

MEMORANDUM

November 8, 2010

To: File No. S7-14-10 (Concept Release on the U.S. Proxy Voting System)

From: Zachary S. May
Office of Commissioner Luis A. Aguilar

Re: Meeting with Representatives of Broadridge Financial Solutions, Inc.

On Friday, November 5, 2010, Commissioner Luis A. Aguilar and Zachary S. May, counsel to the Commissioner, met with the following representatives of Broadridge Financial Solutions: Chuck Callan, Brian Clark, Lyell Dampeer, John Gullotta, Michelle Jackson, Bov Kalenka, Mike Mostransky, Bob Schifellite, Marvin Sims, Bruce Weissman, and Jill Whitney. During the meeting, participants discussed, among other things, the Commission's concept release on the U.S. proxy voting system.

The Broadridge representatives provided the following documents:

Slide deck: Discussion of Investor Participation
Slide deck: NYSE Proxy Fee Advisory Committee
Slide deck: Steps Taken to Ensure Vote Accuracy
Slide deck: Broadridge Technology Update (copyright material, not attached)

Report by Deloitte for Broadridge Financial Solutions Inc., Investor Communication Solutions: *Independent Accountant's Report on Applying Agreed-Upon Procedures Relating to the Company's Testing of the Accuracy of its Processes and Reporting of Voting Instructions, Three Months Ended May 31, 2010*

Report by Deloitte for Broadridge Financial Solutions Inc., Investor Communication Solutions: *Independent Accountant's Report on Applying Agreed-Upon Procedures Relating to the Company's Testing of the Compliance with Certain SEC and NYSE Proxy Rules, June 30, 2009*

Report by Deloitte for Broadridge Financial Solutions Inc., Investor Communication Solutions: *Independent Accountant's Report on Applying Agreed-Upon Procedures Relating to Measurement Criteria, December 29, 2008 – June 26, 2009*

Report by Deloitte for Broadridge Financial Solutions Inc., Investor Communication Solutions: *Independent Accountant's Report on Applying Agreed-Upon Procedures Relating to the Reporting of the Stockholder Voting Results for Registered and Beneficial Shareholders, Including the Election of Directors, January 1, 2009 – December 31, 2009*

Report by Deloitte for Broadridge Investor Communication Solutions, Inc.: *Report on Controls Placed in Operation And Tests of Operating Effectiveness Relating to Proxy Services, January 1, 2009 through December 31, 2009*



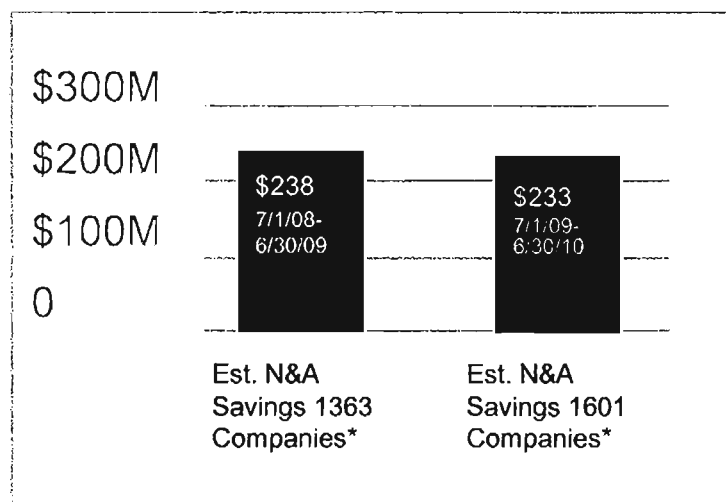
Broadridge™

Discussion of Investor Participation

November 5, 2010

Companies Realized Additional Savings on Print and Postage Estimated Savings to Date for FY10 from Notice and Access: \$233 Million

Estimated Savings to Public Companies from Use of Notice and Access with Beneficial Shareholders



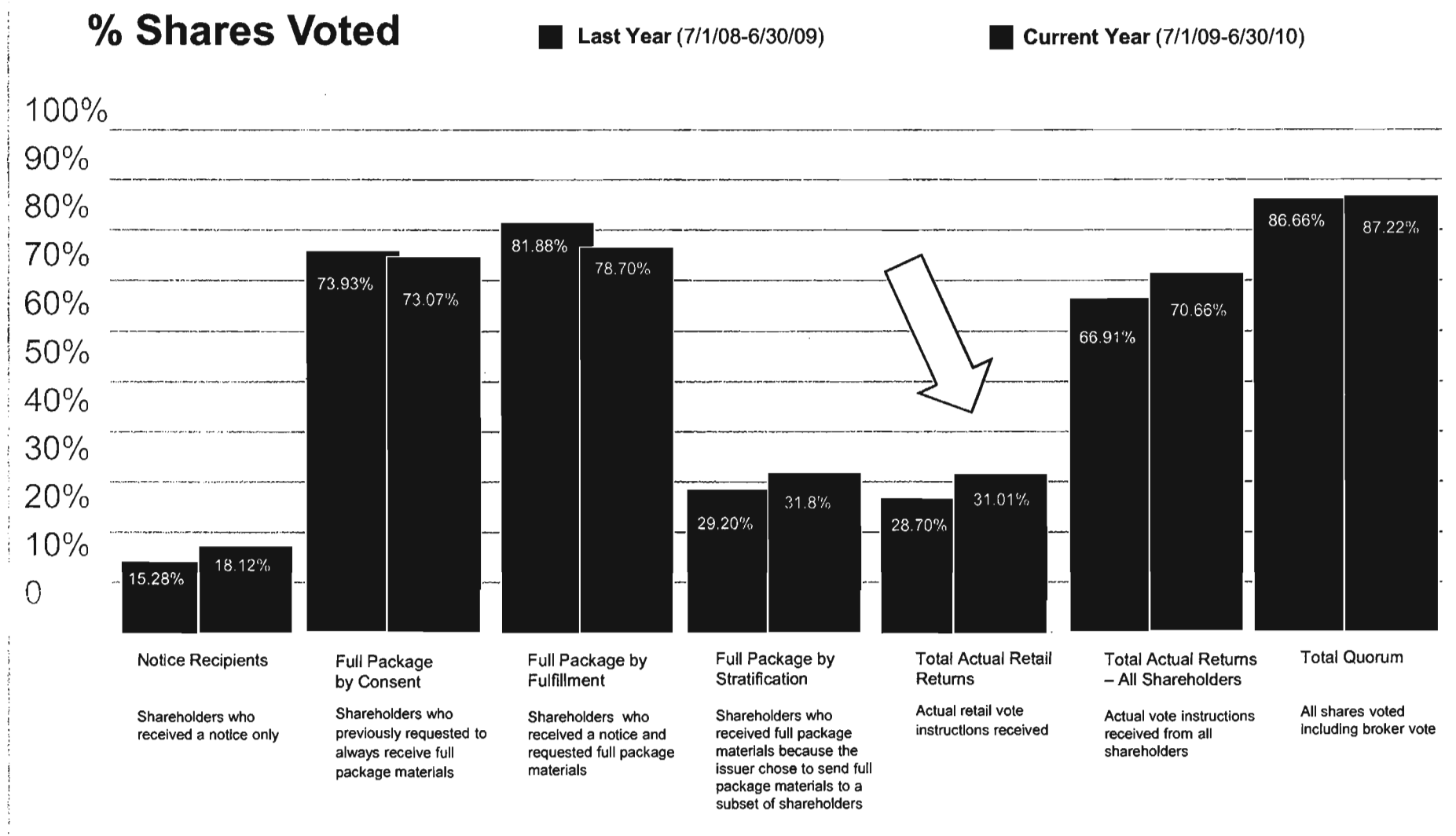
By sending a Notice instead of a full set of materials, Notice and Access provides an additional method to save on printing and postage.

* Net of service fees

The 2010 unit savings estimate is based on information from NIRI and Broadridge internal data. It includes a median Annual Report cost of \$ 4.32 per NIRI, and an average actual postage cost per package of \$ 1.45 per Broadridge.

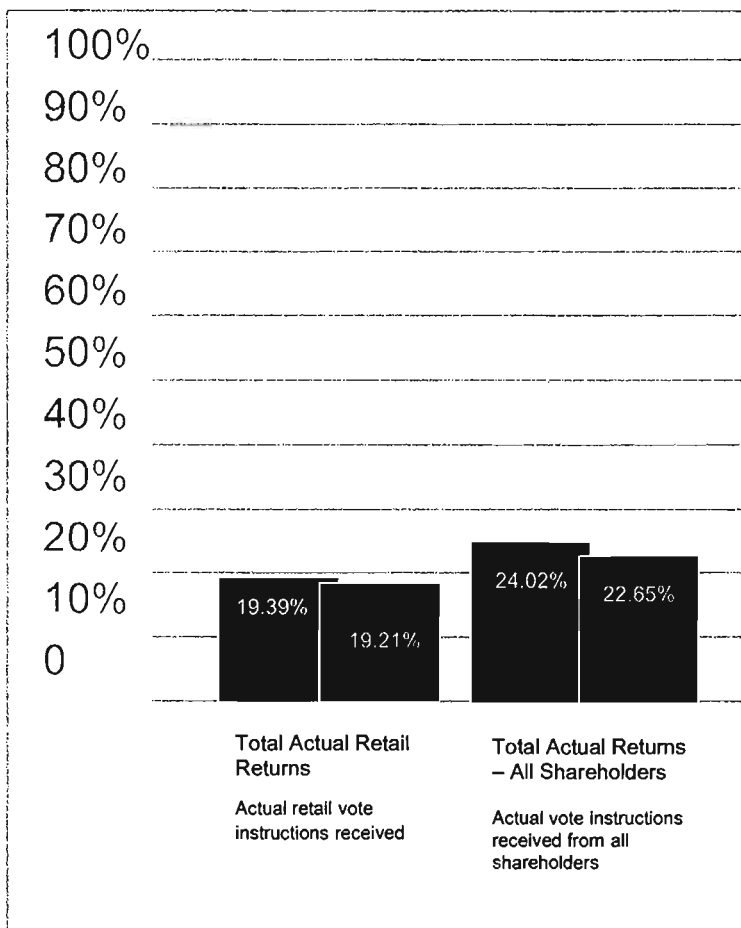
The 2009 unit savings estimate is based on comparable data from NIRI and Broadridge.

Companies Using Notice and Access Retail Voting Response by Distribution Method by Shares

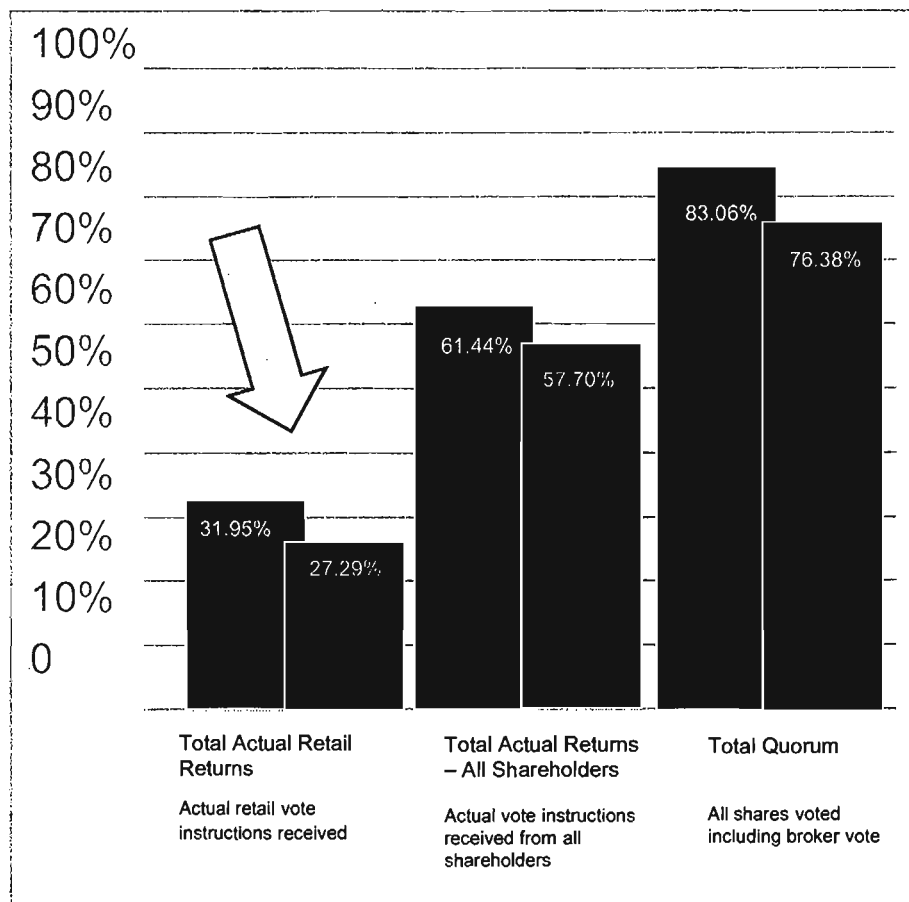


Companies NOT Using Notice and Access Retail Voting Response

% Accounts Voted



% Shares Voted



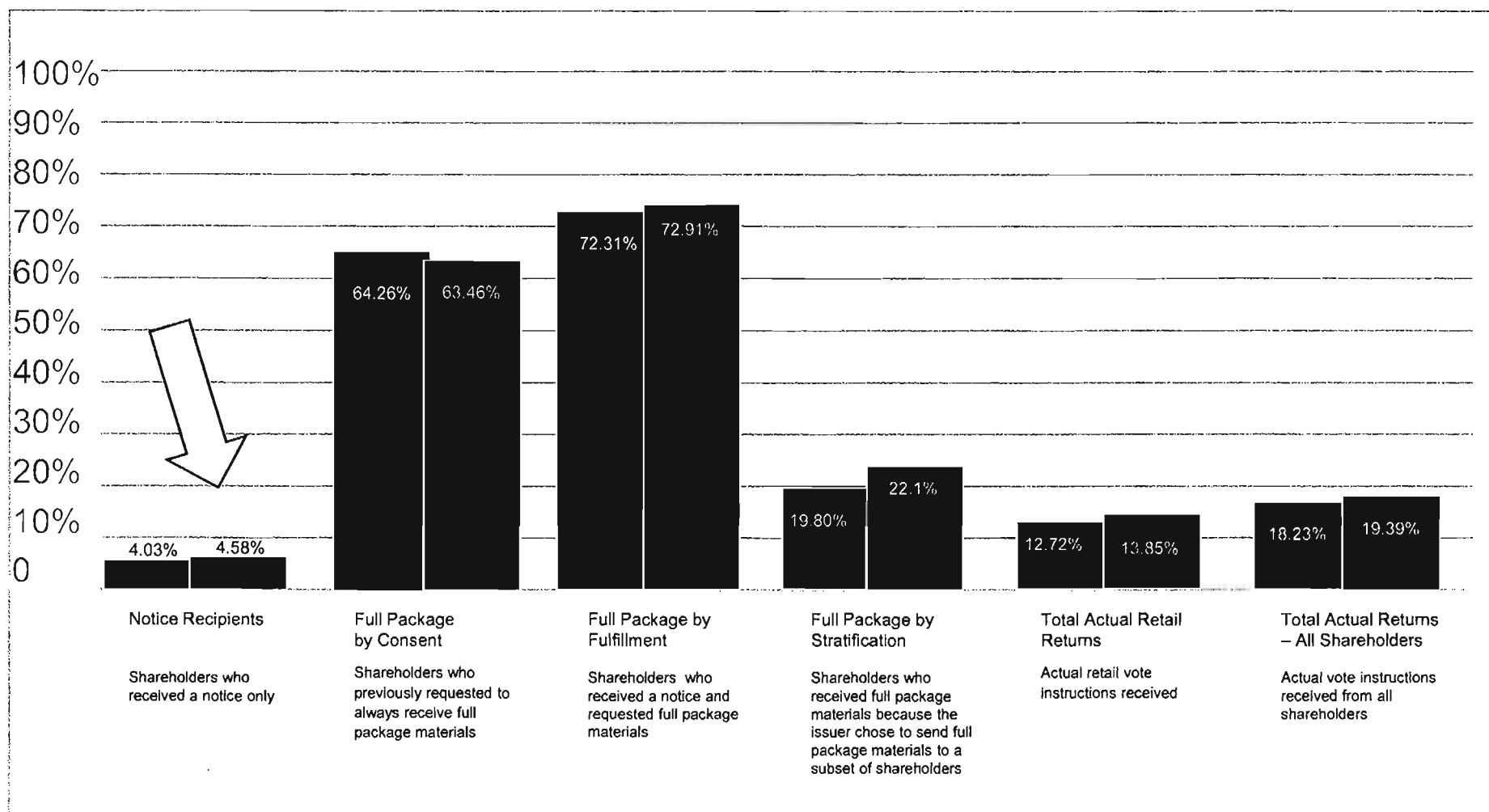
■ Last Year (7/1/08-6/30/09)
 ■ Current Year (7/1/09-6/30/10)

Companies Using Notice and Access Retail Vote Response by Distribution Method by Accounts

% Accounts Voted

■ Last Year (7/1/08-6/30/09)

■ Current Year (7/1/09-6/30/10)



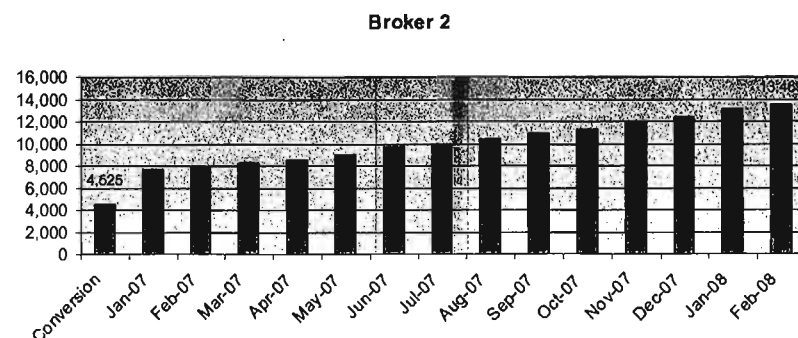
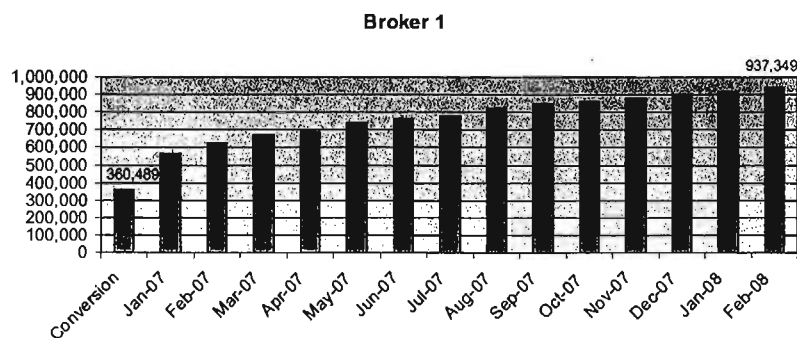
“Fixing” Notice & Access – and Building a Path to the Future

Ways to Increase Participation at Low or No Cost to Issuers (Updated)

Method	Description	Participation Increase	Status
<p> Improved design Comprehensive site about the mechanics of proxy voting Unbiased explanation of the Notice & Access process Online participation and voting at the meeting Interactive proxy statements with links to voting Standing voting instructions for retail investors, akin to some institutional voting Private label communications portal on brokers' websites Secure, two-way communications with and among validated shareowners </p>	Improved design	Low	Complete
	Comprehensive site about the mechanics of proxy voting	Low	Complete
	Unbiased explanation of the Notice & Access process	Low	Complete
	Online participation and voting at the meeting	Low	Complete
	Interactive proxy statements with links to voting	Medium	Draft open-source code donated to XBRL U.S.
	Standing voting instructions for retail investors, akin to some institutional voting	Medium	Discussions with interested parties
	Private label communications portal on brokers' websites	Medium	Made available to over 14 million accounts. Integrated with account preferences
	Secure, two-way communications with and among validated shareowners	High	Potential for systemic change in shareholder engagement and participation

Investor Mailbox

- Account-specific presentation of investor communications on brokerage website.
- Regulatory and non-regulatory communications:
 - Proxy statements, linked to secure voting site
 - Interim and regulatory documents
 - Reorg notices
 - Statements, trade confirmations, tax forms
 - Prospectuses
- Currently available to over 14 million accounts. Discussions with large broker-dealers representing approximately 40 million accounts
- Does not replace current “default” distributions to shareowners. Provides an additional access portal to view shareowner material and to vote if applicable.
- An improved online value proposition. Significant increase in “consents” to e-delivery, e.g.:



The Shareholder Forum Provides Multiple Ways to Engage Stockholders.



- View your shareholder material by choosing the option below
- Vote by choosing the option below or vote by phone at 1-800-XXX-XXXX
- Request material to be sent to you by email or hardcopy at no charge by choosing the option below
- Sign up to receive future shareholder materials via e-mail or traditional mail

View 2009 Shareholder Material

[Proxy Statement](#)
[Annual Report/10-K \(pdf\)](#)
[Annual Report/10-K \(html\)](#)

*Easy download and print options within these files.

Vote

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and/or combination paper delivery and email delivery.

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Consent for Electronic Delivery

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Access the Virtual Shareholder Meeting

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Visit the ABC Shareholder Forum

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[Download Adobe Acrobat](#) - You may need Adobe Acrobat to view the documents listed above.

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Example of Shareholder Forum Linked to the Annual Meeting

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Where real investors connect

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ABC company logo

Welcome to ABC Company's Shareholder Forum

May 12, 2008
At ABC we strive to develop and foster greater levels of communication in everything we do. As a company focused on innovation, we believe that by applying technology and partnering with our shareholders, we can develop and maintain long term value. For this reason, we deeply appreciate the time and energy you have put into helping us shape this forum. As always, we are committed to you, our shareholders, and look forward to your comments and establishing a meaningful dialogue.

John Doe, President & Chief Executive Officer
ABC Company

2008 Annual Meeting of Shareholders

Meeting Details
In order for us to reach a greater number of our shareholders, the 2008 ABC Company Annual Meeting will be held online over the Internet:

Location: www.abccompany.com/annualmeeting
Date: Wednesday, May 21, 2008
Time: 8:30 AM PST

Submit a Pre-Meeting Question

If you would like to ask a question in advance of the meeting, please submit it here. We appreciate your input and look forward to hearing from you. We will do our best to address your questions during our annual meeting.

ABC Company's Discussion Board

"Say on Pay": What do you think?
Please use this discussion board as a mechanism to let your voice be heard. We invite all shareholders to submit their thoughts, opinions and questions on the topic of "say on pay". Please note that this board should not be used for any other discussion purposes.

Member	Post
Investor99 # Shares: 100	I am not really concerned with say on pay as long as executive compensation is clearly and appropriately linked to company results. Other than that, let the directors and management run the business as necessary to attract and retain the best talent to grow the company.
notwise # Shares: 100	Requiring a shareholder vote on compensation—even an advisory vote—would seriously erode critical board responsibility. Because setting pay involves company goals, performance metrics and negotiated contract terms, it would be difficult to effectively subject some or all of these elements to a voting process.
hikarozalk # Shares: 100	The amount of compensation that is paid to executives is astronomical and out of hand. Shareholders should absolutely have a say in approving executive pay, and this will help keep that compensation in check especially in the face of company/industry downturns.

Archived Messages
04-18-08 - Growth Properties
04-06-08 - Environmental Issues
03-25-08 - Welcome to Shareholder Forum
[Read More](#)

ABC Company Investor Relations
Use these quick links to access important information for investors at www.abccompany.com

- Investor News
- Financials and Filings
- Stockholder Services
- Events Calendar
- Education Center
- Investor Alerts
- Contact ABC Company IR
- Analyst Center

Go Green with ABC
Click here to register for e-delivery of your investor materials

Survey

- As a shareholder of ABC, what most excites you about the company?
 - ☐ Leadership in the processor space
 - ☐ Focus on R&D to advance new processors for mobile applications
 - ☐ Operational efficiency and fiscal discipline
 - ☐ Worldwide marketing and branding initiatives
 - ☐ Other, please provide
- Where do you see the greater threat for a decline in ABC stock price?
 - ☐ Competition from other chip manufacturers
 - ☐ Overall decline in the economy and consumer purchasing power
 - ☐ Higher cost associated with off-shore labor
 - ☐ A shift in focus away from our core markets
 - ☐ Other, please provide
- What do you see as the number one topic you would like IR to address?
 - ☐ New opportunities for growth including acquisition strategy, new products and services, market expansion, etc.
 - ☐ Cost containment through operational efficiency, off shoring, etc.
 - ☐ "Green" policies
 - ☐ Labor policies
 - ☐ Other, please provide

[Submit Survey](#)
Click to view results

Issuers can proactively manage communications with validated shareholders -- in a controlled environment.

Benefits:

- ➔ Push information out to the shareholder and/or investor community
- ➔ Links to Investor Relations website
- ➔ Give shareholders the ability to submit questions ahead of the annual meeting and year-round
- ➔ Author blogs, host "webinars", post videos, etc.



Investor Network -- Voluntary Options the Could Be Enabled by Broker-Dealers: Examples of Capabilities for Issuers and Shareholders

- Communications on any date or dates, including but not limited to a record date
- Easy On-Ramp: Access by shareholders through their online brokerage accounts, email, and other means – consistent with current and new preferences
- Notification by “push” not simply by pull
- Pop-up reminders to vote with direct connection to a voting form -- in a separate, secure site
- Two-way communications between management, directors and validated shareholders
- Communications among validated shareholders – on virtually any topic – across brokerage firms
- Anonymity and accountability, with regard to comments made
- Discussion of views and of information found in company filings
- Links to detailed biographical information on directors, that is not included in proxy statements, with streaming video and Q&A with potential candidates
- Valid polls of actual shareholder sentiment. Detailed questions and unbiased surveys designed by third-party experts. High levels of confidence in the outcome of a poll.

The natural technological evolution of the proxy process. No “option” today for issuers to use “social” solutions through broker online facilities.

Brokerage Firms Could Provide Street Shareholders an Opportunity to Connect Easily. Example: The Investor Network Linked to an Issuer-Sponsored Forum

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Positions [REFRESH PAGE](#) Select Account **41234-3456 - JONES, FJ INDIVIDUAL**

Total Market Value
\$11,638

[Reinvest dividends on your positions](#)

	Quantity	Description	Symbol	Asset Type	Acct Type	Price	Value	Links
	200	WALT DISNEY CO HOLDING CO	DIS	Stock	Cash	18.02	\$3604.00	
	300	ABC Company	ABC	Stock	Cash	9.11	\$2733.00	✓ > Vote Your Shares Now
	200	XYZ Company	XYZ	Stock	Cash	12.73	\$2546.00	> Issuer Sponsored Forum
	100	Marvel Entertainment, Inc.	MVL	Stock	Cash	27.55	\$2755.00	

Tuesday, February 24, 2009 3:50:15 PM EST

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Client-Directed Voting Accessing External Viewpoints

Expanded View of External View Points (Pull-down Menu)

Routine Proposals

External View Points | ▼

Election of Directors

External View Points | ▼

Compensation Proposals

External View Points | ▼

Other Management Proposals

External View Points | ▼

External View Points | ▼

Social and Environmental
Firm/Organization 1
Firm/Organization 2
Firm/Organization 3
Firm/Organization

Strong Support For Management
Firm/Organization 1
Firm/Organization 2
Firm/Organization 3
Firm/Organization

Taft Hartley Orientated
Firm/Organization 1
Firm/Organization 2
Firm/Organization 3
Firm/Organization

Public Fund Orientated
Firm/Organization 1
Firm/Organization 2
Firm/Organization 3
Firm/Organization

Faith-Based Orientated
Firm/Organization 1
Firm/Organization 2
Firm/Organization 3
Firm/Organization

Firm/Organization 1

Voting Guidelines Summary

Summary

Routine Proposals

Election of Directors

Compensation Proposals

Other Management Proposals

Shareholder Proposals



November 2, 2010



Agenda

- Broadridge Is a Technology & Outsourcing Services Provider.
- Benefits of the Current System: Straight-through Processing Efficiencies Are Not Easily Unbundled.
- Principles for Review of Fees. “Excellence” Is the New Baseline.
- NYSE Fees Have Decreased Over Time. By Many Measures, Fees Have Not Kept Up with Greater Demands for Performance.
- Broadridge Estimates that Over \$1 Billion Is Invested in Systems & Technologies. Replicating this Capability Would Be Very Costly.
- Beneficial Processing Is Highly Efficient for Issuers. Analysis by Compass Lexecon
- Broadridge Drives Solutions Beyond Current Regulatory Requirements.
- Examples of Beneficial Functionality Not Provided by Registered Shareholder Processes. The Devil Is in the Details.
- Registered Processing Adds Fees Not Charged by Beneficial Servicing. Examples from Transfer Agent Invoices
- Managed Account Processing: Voting for Retail Shares Is at Institutional Levels of Participation.
- Appendix – Independent Steering Committee Measurement Criteria, and Other Information



Broadridge Is a Technology & Outsourcing Services Provider.

- Broadridge's services are provided on an arms-length, fee-for-service basis to custodian banks and broker-dealers (for beneficial shareholders) and to issuers (for registered shareholders).
- Broadridge's services include invoice processing. On average, an issuer's beneficial shareholders hold shares in approximately 110 banks and brokers. Broadridge consolidates the fees that banks and brokers can charge under NYSE rules into a single invoice. In addition, Broadridge consolidates an issuer's requests for materials, vote reporting, and numerous other functions – and, as a result, saves issuers the added expense of paying solicitors to consolidate information.
- Broadridge also provides services for registered shareholder communications; these are negotiated directly with corporate issuers. In the past year, over 1,600 issuers selected Broadridge as their servicing agent.
- Certain NYSE rates for beneficial proxy apply directly to third-party service providers, e.g., nominee coordination and intermediary fees.
- Postage is passed through and discounts are shared with issuers.
- The total costs of beneficial shareholder servicing include costs incurred by banks and brokers. Margins for proxy servicing are low in comparison to some other areas of outsourcing.
- Based on an analysis by Gartner Group, Broadridge is more efficient than its peer group (consisting of providers of technology services for the financial industry). Significant resources must be devoted to supporting all participants in the proxy process, to proactively developing new functionality (i.e., new requirements and new regulations), and to many other functions unique to the proxy landscape.

Benefits of the Current System

Straight-Through Processing Efficiencies Are Not Easily Unbundled.

Faster, more reliable,
lower cost means to
achieve quorum

- Broadridge's **proprietary processes** allow for **rapid solicitation and communication to shareholders**, including to OBOs. Approximately 70% of shares distributed electronically within one day.
- Broadridge's **proprietary systems** **identify and eliminate system-wide duplications**, vastly **reducing print and postage costs** for issuers (over 54% of physical mailings eliminated)
- *Any changes to the system must address how current cost effectiveness can be maintained.*

Higher, more predictable
proxy voter
participation


- Both retail and institutional investors have a **consistent, efficient process for voting**
- The system allows **multiple choices of voting method for investors**
- The system's **operation on Broadridge's e-platform** allows **quick and accurate integration of results** across all methods of voting (issuer access to voting 24/7 throughout process)
- Voting participation, including retail, is higher on the beneficial side than it is on the registered side.
- *Any changes to the system must continue to deliver at least current levels of participation for issuers' most important votes.*

Assurance of accuracy
and integrity of the
process

- The proxy communication and voting process is **safeguarded by a neutral third party**
- All stakeholders have **high levels of trust in the system accuracy** with standardized audits of voting by Big 4 audit firm (>50k shares = 100% accuracy; <50k shares 99.8% accuracy), in full compliance with both SAS 70 and regulations; ISO 27001:2005, ISO 9001:2000
- *Any changes to the system must address how system integrity can be fully ensured.*

Responsiveness and
flexibility to
accommodate
evolutionary change
to the proxy system

- The current proxy communication and voting process carefully **balances the needs** of investors, issuers, and other stakeholders with the **cost of fully meeting these needs**
- **Broadridge's central role** allows the system to **adapt to multiple regulatory requirements** (corporate law, state law, SRO requirements, federal requirements, etc.) and to **adapt quickly to changes (e.g. Notice and Access, Say When on Pay, Proxy Access)**
- *Any changes to the system must be able to accommodate ongoing system evolution.*



Principles for Review of Fees

“Excellence” Is the New Baseline.

- As a general principle, changes in service levels should be accompanied by changes in fees.
 - For example, a change in the timing or frequency of vote status reporting could result, for issuers, in additional expense spent on solicitors.
- As corporate governance has become more important, participants have come to expect levels of performance and continuous improvement that go well beyond current requirements of the proxy rules (where specified). For example:
 - Distribution of proxy materials is more timely than regulations require.
 - Voting is updated more frequently than regulations require.
 - Issuers require services outside of normal business hours.
 - Investors can utilize technologies provided on a 24 x 7 basis.
- As a practical matter, the proxy process cannot be permitted to fail.
- The system must engender high levels of trust – votes must be accurately tabulated and reported.
- The system must evolve with a changing regulatory landscape; that is, it must enable and support changes in a timely fashion, without disruption.



NYSE Fees Have Decreased Over Time. By Many Measures, Fees Have Not Kept Up with Greater Demands for Performance.

- **On an inflation-adjusted basis, NYSE fees have decreased significantly since they were last adjusted. The unit fee has declined by over 18% in the past eight years. Other fees have declined by over 27% since 1997.**
- **NYSE fee is lower than comparable, un-regulated fees for registered proxy services – notwithstanding the far greater complexity required of beneficial shareholder processing and technology.**
 - On average, the per unit fee for a beneficial proxy delivery is lower than it is for a registered proxy delivery.
 - Considering the costs of printing & postage, as well as processing fees, the per unit cost to issuers for delivery of a beneficial proxy is significantly lower than it is for a registered proxy.
 - For a majority of companies (that are small- and mid-cap) the differences in both fees and costs are substantial.
- **Registered proxy services often involve numerous “extra” fees, minimums, and markups.** For example, the fee issuers are charged by transfer agents -- for simply passing a list of registered shareholders -- can be as much or greater than the NYSE unit fee which includes numerous additional functions necessary to process beneficial shareholders.
- **Performance expectations exceed rule standards.** Participants expect high performance; additional functionality, and many conveniences afforded by Broadridge's systems and processing.
 - Criteria established by an independent steering committee reflect expectations for performance that exceed those of applicable NYSE and SEC regulations. (Refer to Appendix)
- **As corporate governance has become more important, participant demands have become greater and more complex.**
 - The “plumbing,” as a whole, has benefited from Broadridge's commitment to investments in technology and service operations necessary to effectively support evolving needs.
 - Issuers are afforded numerous value-added services at no fee.
- **NYSE fees do not reflect the costs of major new regulations or guidance, e.g.:**
 - Proportional voting was implemented by Broadridge at the request of the NYSE.
 - Say When on Pay; Proxy Access.

Broadridge Estimates that Over \$1 Billion Is Invested in the Past Decade in Systems & Technologies. Replicating this Capability Would Be Very Costly.

As a result, every issuer, large and small, is afforded a state-of-the-art technology infrastructure.

- The infrastructure is rated "Tier IV," the highest category in the Uptime Institute's Tier Classification System, meaning that the systems are available at least 99.995% of the time in a given year.
- The infrastructure utilizes two fully-redundant data centers and operates to a disaster recovery objective of less than two hours from the time an event is declared – recovery within two hours (to a point within two minutes) of a disaster.
- One of the first organizations to migrate towards an operating model that satisfies the Federal Reserve's white paper on resilience in financial markets.
- Each year, the results of disaster recovery and volume testing are reviewed with the SEC.

Every participant – including custodian banks, broker-dealers, institutional investors, and individual investors, as well as large and small corporate issuers – is also afforded state-of-the-art information security.

- The Information Security Management Program contains a number of elements, including:
 - Data Loss Prevention
 - Denial of Service Defense
 - Vulnerability Management and Intrusion Detection - to meet compliance standards contained in: Sarbanes Oxley Section 404; Federal Financial Institutions Examination Council for Suspicious Activity Reporting; ISO 27001-27005; Financial Modernization Act of 1999 (Gramm-Leach-Bliley); Payment Card Industry Data Security Standard (PCI-DSS); HIPAA, and other areas
 - Encryption; Incident Response; Security Software Development Lifecycle Management; and, Security Information Event Management.
- Broadridge's information management processes are audited annually by Deloitte & Touche, as part of a SAS 70 Type II Review, and they are ISO certified (including ISO 27001, which fewer than seventy-five U.S. firms have). The infrastructure provides over 34,000 online MIPS (with over 18,000 MIPS in reserve) and contains over 750,000 function points.

These capabilities require a substantial, ongoing commitment of time and capital. As a result, issuers realize hundreds of millions of dollars in efficiency savings, and voting participation is high.

Beneficial Processing Is Highly Efficient for Issuers. Analysis by Compass Lexecon¹

“In General, Issuers Pay Less for a Beneficial Proxy Delivery than They Do for a Registered Proxy Delivery.”

- One way of evaluating the efficiency of regulated rates for beneficial processing is to compare them to unregulated rates for registered processing.
- Processing Fees: on average, the fee for a beneficial proxy delivery is less than the fee for a registered proxy delivery.
 - For Non-Notice & Access users, the fee is \$0.89 lower per shareholder.
 - For Notice & Access users, the fee is \$0.42 lower per shareholder.
- Issuers' Communications Costs: considering the estimated costs of printing and postage, as well as processing fees – issuers pay less, on average, for a beneficial proxy delivery than they do for a registered proxy delivery.
 - For Non-Notice & Access users, the cost is \$2.34 lower per shareholder.
 - For Notice & Access users, the cost is \$0.56 lower per shareholder.
- The differences are significant for issuers that have fewer than 5,000 beneficial shareholders.
 - Processing Fees: for Non-Notice & Access users, the fee is \$6.14 lower for a beneficial shareholder delivery.
 - Issuers' Communications Costs: for Non-Notice & Access users, the cost is \$6.42 lower for a beneficial shareholder delivery.

“Broadridge's Services Provide Benefits to Issuers, Nominees, and Shareholders.”

- Without a central repository of information, like the one that is provided by Broadridge, each corporate issuer would need to interact with hundreds of nominees at a cost that is greater than the \$20/nominee fee that issuers currently pay.
- The benefits to issuers from “suppression” technologies result in lower printing and mailing costs, and far exceed fees paid.
- Without a standardized voting platform, shareholders would be forced to deal with a variety of voting platforms. This additional complexity could increase the cost to shareholders of corporate voting and reduce participation.
- “A nominee has an incentive to contract with Broadridge only if Broadridge can provide services at a higher quality or a lower cost.”

“The SCC [Shareholder Communications Coalition] ‘Proxy Process Reform Plan’ Is Flawed and Economically Incoherent.”¹

- The plan includes a regulated, non-profit data aggregator; whose goals are “apparently inconsistent.”
- The plan would reduce the benefits of vertical integration and, therefore, result in higher costs for issuers, nominees, and shareholders.

⁽¹⁾ Compass Lexecon Report, May 11, 2010, “An Analysis of Beneficial Proxy Delivery Services.”

Broadridge Drives Solutions Beyond Current Regulatory Requirements.

Speed of Communication

- Broadridge makes it possible for issuers to **communicate quickly and easily with shareholders**, even OBOs (paper averages 2 days; electronic within 24 hours of receipt of information from issuers)
- *Current regulation requires nominees to facilitate communications in 5 days*

Regular vote report and vote status

- Broadridge's integrated voting platform gives issuers **interim updates on voter participation**, and **facilitates targeting of vote solicitations**
- *Current regulation requires only end-of-process reporting*

Audits

- Broadridge's integrated platform covers the **vast majority of positions** for almost all issuers, **simplifying auditing**, and **preventing over reporting**
- *Current regulation requires only basic levels of auditing*

Multiple, integrated voting methods available 24x7

- Broadridge's provision of multiple choices of voting method **increases participation**
- *Current regulation does not require that nominees offer anything beyond paper and mail voting, nor that they identify and eliminate duplicate mailings*

Innovative solutions for shareholder communication

- **With input from the market, new technologies** are continuously being explored **as options** for participants, including:
 - Client-directed voting
 - Virtual shareholder meetings
 - Shareholder forums
 - Investor Mailbox®
 - Vote confirmation

Examples of Beneficial Functionality Not Provided by Registered Shareholder Processes. The Devil Is in the Details.

- Fiscal Year End Profile Distribution to 12,000+ Issuers
- Search Card Notification Processing
- Ad Hoc Request for Material Estimates
- Consolidated Search and Proxy Record Date Shareowner Positions Material Requirements Request to Nominee/Clients (across 900+ nominees)
- Provide Nominee/Client with Report Confirming Total Positions and Shares Transmitted for Each CUSIP (across 900+ nominees)
- Rule All Proposals (Based on NYSE)
- Assignment of Proposal Code
- Addition and/or Deletion of Record Date Beneficial Owner Name and Address Information
- Vote Reporting by Nominees
 - 15/10 Days; 9 Days Before Meeting Through Day of Meeting
 - 2 Vote Reports Day Before Meeting
 - Day of Meeting Votes (often 3 reports)
 - Pending Votes
- Electronic Voting Transmission to Solicitors and Transfer Agents
- Vote Inquiries (Banks, Brokers and Institutions Not Voted)
- Consolidated Voting Across Nominees
- Confidentiality of Client Beneficial Shareowner Data
- Exception Processing
- Co-Trustee Processing
- Internet and Telephone Votes for 12,000+ Issuer meetings
- Interactive Voice Response System

- Internet distribution for 12,000+ Issuers
- ProxyEdge® for 3,500+ Institutional Investors
- DTC Over-Reporting Prevention Service
- Vote Confirmation Reporting
- Advanced Record Date Notification
- Meetings with Dissenters Rights Reporting
- Non-Mailed Accounts as of First Issued Vote Reporting
- Closed Meeting Report
- Bank, Broker Confirmation of Mailing
- Bank, Broker Vote Confirmation Summary
- Disaster Recovery
- Affidavit of Compliance (Self-Reporting Mechanism Between ADP and its Clients as Required by NYSE)
- Annual Procedural Audit Report as Required by NYSE
- Quarterly audit by big 4 firm attesting to voting accuracy
- Weekly Measurement Criteria
- Vote Statistical Audit
- ISO 9002 Certification
- Consolidated Invoicing (Across 900+ Nominees)
- Building and Maintenance of Householding Database (Across 900+ Nominees)
- Building and Maintenance of Email Database (Across 900+ Nominees)
- Funding of Postage Expense on Behalf of Issuer
- Maintenance of Records for 7 Years
- Maintenance and printing of broker and correspondent logos
- ICS online – 24/7 portal containing specific issuer information on mailing and other databases as well as voting results.

Registered Processing Adds Fees Not Charged by Beneficial Servicing. Examples from Transfer Agent Invoices

Functions and Services	Registered Fees	Beneficial Fees
Proxy Card Imaging Setup	\$250	No charge
Same Day Rush Charges	\$0.12/unit (min \$100)	No charge
Next Day Rush Charges	\$0.08/unit	No charge
Monthly Storage	\$50+	No charge
Misc Charges for Stationery, Telephone Calls, Mailing Insurance, etc.	\$100+	No charge
Electronic Distribution Set-Up Fee	\$1,500 minimum	No charge
Electronic Voting Site Admin Fee	\$2,000 minimum	No charge
Telephone Voting Set-Up Fee	\$1,000 minimum	No charge
P.O. Box Rental	\$310 per issuer	No charge, reuse for all issuers
Annual Meeting Instructions Rec'd. from BR	\$315 per issuer	No charge (BR charges \$15k/TA per year)
Other Set-Up Charges	\$1,500	No charge
Copies	\$0.50/unit	No charge

Issuers often incur charges from their transfer agent for simply passing a list of registered shareholders. Such fees alone can be as much as, or even more than, the NYSE unit fee for beneficial shareholder processing. Examples: \$0.50 per position with a minimum of \$500. (The fee is \$0.25 per position for passing the list to service providers other than Broadridge.); *"Fees for Transferring Registered Data File to Broadridge:"* \$0.50 per position to a maximum of \$10,000; fee of \$3,000 for "external request for file."



Managed Account Processing

Voting for Retail Shares Is at Institutional Levels of Participation.

- Nominees are required to distribute proxy materials to each shareholder in a managed account unless the beneficial owner has instructed the nominee in writing to send such materials to the beneficial owner's designated investment manager.
- The work necessary to suppress mailings of positions held in managed accounts involves daily, ongoing processing and ongoing expense; that is to say, it does not happen as a consequence of simply opening an account. The work occurs across virtually all brokers.
- We estimate issuers saved over \$240 million on printing and postage, an amount that is orders of magnitude greater than the incentive fees paid.
- **Issuers benefit from having a greater number of shares voted.**




Appendix

**Performance Expectations Exceed Rule Standards (Where Specified).
Steering Committee Measurement Criteria Reflect the “Excellence” Demanded of Participants.**

Performance Criteria (Examples)	Rules	Steering Committee “Excellent” Rating
Generate Materials Request	7 business days	> 95% within 4 business days; balance within 7 days
Physical Distribution of VIFs	5 business days	> 85% within 3 business days; balance within 5 days
Electronic Distribution (ProxyEdge and other)	5 business days	100% within 24 hours
Handling of Material Shortages	n.a.	> 95% within 2 business days
Tabulation of Physical Votes	n.a.	<ul style="list-style-type: none"> • > 90% within 3 business days for VIFs of < 50k shares (and meeting date > 19 days); within 2 business days if meeting is 6 to 18 days • Same day for VIFs > 50k shares • Same day if meeting is within 5 business days
Tabulation of E-Votes	n.a.	> 98% same day
Fulfillment of Materials Requests	3 business days	85% within 1 business day; balance within 3 business days
Vote Reporting	n.a.	100% by 7 a.m. at day 15, 10, 9...1. Minimum of two reports on meeting day.

Steering Committee utilizes an eight-point rating scale: “Excellent” = 8; “Acceptable” = 4. Performance is measured each week. Deloitte & Touche reports on an annual basis. Overall Average Rating for the 2010 proxy season was 7.99.

NOTE: Steering Committee was formed in 1993 at the request of the SEC.



Accuracy

- Broadridge's systems have helped achieve goals of vote accuracy and process integrity, and have been consistently found to be reliable by various independent parties.
- Broadridge's systems and processes undergo extensive testing and regular review.
 - Tested and reported on regularly by internationally-recognized independent public accounting firms.
 - Over the past fourteen years, numerous reports and attestations have been provided on:
 - Vote Accuracy
 - Compliance with Regulatory Requirements
 - Performance on Measurement Criteria Established and Monitored by an Independent Steering Committee
 - SAS 70 Type II Audit
 - ISO 27001 and 9001 Certified
 - Tabulation of Beneficial and Registered Shareholder Voting (new)
- Facts and statistics are regularly reported to issuers, clients, and interested parties
- End-to-end vote confirmation is provided to over 3,500 institutional investors using ProxyEdge (when Broadridge serves as the tabulator of the combined street and registered vote).

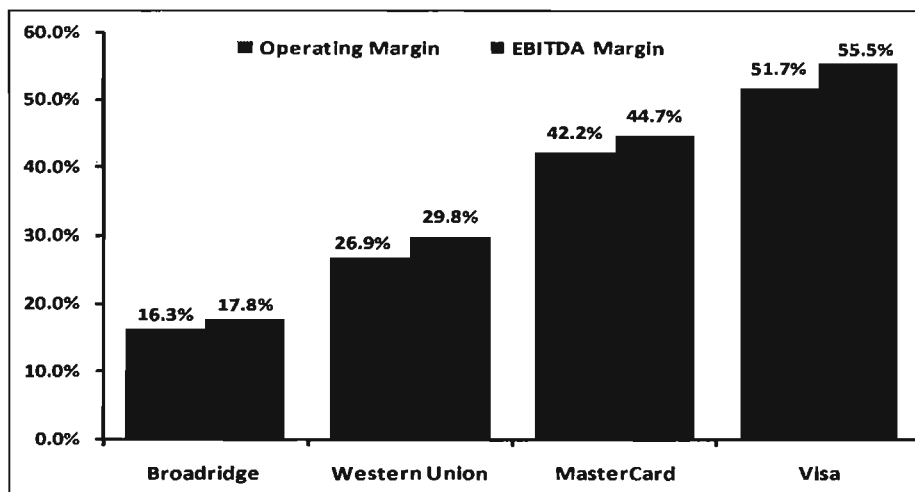


Participation

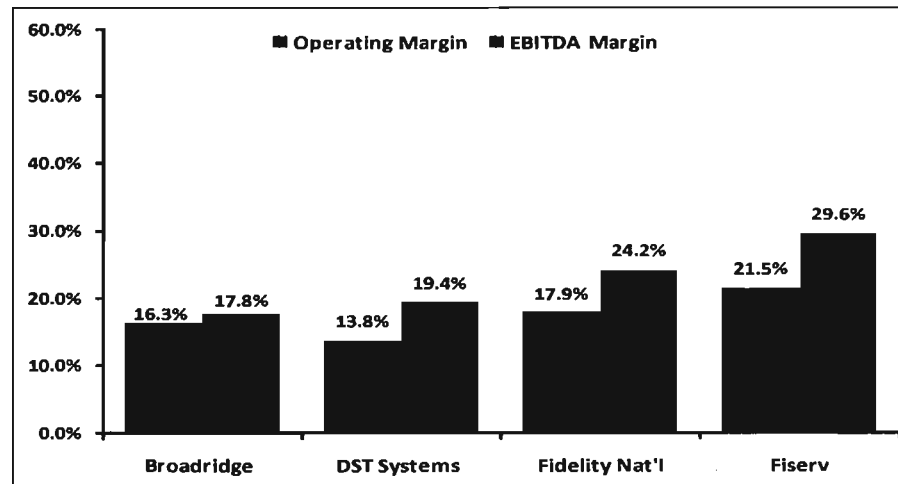
- On average, quorum was 83.4% in the 2010 proxy season.
- Of the shares processed and voted through Broadridge, 93% were voted electronically.
- In calendar year 2009, institution OBOs voted 88% of their shares.
- Although the rate of participation by retail shareholders is a concern, retail beneficial shareholders vote at higher rates than do retail registered shareholders.

Margins for Proxy Outsourcing Are Generally Lower. Illustrative Benchmarks – Non-Proxy Outsourcers and Other Firms

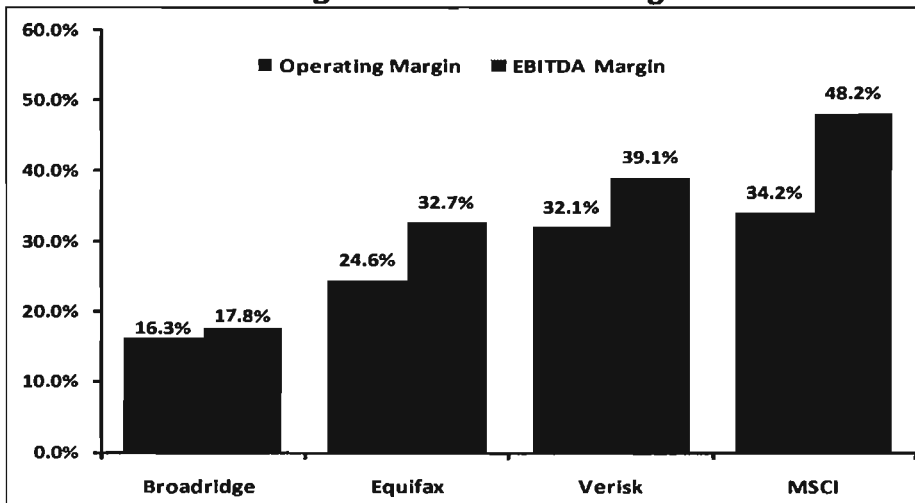
Broadridge vs. Processing Network Firms



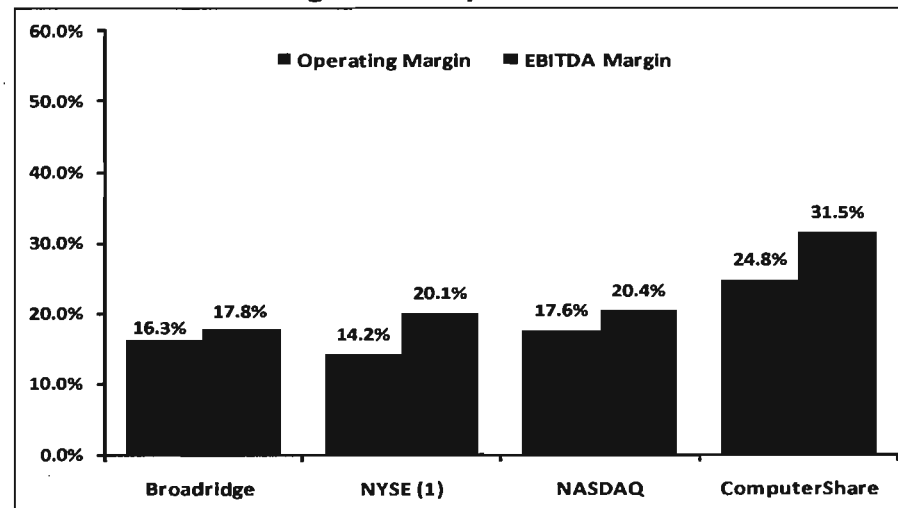
Broadridge vs. Financial Processing Firms



Broadridge vs. Other Processing Firms



Broadridge vs. Proxy Constituent Firms



Notes:

Average margin based on financial information from most recent two fiscal years

Operating margin is defined as earnings before interest and taxes

Source of financial information is publicly disclosed annual reports and sell-side analyst research reports

(1) Average margin based on financial results for last two fiscal years with positive operating profit – 2009 and 2007