the necessary balance between the deep liquidity that these institutions provide and the base of long-term stable capital that our public companies need. Accordingly, we strongly support maintenance of the Trade-Through Rule and it is my belief that the CEOs of most companies along with their individual shareholders would concur.

I believe that one of the reasons this is being brought to the forefront as an issue now, advocated mostly by competitors of the NYSE, is the result of the extraordinary challenges and change that this premier capital market institution has been facing during the past year. John Thain, the new CEO at the NYSE, brings extraordinary and fresh capital markets perspective from outside of the NYSE. He has already demonstrated his willingness and desire to make necessary change at the NYSE for the betterment of its multiple constituencies. Rather than allowing market competitors to "kick" this very effective and efficient institution while "it is down," I believe it would be far better to allow Mr. Thain the room to institute the changes that he and the new Board of Directors of the NYSE feel are appropriate while at the same time maintaining a rule whose principal purpose is to ensure a fair and orderly market for individual investors who are the best providers of long-term committed capital to companies like RPM.

Thank you very much for your interest and overview in the many capital market issues that have come before your Committee over the past couple of years. Understanding these markets, promoting greater efficiency, and weeding out excesses and abuses is certainly worthy of your time and much appreciated by RPM and our shareholders. Thank you also for you service to our country, particularly during these challenging times.

Very truly yours,

RPM International Inc.

Frank C. Sullivan

FCS/jlc
Enclosure

U.S. House of Representatives
Subcommittee on Capital Markets, Insurance and
Government Sponsored Enterprises

"Market Structure III: The Role of the Specialist in the Evolving Modern Marketplace"

Testimony by Frank C. Sullivan
President and CEO
RPM International Inc.

February 20, 2004
New York, NY

Thank you Mr. Chairman, Congressman Kanjorski and members of the Subcommittee for extending an invitation to appear before you to discuss market structure - - a matter of great importance to the shareholders, board of directors and management of RPM International Inc., a company traded on the New York Stock Exchange.

I am Frank Sullivan, President and Chief Executive Officer of RPM International Inc. ("RPM"), a company founded by my grandfather in 1947 as Republic Powdered Metals in Medina, Ohio where it remains today.

Fifty-six years later, RPM is a world leader in specialty coatings, serving both industrial and consumer markets. We have grown both organically and through the successful acquisition of over 100 companies or product lines and, as a result, have achieved record growth in 55 of our 56 years of existence, and in our 57th year are continuing to grow sales and earnings at record levels. RPM's industrial products include roofing systems, sealants, flooring coatings and corrosion control coatings, like our Carboline brand, which protects such well-known landmarks as the Peace Bridge and the Rainbow Bridge to Canada, the Golden Gate Bridge and the Statue of Liberty. Leading industrial brands include Stonhard, Tremco, Day-Glo, Euco and Dryvit.

RPM's consumer products are used by professionals and do-it-yourselfers for home maintenance and improvement, automotive and boat repair and maintenance, and by hobbyists. Consumer brands include Zinsser, Rust-Oleum, DAP, Varathane, Bondo, and Testors.

For the fiscal year ended May 31, 2003, RPM had sales of $2.1 billion and $122.8 million in net income before a $144 million asbestos charge, which is another topic we are hopeful that Congress will address. We have 7,900 employees and hundreds of independent sales and technical representatives, approximately 7,000 of which are employed in the United States. The company's products are manufactured in 49 plants in the United States and 19 plants in 16 countries, and are sold in more than 130 countries around the world. Last year, RPM increased its cash dividend to shareholders 8 percent, which represents our 30th consecutive year of cash dividend increases, which puts us in the top half of 1 percent of all publicly traded companies in terms of continuously increasing shareholder dividends. A member of the S&P 400 Midcap Index, we are highly committed to our approximately 300 institutional investors and, most importantly, our 100,000 individual shareholders. RPM is a favorite of retail investors who are members of National Association of Investment Clubs (NAIC) across the country. We have made it a priority to get to know these retail investors very well and feel we appreciate their needs. We take very seriously the quality and fairness of the trading in our shares to ensure the interests of all investors, large and small, are well served.

Mr. Chairman, the capital markets are critical to American companies as they continue to grow and compete globally. The currency created by our stock as it trades in a secondary market is a critical engine of growth. Our ability to use our equity to continue to grow depends to a large extent on how our stock trades and which investors are willing to hold it. Choosing an exchange for listing is a significant decision for any company, as that choice will help determine how liquid markets are for its shares and how volatile its share price will be.

In that context, I would like to relate to the Committee today my perspectives on how stock exchanges and their models affect companies, and specifically how the specialist has impacted our business. As my company has experience with both the Nasdaq and the New York Stock Exchange, we can give you through our experiences a case study in how they differ. The bottom line, from my perspective, is that the centralized auction market system with the specialist at its center has proven a superior model for us, and has helped improve the quality of our investor base and reduce our cost of capital.

Experience on Nasdaq and why we switched

RPM went public in 1969 and was one of the original listings on Nasdaq in 1971. In 1997/8, I was CFO of RPM and undertook a review of our market to determine whether there was reason to consider a transfer to the NYSE. In my view, we had been well served on the Nasdaq as a new and growing company but by this time we had grown to become a $1.7B company with 100M shares outstanding, and we met all the NYSE's listing criteria. We heard concerns from our investors about volatility in the trading of RPM stock. Despite our record of growth, we still had a predominantly retail shareholder base (57%). In my view, we needed increased visibility and reduced volatility so that we could better serve our individual shareholders, many of whom had urged us to move to the NYSE for years, and so that we could better attract large institutional investors.

I might note that my father, the then CEO, had served on the Nasdaq Board of Governors for three years, and prior to that was a member of the Issuer Affairs Committee and had a certain loyalty to that market. Any analysis would have to be airtight if he was to be convinced that RPM and its current and future shareholders would be better served on another market.

I visited the NYSE myself in 1997, met with senior staff and spent time on the trading floor where I had the chance to observe the market and the specialist first hand. I knew that at the time volatility of similar stocks was lower for those stocks traded on the Exchange than at Nasdaq. And others who preceded us in transferring to the NYSE were able to increase their institutional share ownership and analyst coverage. I undertook my own due diligence, speaking to others who had made the move and meeting with advisors whose input I valued. Based on the aggregate analysis and input, the entire management team became convinced a move was right for us.

One important decision we had to make in moving to the NYSE was selecting a specialist. From the beginning we understood the importance of the specialist as he or she would be accountable for the quality of the trading in our stock and also available to provide commentary and help us understand trading dynamics. The decision was important enough for Tom Sullivan, our CEO, Jim Karman, our President, P. Kelly Tompkins, our General Counsel, and myself, to come to the Exchange and personally conduct the interviews. We met with five firms. We found each well prepared and able to articulate why they should be chosen and I must say it was not easy making our final determination. In the end, we chose Benjamin Jacobson and Sons which was later acquired by Speer Leeds and Kellogg. In June of 1998, we transferred to the New York Stock Exchange

Value of the NYSE and the Specialist

In the five and a half years we have been listed, we and our investors have come to appreciate the value of both the Exchange model and the specialist in a very practical sense. Our objectives in listing have been met as we have continued to maintain a broad individual investor base while increasing our institutional ownership from 43% when we listed to 57% today. At the same time we have seen liquidity increase by two-thirds since listing.

But what about the specialist specifically? How do they add value? While I do not understand all the technical nuances of trading, I do have a fairly solid understanding of the basics.

For example, I do know that Speer Leeds and Kellogg accounts for 8% of the trading in RPM. So 92% of the time, public orders are meeting directly to set the price. I believe that having orders for our shares compete in one pool of liquidity is the most efficient mechanism for pricing. The specialist role in overseeing this process and ensuring fair and orderly markets is, in and of itself, a benefit, but it is in times of stress that his value is most clearly seen and appreciated. Let me relate a couple of examples.

The first occurred on January 22, 1999, shortly after we listed. Our stock did not trade until 9:51 when it opened at $12.87, down $1.12 from the prior's day close. I was informed by Exchange staff and also by Jim Jacobson, the head of the specialist firm, that the opening would be delayed due to a sell side imbalance equal to three quarters of our average daily volume. I learned from Jim that by 9:30 am there were sell orders totaling 130,000 shares and that the specialist began the process of reaching out to recent buyers. In addition to what was delivered systemically to his book, the specialist, acting as a catalyst, attracted buy orders totaling 60,000 shares and acting as dealer, purchased 22,000 shares himself to ultimately open the stock on a trade of 143,000 shares. The specialist on that day was 15% of the market, clearly higher than the average. There is no doubt in my mind that had RPM still been trading on the Nasdaq, the stock would have opened lower, as there is no regulatory requirement for dealers or ECN's to step in and stabilize the market.

What impressed me most, however, was that Jim Jacobson, having explained the trading to me himself, took the extra step of asking the Exchange to undertake a formal review. I received the report about a week later. It was a detailed chronology of the day, showing how and when the specialist had stepped in to stabilize the market, and concluding he had done his job effectively. I had not asked Jim to do this. He undertook it himself to ensure that I was satisfied all was as it should be. I clearly would not have received this level of detail or service in my prior market. Very early on, my decision to list was reconfirmed through this experience.

Another example occurred in March of 2002 when we needed to raise additional capital to reduce debt associated with a recent acquisition. We chose to issue common stock, which enabled us to raise $150 million. While investors were attracted to the offering due to the sound fundamentals of the company, there is no doubt that we benefited from the liquidity that existed at the NYSE, our reduced volatility, and investors' confidence in the market for our shares. On March 26, the stock closed at $14.91. Ten million shares were priced at $14.25 and opened the following morning at $14.93. The increase in shares amounted to 10% dilution but the stock price held steady, reflecting the ability of a centralized market to absorb the significant increase in shares with minimal price dislocation.

The specialist kept us well apprised of the buy and sell interest indicated prior to the market open, through the opening itself, and for the remainder of the day. We were well informed at all times. Investors' ability to buy shares on the offering and just as important, to add to or liquidate their positions in the future with minimal price dislocation is critical in ensuring their confidence.

A word on speed vs. price

As noted earlier, I am not a market expert. That said, I am very aware of the current debate regarding the importance of speed vs. price. I support the Exchange's initiative to increase its automatic execution capability but do so because they are, at the same time, preserving the principle of best price. As both an investor myself and the CEO of a company who actively engages with retail investors on a regular basis, it is hard for me to imagine why speed would take precedence over best price for any reason.

Investors I know want to sell shares for the highest price and buy them at the lowest price. Most importantly, they expect and deserve to have the confidence that they will be getting the right price, or put another way, a fair price. This is particularly true with the millions of individual investors who directly or indirectly are the backbone of the most efficient capital market in the world. They always know they can buy our shares, but what will happen when they want to sell them? Why would intermediaries want speed if the investors they represent want best price? One of the great things about our current system is it allows small investors to buy and sell their shares on exactly the same terms as large institutions. There is no "wholesale" price and "retail" price for our shares, just one price, and I and our other investors can always find out what that price is. Whatever the motive of large institutions, it should be fully transparent and understood by those who entrust their hard earned dollars to them. If there are conflicting motives, shouldn't the interests of the ultimate investor take precedence?

The NYSE already provides what investors most want. The Exchange has the best price 93% of the time. Around 78% of RPM's shares are traded at the Exchange precisely because it offers the best price. That matters because it ensures a deep and liquid market for RPM shares, dampens volatility and correctly prices our shares so the value of our company is fairly reflected. I believe that the combination of all these factors results in a more confident investing public and ultimately reduces our cost of capital.

Summary

I applaud this Committee's undertaking to study market structure and to ensure fair and orderly markets for all investors. The decisions you reach are important for the future of our company and many others like it, and, most importantly, their shareholders. I am pleased to have had the opportunity to share my experiences with you and hope that any changes you consider will strengthen the market and not diminish the liquidity and accountability that the auction market model provides to our shareholders. Clearly, the New York Stock Exchange has been and will continue to be central to our capital raising process. I fully support its goal of ensuring that all investors, large and small, have fair and equal access to the shares of companies traded on the largest and most liquid equities market in the world...and that they do so with the confidence that they are receiving the best and fairest price.

Parker
Thomas A. Piraino, Jr.
Vice President, General
Counsel and Secretary
Parker-Hannifin Corporation
6035 Parkland Boulevard
Cleveland, OH 44124-4141
Phone: (216) 896-2704
Fax: (216) 896-4095

Via Facsimile - 202-225-0764

April 15, 2004

The Honorable Paul E. Kanjorski, Ranking Member
Subcommittee on Capital Markets, Insurance
and Government Sponsored Enterprises
U.S. House of Representatives
2353 Rayburn House Office Building
Washington, DC 20515

As the Vice President, General Counsel and Secretary of Parker-Hannifin Corporation, I am writing to express my concern regarding an SEC proposal which could substantially weaken an important element of investor protection. With annual sales exceeding $6 billion, Parker-Hannifin is the world's leading diversified manufacturer of motion and control technologies and systems, providing precision-engineered solutions for a wide variety of commercial, mobile, industrial and aerospace markets. The company employs more than 45,000 people in 44 countries around the world.

Parker's common stock has been traded on the NYSE since 1964. Besides the obvious advantages in liquidity and access to capital associated with being listed on the largest and most prestigious securities exchange in the world, we also benefit from and depend upon the role of the specialist firm at the NYSE. Specialists work to match buyers and sellers of our stock to ensure smooth and efficient trading. They help to guarantee that every buyer and seller receives the "best price" available at the point in time that a trade is made. They reduce volatility in our stock price, and work to guarantee an effective and equitable marketplace for buyers and sellers of our stock.

The trade-through or "best price" rule provides investors assurances they will receive the best price when buying and selling shares of NYSE-listed companies. The principle has served our markets well for several decades now. It ensures that orders, whether large or small, compete on the same basis – price. The vibrancy of our securities markets derives largely from the liquidity that price competition creates.

The SEC has proposed allowing institutions to "opt out" of this rule, which means that institutions would have the right to execute at something other than the best price on behalf of their ultimate investors. Professional traders would be encouraged to internalize customer order flow. Taking liquidity out of the market will raise trading costs, widen quoted spreads, and increase volatility. Providing institutions an "opt out" exception creates a regulatory endorsement for the position that price does not matter, even when speed and anonymity are relatively equal between markets. We think this is the wrong message to send, and the least sophisticated investors, including those investing in mutual funds, are at greatest risk.

With everything that has happened lately to shake investor confidence in the markets, I find it difficult to understand why Washington would want to weaken this important protection. Why should investors ever receive anything other than the best price possible?

I ask that you work to keep the best price provisions of the trade-through rule intact.

Sincerely,

Thomas A. Piraino

Thomas A. Piraino

APR 0 2 2004

Robert J. Nugent
Chairman of the Board and CEO

March 17, 2004

RECEIVED
JUL 13 2004
OFFICE OF THE SECRETARY

The Honorable Paul Kanjorski
House of Representatives
2353 RHOB
Washington, DC 20515

Re: The Structure of the NYSE and the Role of the Specialist in the Market

Dear Mr. Kanjorski:

I write to you today in support of the role of the specialist firm at the New York Stock Exchange. Jack in the Box Inc. (JBX) owns, operates and franchises over 2,000 Jack in the Box and Qdoba Mexican Grill restaurants in more than 30 states. We are a national leader in quick-serve dining, with over $2 billion in annual revenues and more than 45,000 employees.

The common stock of JBX has been traded on the NYSE since 1989. Besides the obvious advantages in liquidity and access to capital associated with being listed on the largest and most prestigious securities exchange in the world, we also benefit from and depend upon the role of the specialist firm at the NYSE. Specialists work to match buyers and sellers of our stock to ensure smooth and efficient trading. They help to guarantee that every buyer and seller receives the "best price" available at the point in time that a trade is made. They reduce volatility in our stock price, and work to guarantee an effective and equitable marketplace for buyers and sellers of our stock.

The primary benefit of the role of the specialist is to provide a "best price" guarantee for buyers and sellers. This can only be done by the active efforts of the specialist – always reviewing and executing the buy and sell orders for our stock, and matching willing buyers and willing sellers. This service cannot be duplicated on an all-electronic exchange, and this "best price" guarantee saves investors millions - if not billions - of dollars a year.

In addition to the benefits to investors, the role of specialists is extremely valuable to issuers like JBX. By monitoring the buy and sell orders, guarding against imbalances in supply and demand, and making a market themselves for our stock when necessary, the specialist reduces volatility in our stock price, creates a more efficient marketplace, and increases investor confidence in a transparent market for our stock.

9330 Balboa Avenue • San Diego, CA 92123-1516 • 858.571.2121 • www.jackinthebox.com

This hands-on, face-to-face service by specialists is supported at the NYSE with the most technologically advanced stock trading system anywhere. The technology of the exchange allows for extremely rapid fulfillment of trading orders along with unparalleled accuracy and fairness. Investors and issuers with the NYSE receive the best of both worlds – the speed and accuracy provided by technology along with the efficiency and "best price" that can only be provided by the specialists.

In short, we are strong supporters of the specialist firms and the current structure at the NYSE. We urge you to oppose any effort to mandate change upon the NYSE and the specialist firms that serve the investing community so well.

Please do not hesitate to contact me if I may be of further assistance.

Sincerely,

Robert J. Nugent

Robert J. Nugent

sb

cc: David F. Dolan
John A. Thain

Minerals Technologies Inc.
The Chrysler Building
405 Lexington Avenue
New York, NY 10174-1901
Tel 212 878-1922
Fax 212 878-1902

Paul R. Saueracker
Chairman, President &
Chief Executive Officer

April 6, 2004

The Honorable Paul E. Kanjorski, Ranking Member
Subcommittee on Capital Markets,
Insurance and Government Sponsored Enterprises
U.S. House of Representatives
2353 Rayburn House Office Building
Washington, D.C. 20515

Dear Honorable Paul E. Kanjorski, Ranking Member:

As a voter in New York State and Chief Executive of Minerals Technologies Inc., which is listed on the New York Stock Exchange, I am writing to express my concern regarding an SEC proposal which could substantially weaken an important element of investor protection.

The trade-through or " best price" rule provides investors assurances they will receive the best price when buying and selling shares of NYSE-listed companies. This principle has served our markets well for several decades now. It ensures that orders, whether large or small, compete on the same basis—price. The vibrancy of our securities markets derives largely from the liquidity that price competition creates. To the degree that investors are willing to offer better prices their orders should not be ignored.

The SEC has proposed allowing institutions to " opt out" of this rule. This means those institutions would have the right to execute at something other than the best price on behalf of their ultimate investors. Professional traders would be encouraged to internalize customer order flow. Taking liquidity out of the market will raise trading costs, widen quoted spreads, and increase volatility. Providing institution an " opt out" exception creates a regulatory endorsement for the position that price does not matter even when speed and anonymity are relatively equal between markets. It is a bad message to send, and the least sophisticated investors, including those investing in mutual funds, are at greatest risk.

Further, when liquidity is fragmented across multiple trading venues the cost of raising capital increases impacting issuers and investors alike. This is a matter of great significance for the American economy broadly as the cost of capital directly impacts our ability to invest in jobs, R&D, expansion, acquisitions, etc.

With everything that has happened lately to shake investor confidence in the markets, I find it difficult to understand why Washington would want to weaken this important protection. Why should investors ever receive anything other that the best price possible?

I ask that you, [and other members of the subcommittee] work to keep the best price provisions of the trade-through rule intact.

Paul R. Saueracker

Paul R. Saueracker

CENTENE
Corporation

VIA FACSIMILE (202) 225-0764

April 6, 2004

The Honorable Paul E. Kanjorski
Ranking Member
Subcommittee on Capital Markets, Insurance
and Government Sponsored Enterprises
U.S. House of Representatives
2353 Rayburn House Office Building
Washington, D. C. 20515

Dear Mr. Kanjorski:

Re: *Support For "Best Price" Rule*

I am writing as a registered voter in the State of Missouri and as President and Chief Executive Officer of Centene Corporation, a publicly traded corporation based in St. Louis.

Centene completed its initial public offering in December 2001. Since that time, Centene's stock price has increased from $9.33 (adjusted for a stock split) to over $30 and its market capitalization is now well in excess of $600 million. In the midst of steady growth in Centene's stock price, we decided to move trading of Centene's common stock from The Nasdaq National Market to the New York Stock Exchange in October 2003. We made this move after discussions with investment bankers and numerous brokers led us to conclude that our investors would be better served by trading on the NYSE.

As you know, the Securities and Exchange Commission has proposed a set of rules to restructure the regulation of the U.S. equity markets in a manner that would, among other things, weaken the "trade-through" or "best price" rule. I believe the SEC's proposal would significantly erode existing protections that help investors receive the best price for their orders, no matter the market in which the trade takes place. The "trade-trough" or "best price" rule provides investors assurances they will receive the best price when buying and selling shares of NYSE companies. For decades, this principle has ensured that orders, whether large or small, compete on the same basis: price.

The SEC proposal would allow institutions to opt out of the "best price" rule. This means those institutions would have the right to execute at a price other than the best price on behalf of their ultimate investors. Professional traders would be encouraged to internalize customer order flow. I believe that taking this liquidity out of the market will increase trading costs, widen quoted spreads and increase

Centene Place
7711 Carondelet Avenue
Suite 800
St. Louis MO 63105
314-725-4477
Fax: 314-725-2065

volatility. Allowing institutions to "opt out" will send a message that price does not matter, even when speed and anonymity are relatively equal between markets. This is the wrong message, particularly at a time when investor confidence has been significantly shaken by a seemingly unending series of misbehaviors by corporate management, investment banks, mutual funds and other participants in the U.S. capital markets.

John Thain, the Chief Executive Officer of the NYSE, testified before a Congressional subcommittee that the "best price" rule is "one of the mechanisms that guarantees that investors get the best price. . . . It's very important, when talking about the trade-through rule, that all investors, big and small, should get the best price. Anything less undermines confidence in the markets."

I could not agree more. Moreover, in addition to impairing investor confidence, the SEC proposal would permit fragmentation of liquidity across multiple trading venues, resulting in an increase in the cost of raising capital that would negatively affect both issuers and investors. This is a matter of great significance for the American economy, particularly at this time, as signs of economic resurgence begin to appear. Higher costs of capital will directly impact the ability of corporations such as Centene to invest in jobs, product development, geographic expansion, and strategic acquisitions

I therefore request that you take all actions possible to maintain the "best price" provisions of the trade-through rule.

Please feel free to call me if you have any questions or if I can otherwise be of assistance to you.

Sincerely,

Michael F. Neidorff
President and Chief Executive Officer

cc: Catherine Kinney
President and Co-COO
New York Stock Exchange

Campbell SOUP *Company*

WORLD HEADQUARTERS
1 Campbell Place
Camden, New Jersey 08103-1799

Leonard F. Griehs
Vice President – Investor Relations

856. 342.6428
856. 342.6546 Fax
len_griehs@campbellsoup.com

APR 1 2004

April 6, 2004

The Honorable Paul E. Kanjorski
Ranking Minority Member
Committee on Capital Markets, Insurance &
Government Sponsored Enterprises
U.S. House of Representatives
2129 Rayburn House Office Building
Washington, DC 20515

Dear Representative Kanjorski:

I write to strongly encourage you to not change the "trade-through" rule now as is being considered by the Securities and Exchange Commission and your committee..

Campbell Soup Company is a global manufacturer and marketer of high quality soup, sauces, beverages, biscuits, confectionery and prepared food products. The Company owns a portfolio of more than 20 market-leading businesses worldwide each with more than $100 million in sales. They include "Campbell's" soups, "Pepperidge Farm" cookies and crackers, "V8" and "V8 Splash" juices, "Pace" Mexican sauces, "Prego" pasta sauces, "Franco-American" pastas and gravies, "Swanson" broths, and "Godiva" chocolates. We operate 19 manufacturing facilities in 14 states, and additional facilities in 21 other countries. 25,000 employees worldwide ably support the Company.

In 1954, Campbell Soup Company went public with one class of common stock and was admitted to trading on the New York Stock Exchange. On January 9, 2004, we celebrated our 50th year of listing by ringing the opening bell. This also launched the celebration of the 100th year of the Campbell Kids.

Today we have 410 million shares outstanding, with a market capitalization of over $11 billion. Our listing on the New York Stock Exchange has provided our investors with excellent liquidity. Our stock is currently held by over 400 institutions and is in the portfolio of investment clubs and individuals throughout America.

I believe that trading on the New York Stock Exchange serves our investors by guaranteeing them that they will always get the best price when either buying or selling our shares. Altering the trade-through rule and allowing certain investors to opt out of the best price guideline would take away our investors' assurances that the specialists are actually working on their behalf to get the best price. I do not dispute that many large institutions may not be as concerned about best price as much as the individual investor. These institutions may be moving huge amounts of capital and just want to get a trade done. Many of them are passive investors, reacting to changes in the market that initiate program trading. However, it seems to me that the entire philosophy expressed by the SEC and Congress in the Sarbanes-Oxley Act is one of providing equal access and equal treatment of individual and institutional investors. I do not know many individuals who trade in such significant amounts that they would say that price should play a secondary role to speed. Whether a stock is

The SEC has proposed allowing institutions to opt out of the trade-through rule. If this happens, I fear it will take liquidity out of the market and will raise trading costs for all investors, but mostly for those who are in the least noteworthy position to negotiate—the individual. Providing institutions that opportunity to circumvent the rule sends a bad message to individuals that they are once again playing second fiddle to the professional.

I urge you to keep intermarket competition based upon best prices and to keep the trade-through rule intact.

Sincerely

Leonard F. Griehs

Leonard F. Griehs
VP-Investor Relations

☐001

The Honorable
Paul E. Kanjorski

2353 Rayburn House Office Building
Washington, DC 20515-3811
(202)225-6511

The Stegmaier Building
Fourth Floor Mezzanine
7 North Wilkes-Barre Boulevard
Wilkes-Barre, PA 18702
(570)825-2200

Toll-Free Help Line: (800) 222-2346

11th Congressional District
of Pennsylvania

FAX TO: Jane Cobb

ORGANIZATION: SEC

FROM: Todd M. Harper, Legislative Director

RECIPIENT'S FAX #: (202) 942-9650

RECIPIENT'S PHONE #: ( ) -0019

NUMBER OF PAGES (with cover): 28 DATE: 6/22/04

MESSAGE: Letter to the Chairman on NMS.
Hard copy to follow.