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April 20, 2006

Ms. Nancy M. Morris
Secretary
U.S. Securities & Exchange Commission
100 F Street, NE
Washington, D.C. 20549-9303

Re: File No. S7-10-05

Dear Ms. Morris:

In the proposed rulemaking, and in our discussions with members of the Commission, a question has been raised about the impact of the proposed rules on the costs of proxy solicitations to ‘soliciting persons other than issuers.’ We are submitting this letter to supplement our previous comment letter dated February 13, 2006. We again thank you for the opportunity to provide the Commission with information regarding the proposing release, *Internet Availability of Proxy Materials*.

In the proposing release, the Commission stated that the proposed rules “may significantly decrease the cost of a proxy solicitation, given the potential decrease in printing and mailing costs.” We are submitting this letter to provide the Commission with data and analysis relating to this statement. Analysis of the printing and postage costs of recent contested proxy solicitations indicates that the proposed rules would have had less than a 2% impact on total solicitation costs. Details are provided below.

Methodology

We quantified the printing and postage costs associated with contested proxy solicitations conducted in 2003, 2004 and 2005. We estimated what the printing and postage costs would have been under the proposed Notice & Access rules. We calculated printing and postage costs as a percent of total reported costs, and compared the difference under current and proposed rules.

The analysis assumes all non-printing and non-postage costs remain unchanged, i.e., legal costs, proxy advisor/solicitor fees, and other unspecified costs are held constant. We did not include in

the analysis, or attempt to estimate, incremental costs associated with the proposed rules, e.g., posting information on a publicly accessible website, or making investors aware of the existence of such information. In addition, the analysis provides no estimates for the costs of distributing materials to registered shareowners.

In order to isolate the impact of the proposed rules on the costs of printing and postage, a “contested proxy solicitation” was defined as a solicitation in which a soliciting person, other than an issuer, actually mailed proxy materials to investors. In total, there were 97 such solicitations in the past three calendar years. Of these, 36 were excluded from the analysis on the basis that: (i) 19 involved Canadian issuers; (ii) five involved ADRs; and, (iii) for 12 of the contested solicitations, total costs were not reported. Therefore, the scope of the analysis covers 61 contested solicitations.

Findings

Based on the information identified above, the analysis indicates that the proposed Notice & Access rules would have had little impact on the overall cost of contested solicitations conducted over the past three years.

Overall Costs of Contested Solicitations

- In total, over \$22 million was spent on contested solicitations during the past three years. On average, over 95% of this cost was *unrelated* to printing and postage. Costs associated with proxy advisors/solicitors, processing fees, legal fees, public relations, and advertising make up the majority of the \$368,000 average cost per contest. These costs are mostly discretionary and would not have been impacted by the proposed rules.

Costs of Printing and Postage

- In total, printing and postage costs comprised less than 5% of the total cost of contested proxy solicitations. The average cost of printing and postage for a contested solicitation was approximately \$18,000.

Potential Savings under Notice & Access Rules

- Not printing and mailing the proxy statement would have saved 1.7%, on average, of total costs, or approximately \$6,200 per contested solicitation. For reasons referenced below, we assume a ballot would have been mailed. (Refer to Notes and Assumptions to the Attachment.)
- Only two of the 61 contests would have had double-digit savings under Notice & Access rules (one would have saved 13.86% and the other would have saved 23.28%). In contrast, 23 of the 61 contests would have saved less than 1%.

Relationship between Size of Contest and Cost of Printing and Postage

The analysis suggests there may be a positive correlation between the size of a contest and the potential percentage savings, small as they are, under the proposed Notice & Access rules.

- 54 out of 61 contested solicitations (or 89%) involved mailings to fewer than 10,000 investors. The average savings under Notice & Access rules for solicitations in this size range would have been 1.09%.
- Five of the 61 solicitations involved mailings to between 10,000 and 25,000 investors, and the average savings under Notice & Access rules for solicitations in this size range would have been 2.09%.
- One of the 61 solicitations was to 31,809 investors. The savings under Notice & Access rules for this solicitation would have been 4.19%.
- One of the 61 solicitations was to 203,213 investors, and the savings under Notice & Access rules for this solicitation would have been 1.68%.

We would like to thank you for the opportunity to comment on the proposed rules. We hope you have found this information helpful. If you have any questions regarding the above analysis or require additional information, we would be pleased to respond.

Sincerely,



Richard Daly

cc: The Honorable Christopher Cox
The Honorable Paul Atkins
The Honorable Roel Campos
The Honorable Cynthia Glassman
The Honorable Annette Nazareth
Raymond Be, Special Counsel, Office of Rulemaking, Division of Corporation Finance
Jonathan Block, Counsel to Commissioner Roel Campos
Martin Dunn, Deputy Director, Division of Corporation Finance
David Huntington, Counsel to Commissioner Christopher Cox
Dorothy McCuaig, Counsel to Commissioner Annette Nazareth
Elizabeth Murphy, Chief, Office of Rulemaking, Division of Corporation Finance
Hester Peirce, Counsel to Commissioner Paul Atkins
Mike Reedich, Counsel to Commissioner Cynthia Glassman
Chester Spatt, Chief Economist, Office of Economic Analysis
John White, Director, Division of Corporation Finance

Attachment

Attachment: Analysis of the Printing and Postage Costs of Contested Proxy Solicitations (2003 – 2005)

NPS Piece Count	Additional Job Piece Count	Total Solicitation Cost	Total Printing + Postage Current Rules	% of Total Cost - Current Rules	Total Printing + Postage Under N&A	% of Total Cost - Under N&A	Potential Savings as a % of Total Cost
85		140,000	470.05	0.34%	348.50	0.25%	0.09%
180		320,000	1,240.84	0.39%	1,041.20	0.33%	0.06%
255		950	334.52	35.21%	202.88	21.36%	13.86%
267		10,000	326.73	3.27%	205.68	2.06%	1.21%
287	287	120,000	813.28	0.68%	458.44	0.38%	0.30%
362	51	200,000	1,228.98	0.61%	672.11	0.34%	0.28%
495		100,000	5,302.24	5.30%	4,913.33	4.91%	0.39%
635	635	150,000	3,658.29	2.44%	2,894.25	1.93%	0.51%
655		10,000	994.79	9.95%	462.53	4.63%	5.32%
770		275,000	2,579.16	0.94%	540.80	0.20%	0.74%
980		225,000	4,382.99	1.95%	3,596.39	1.60%	0.35%
1,146		15,000	1,269.47	8.46%	774.38	5.16%	3.30%
1,277	1,272	40,000	2,948.41	7.37%	1,435.60	3.59%	3.78%
1,280		100,000	2,383.32	2.38%	868.15	0.87%	1.52%
1,598	1,598	30,000	2,568.46	8.56%	1,631.18	5.44%	3.12%
1,623		75,000	2,790.82	3.72%	1,013.33	1.35%	2.37%
1,636		150,000	2,388.70	1.59%	1,026.65	0.68%	0.91%
1,696		375,000	2,906.49	0.78%	996.29	0.27%	0.51%
1,808	1,808	70,000	3,167.57	4.53%	2,037.20	2.91%	1.61%
1,889		100,000	3,275.03	3.28%	1,157.90	1.16%	2.12%
1,938	1,938	250,000	5,377.66	2.15%	3,281.86	1.31%	0.84%
2,091		900,000	11,048.22	1.23%	8,970.97	1.00%	0.23%
2,123	4,278	150,000	12,098.38	8.07%	8,579.50	5.72%	2.35%
2,133	551	150,000	4,836.13	3.22%	3,457.71	2.31%	0.92%
2,143		1,000,000	4,027.53	0.40%	1,408.46	0.14%	0.26%
2,317	6,945	350,000	10,349.37	2.96%	7,908.38	2.26%	0.70%
2,340		225,000	3,289.05	1.46%	1,522.38	0.68%	0.79%
2,370	2,553	60,000	7,431.42	12.39%	5,464.72	9.11%	3.28%
2,386	4,770	1,250,000	16,289.57	1.30%	13,425.52	1.07%	0.23%
2,448	5,179	300,000	9,134.54	3.04%	3,555.88	1.19%	1.86%
2,487	113	65,000	3,899.53	6.00%	2,129.35	3.28%	2.72%
2,754		200,000	4,171.36	2.09%	1,791.46	0.90%	1.19%
2,795	2,793	250,000	4,940.31	1.98%	3,405.85	1.36%	0.61%
2,843		50,000	7,227.91	14.46%	4,592.49	9.18%	5.27%
2,859	2,853	50,000	5,069.40	10.14%	3,098.59	6.20%	3.94%
3,262	3,672	100,000	11,859.99	11.86%	10,397.24	10.40%	1.46%
3,328	1,776	600,000	6,410.32	1.07%	2,627.02	0.44%	0.63%
3,339	9,981	250,000	23,786.18	9.51%	17,858.27	7.14%	2.37%
3,442	3,391	600,000	33,394.31	5.57%	30,448.92	5.07%	0.49%
3,650	248	40,000	6,925.69	17.31%	4,816.87	12.04%	5.27%
4,007	4,006	100,000	7,855.69	7.86%	5,084.85	5.08%	2.77%
4,135	860	50,000	8,200.06	16.40%	5,680.12	11.36%	5.04%
4,473	1,822	400,000	16,023.77	4.01%	13,938.25	3.48%	0.52%
4,994		250,000	9,656.91	3.86%	5,786.68	2.31%	1.55%
5,558	5,556	450,000	14,044.25	3.12%	8,832.66	1.96%	1.16%
5,817	5,816	125,000	25,305.02	20.24%	19,637.79	15.71%	4.53%
6,125	12,270	70,000	36,880.14	52.69%	20,585.53	29.41%	23.28%
6,134	2,446	500,000	7,184.30	1.44%	2,957.41	0.59%	0.85%
<i>Continued</i>							

NPS Piece Count	Additional Job Piece Count	Total Solicitation Cost	Total Printing + Postage Current Rules	% of Total Cost - Current Rules	Total Printing + Postage Under N&A	% of Total Cost - Under N&A	Potential Savings as a % of Total Cost
6,383		25,000	3,531.43	14.13%	2,225.99	8.90%	5.22%
6,431	4,215	120,000	11,004.65	9.17%	6,160.62	5.13%	4.04%
6,496	6,496	150,000	11,715.04	7.81%	6,029.48	4.02%	3.79%
6,991	1,990	350,000	82,999.02	23.71%	80,953.65	23.13%	0.58%
9,437		50,000	7,166.78	14.33%	5,428.41	10.86%	3.48%
9,841		350,000	11,057.54	3.16%	6,085.52	1.74%	1.42%
Total (<10,000)		12,335,950	489,222	3.97%	354,405	2.87%	1.09%
10,727		740,000	16,199.60	2.19%	6,248.83	0.84%	1.34%
11,856	11,824	450,000	21,826.19	4.85%	12,337.12	2.74%	2.11%
12,483	11,036	300,000	26,432.57	8.81%	12,786.40	4.26%	4.55%
16,016		400,000	23,118.24	5.78%	10,118.51	2.53%	3.25%
17,716	65,204	2,000,000	72,345.95	3.62%	37,277.03	1.86%	1.75%
Total (10,001 - 25,000)		3,890,000	159,923	4.11%	78,768	2.02%	2.09%
31,809	29,466	300,000	42,383.96	14.13%	29,807.01	9.94%	4.19%
Total (25,001 - 50,000)		300,000	42,384	14.13%	29,807	9.94%	4.19%
203,213	388,564	5,900,000	404,065.15	6.85%	255,130.61	4.32%	2.52%
Total (>50,000)		5,900,000	404,065	6.85%	1,169,351	4.32%	2.52%
Total of All		22,425,950	1,095,593	4.89%	718,111	3.20%	1.68%

Contested proxy solicitations are sorted in ascending order, based on the volume of the initial mailing. "NPS Piece Count" denotes the number of envelopes mailed. "Additional Job Piece Count" denotes subsequent mailings, i.e., the number of envelopes sent in addition to the initial mailing. "N&A" signifies the proposed Notice & Access rules.

Notes and Assumptions

Postage Costs: ADP performed the distribution for each of the contested solicitations. Therefore, postage costs under current rules reflect actual postage paid.

Printing Costs: ADP did not print proxy statements for any of the solicitations, and third-party printers did not disclose cost information. Therefore, ADP obtained estimates of printing costs from a financial printing partner. Graphics Communications, Inc. estimated printing costs based on usual and customary rates. It calculated printing costs for each solicitation based on the actual page count and quantity of material involved.

Cost Savings on Printing and Postage under Notice & Access Rules: Notice & Access rules, as proposed, would give soliciting persons other than issuers the option of posting a ballot on a publicly available website. However, the proposing release does not include a process by which those who access Internet-posted ballots would be identified as shareowners or how downloading ballots would result in valid votes. Therefore, the analysis assumes Notices would have been printed and mailed to beneficial investors in each of the 61 contested solicitations, and that voting instruction forms would have accompanied the Notices. The analysis assumes that proxy statements would have been posted on the Internet. The analysis of postage costs under Notice & Access rules reflects the subsequent lower weight of mailings, and its impact on postage rates.

A communications objective of soliciting parties is to ensure that shareowners see the material. It is noteworthy that in 36 of the 61 solicitations, soliciting parties voluntarily chose to send more than one mailing. In addition, in 24 of the 61 solicitations, soliciting parties voluntarily chose to utilize Overnight and/or Priority mail delivery, while Standard A (i.e., "Bulk") rates were utilized only once. All other mailings were sent via First Class mail. While rates for First Class postage would have been lower, in most cases, under the above Notice & Access assumptions, rates for Overnight and Priority mailings were already within minimum rate categories.

Total Costs of Contested Solicitations: Information on the total costs of contested solicitations was obtained from opposition proxy statements, as publicly filed. It is understood that reported figures are estimates. (ADP is not able to provide the Commission with the actual total costs because only a small portion of such costs fall within the purview of services we provide.) It is also understood that estimates of total cost are often likely to be lower than the actual costs incurred. Estimates of total cost do not typically specify the costs associated with such activities as printing, mailing, processing fees, legal, public relations, advertising and other activities which are part of total cost. The total reported cost often specifies the fee charged by proxy advisors/solicitors.