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Elizabeth M. Murphy
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Concept Release on the U.S. Proxy System, File No. S7-14-10

Dear Ms. Murphy:

We appreciate the opportunity to submit comments on the Concept Release on the U.S. Proxy System (July 14, 2010, hereafter, the "Concept Release"). This is the first of a few letters that Broadridge expects to submit on the Concept Release, each of which will focus on a specific substantive issue.

In this letter, we comment on the accuracy of Broadridge's voting systems and the transparency of Broadridge's processes for shareholder communications and proxy voting.¹ In the hope of fostering greater understanding of these matters, we summarize the numerous independent reviews (including audits and agreed-upon procedures) of the elements of the U.S. proxy system that are administered by Broadridge, and we highlight features of Broadridge's internal control environment.

In addition, this letter offers ideas that could lead to potential improvements to the U.S. proxy system as a whole. For example, we believe certain best practices would potentially provide additional levels of transparency and assurance if they were adopted on an industry-wide basis. End-to-end vote confirmation is a notable example. It is provided today by Broadridge to over 3,500 institutional investors for many of their votes.

¹ Broadridge Financial Solutions, Inc. is a leading provider of technologies and outsourcing services for shareholder communications and voting. The Investor Communications business of Broadridge serves the proxy communications and voting needs of over 90 million beneficial shareholders whose accounts are held at 900+ custodian banks and broker-dealers. In 2009, Broadridge processed over 13,000 shareholder meetings (U.S and Canada). In the fiscal year ending June 30, 2010, Broadridge provided services to over 1,500 corporate issuers for registered shareholder communication and proxy voting.

Core Principles of the U.S. Voting System

The Concept Release notes, that “Investor and issuer interests may be undermined when perceived defects in the proxy system – or uncertainties about whether there are any such defects – are believed to impair its accuracy, transparency, and cost efficiency.”

We agree. Accuracy and transparency should be central considerations in any discussion regarding shareholder communications and proxy voting. This is particularly important in light of the complex requirements and, at times, different interests of the various participants in the proxy process, including shareholders, corporate issuers, brokers, banks, transfer agents, and regulators. In this regard, there are significant benefits -- including higher levels of participation -- from a voting process that is operated by reliable, and neutral, third parties. It is axiomatic that if shareholders do not believe the proxy process is impartial, they will be less likely to participate because no one wants to play a game that lacks clear rules or where the referee is also one of the contestants.

Broadridge’s Systems and Processes Have Been Acknowledged as Reliable and Accurate.

The aspects of the U.S. proxy system administered by Broadridge have been reviewed on numerous occasions over the past ten years. On each occasion, Broadridge’s systems and processes were found to be reliable and accurate.

For example, in 2001, a Proxy Voting Review Committee (PVRC) was established to review the proxy system and to make recommendations on proxy fees. The PVRC included representatives of every constituency involved in the proxy process, including public companies (large and small), institutional investors, and representatives of the securities industry. In its final report, dated February 28, 2002, the PVRC acknowledged “the extraordinary reliability and accuracy provided by ADP [Broadridge] in servicing this market.”² Among its conclusions was the observation that, “Accuracy and reliability levels will continue at near flawless levels.”³

In 2005, a Proxy Working Group (PWG) was established at the direction of the New York Stock Exchange to review the proxy process and make recommendations on the ‘broker vote’ and on the NYSE’s role in the administration of proxy fees. In its report of June 5, 2006, the PWG made similar observations about the accuracy and efficiency of the systems and processes administered by Broadridge. The report stated:

² In April, 2007, ADP’s shareholder communications and proxy services business was spun off into a new company, “Broadridge Financial Solutions” (i.e., Broadridge), which is listed on the New York Stock Exchange (symbol BR).

³ Refer to “Executive Summary of the Proxy Voting Review Committee,” letter from Richard Koppes to Sharon Lawson, SEC, February 28, 2002. The PVRC was comprised of representatives from large and small corporate issuers, institutional investors, the securities industry, and the NYSE.

“The Committee recognizes that a benefit of this system is that ADP [Broadridge], as the agent for almost all banks and brokerage houses, has generally proven its ability to distribute proxy materials in an organized and timely fashion, which is critical to the functioning of the corporate governance system for American publicly traded companies. According to many parties, including large institutional investors and the Securities Industry Association, the current proxy communication system is generally efficient and accurate. A number of institutional investor representatives who appeared before the Working Group expressed support for the existing system, noting that while perceived as expensive, the present proxy process, as administered by ADP [Broadridge], is viewed by the institutional community as impartial, reliable and efficiently administered. The Working Group was also aware of the fact that one previous group who studied the proxy voting process, and included some of the members of the Working Group, concluded that the U.S. system was the ‘finest proxy system in the world,’ and that the ‘integrity, efficiency, fairness, audit-ability, and reliability of the U.S. proxy system must be maintained.’”⁴

Broadridge’s Systems and Processes Undergo Extensive Testing and Regular Independent Review. As a Practical Matter, the Investments Broadridge Makes in Process Performance and Transparency Benefit Virtually All Participants.

The aspects of the U.S. proxy system administered by Broadridge are tested and reported on regularly by internationally-recognized, independent public accounting firms such as Deloitte & Touche and Grant Thornton, as well as by other respected independent entities. Over the past fourteen years, numerous reports and attestations have been provided.

Consistent with standards established by the American Institute of Certified Public Accountants, these reports and attestations are made available to regulators, trade associations, clients, and others (including the SEC, NYSE, Society of Corporate Secretaries and Governance Professionals, Council of Institutional Investors, global custodian banks, broker-dealers, mutual funds and other institutional investors). Several entities are parties to agreed-upon procedures designed to test Broadridge’s vote processing and operational performance.

Many participants in the U.S. proxy system have acknowledged the role Broadridge plays in providing independent assurance on the aspects of the process that Broadridge administers. Some participants have also indicated that -- were it not for such reporting -- the alternative of having to provide assurance on a company- or a meeting-specific basis would entail significant additional time and expense for issuers, shareholders and securities intermediaries.

Although, at some level, all systems and processes can be continuously improved, Broadridge receives few complaints from participants in the proxy process about the timeliness of its proxy delivery or the accuracy of its voting systems. In the few cases where concerns have been raised, these have been fully disclosed and addressed. In comparison to the hundreds of

⁴ Refer to “Report and Recommendations of the Proxy Working Group to the New York Stock Exchange,” June 5, 2006.

millions of votes, at tens of thousands of meetings, which Broadridge has processed over the past decade, the concerns have been de minimis, and not one of them involved a change in the final outcome of a meeting.

The testing procedures, controls, and performance metrics used in these audits and reviews are described in greater detail in the attachment to this letter. Examples, among others, include the following:

- Vote Accuracy: a public accountant's report on vote accuracy is provided on a quarterly basis. Agreed-upon procedures are designed to provide a 99% confidence level in a projected vote accuracy rate of at least 99.7% for votes of positions with fewer than 50,000 shares. The procedures are designed to provide a 100% confidence level in a vote accuracy rate of 100% for votes of positions with greater than 50,000 shares. In the fourteen years since this report was first provided, no exceptions have been found to the results reported.
- Compliance with Regulatory Requirements: a public accountant's report on compliance with applicable NYSE and SEC regulations is provided on an annual basis. Agreed upon procedures are administered to test Broadridge's compliance with operational and record keeping aspects of certain NYSE and SEC rules, applicable to securities intermediaries, and governing shareholder communications, delivery of proxy materials and voting.
- Performance on Measurement Criteria Established and Monitored by an Independent Steering Committee: a public accountant's report on Broadridge's weekly performance on operational measurement criteria is provided on an annual basis, consistent with agreed-upon procedures. The performance standards are established and monitored by an independent steering committee (described below). In many cases, these performance measures exceed the operational performance standards required by applicable regulations.
- SAS 70 Type II: a SAS 70 Type II audit is provided on an annual basis. We believe this is the only SAS 70 Type II review of its kind that focuses exclusively on shareholder communications and proxy voting. Broadridge has received an unqualified opinion from the auditors in each of the past five years that this review has been conducted.
- Data Security: ISO certifications are attained and maintained for information security, disaster recovery, and other key processes related to technology infrastructure and technology management.
- Tabulation of Beneficial and Registered Shareholder Voting: a public accountant's report on Broadridge's tabulation of beneficial and registered shareholder vote reporting

is, for the first time, being provided annually. We believe this is the only report of its kind covering vote tabulation. Agreed-upon procedures evaluate Broadridge's reporting of the shareholder voting results for registered and beneficial shareholders during the period of January 1, 2009 through December 31, 2009. These procedures involve testing the voting results presented to the Inspector of Elections, and reports.

An independent steering committee serves an important role.⁵ It was established in 1993 at the request of the SEC, and it meets annually with the SEC and the NYSE. The steering committee represents a wide range of stakeholders that are independent of Broadridge, including large publicly traded companies, institutional investors, custodian banks and broker-dealers. Each of the committee members has had functional responsibility for proxy voting and shareholder communications in his or her organization, and has working knowledge of the proxy system. The steering committee approves Broadridge's performance measurement criteria, receives weekly reports of Broadridge's performance based on such criteria, and recommends periodic changes in the performance criteria, as necessary.

The committee also reviews independent testing of Broadridge's performance, including testing of its processing of voting instructions and compliance with applicable proxy rules and regulations. Moreover, the committee advises Broadridge on ways to continually improve and evolve its systems and processes. For example, recently, a subcommittee of the steering committee provided constructive input on ways to enhance the Notice-only model of delivering proxy materials permitted by Rule 14a-16. The efforts of this group led to a redesign of the Notice card and mailing envelope, and significant enhancements to Broadridge's investor education website.

Broadridge Regularly Reports Facts and Statistics to Issuers, Clients, and Interested Parties.

Each year, a report containing key performance statistics is made available to every corporate issuer for the issuer's annual meeting. These issuer-specific "report cards" include statistics on delivery turnaround times, voting, e-delivery, costs, savings, and other information.

Each year, Broadridge reports on key performance measures for all issuers whose meetings occur during the proxy season (February 15 – May 1) and this report typically includes, among other information, the independent results of testing on the steering committee's performance measurement criteria. For years, it has been standard practice to release the proxy season statistics report at the annual meeting of the Society of Corporate Secretaries and Governance Professionals. These reports are also posted on Broadridge's website.

⁵ Refer to letter on the Concept Release on the U.S. Proxy System (File Number S7-14-10) filed by Rhoda Anderson, Facilitator, Independent Steering Committee, October 14, 2009.

In addition, Broadridge has been responsive to requests for aggregated information from the SEC, NYSE, committees that have examined aspects of the proxy system, the Council of Institutional Investors, U.S. Chamber of Commerce, Society of Corporate Secretaries and Governance Professionals, and our clients. Recent topics include, among others, Notice & Access (regular reports on "Statistics and Use with Beneficial Shareholders"), the impact of 'broker votes' on director elections, the efficiency savings from the application of technology to beneficial shareholder communications, and the analysis of retail participation by method of delivery and method of voting.

Several Ideas Could Potentially Improve the U.S. Proxy System as a Whole.

Broadridge appreciates the opportunity to comment on areas that may lead to potential improvements to the U.S. proxy system as a whole and that may foster better understanding. Toward these ends, we would offer several ideas, chief among them are the following:

1. End-to-End Vote Confirmation Is Provided by Broadridge Today. It Is Possible to Expand Its Application Without Having to Change Shareholder Privacy Rules.

End-to-end confirmation of voting is widely used by institutional investors in meetings when Broadridge acts as a tabulator of the combined votes of beneficial and registered shareholders. We are committed to continually expanding its availability.

For example, end-to-end vote confirmation is provided to over 3,500 institutional investors and financial advisors that use Broadridge's ProxyEdge® platform and, in fiscal year 2010, this included votes on positions held in the over 1,500 corporate issuers that chose Broadridge as their tabulator. Institutional investors and financial advisors that use ProxyEdge electronically receive confirmation that their votes are included, as instructed, in these final tabulations.⁶

End-to-end vote confirmation can be provided on an industry-wide basis to shareholders that use voting platforms other than Broadridge's and to issuers that utilize other tabulating agents -- without requiring beneficial account holders to provide identifying information to third parties who are not authorized today to receive such information. Industry-wide, end-to-end vote confirmation does not require changes to a shareholder's NOBO/OBO designation.⁷

Simply stated, corporate issuers that desire to provide end-to-end confirmation to shareholders would make request of their tabulators to provide Broadridge with confirmation that the voting reports which we provide to them on behalf of our clients are included in their final tabulation. Upon notification by an issuer's tabulator that these reports are included in the final tabulations,

⁶ In the 2010 season, of the votes processed by Broadridge, approximately 82% of the shares were voted through ProxyEdge.

⁷ Simply stated, "NOBO" refers to non-objecting beneficial owners, i.e., shareholders who do not object to sharing their name, address, and share holding information with issuers whose shares they hold. "OBO" refers to shareholders who object to sharing such information.

Broadridge can then confirm electronically to beneficial shareholders that their votes are included, as instructed, in the final tabulation.

2. Industry-wide Independent Testing and Reporting of Systems Accuracy and Process Performance Could Potentially Engender Even Greater Levels of Integrity.

While Broadridge is the largest proxy services provider, it is not the only firm offering services in this space. It may be possible, therefore, to engender even greater levels of integrity in the U.S. proxy system as a whole, if proxy services providers were to submit their systems and processes to independent testing and audit, and provide regular reports on the results. Such reporting could include information on the timeliness and completeness of proxy material delivery and on the accuracy of vote processing. In the meantime, to the extent that corporate issuers have concerns about the accuracy of their reported vote when Broadridge is not the tabulator, Broadridge welcomes the opportunity to evaluate, and to discuss ways in which such uncertainties could be eliminated.

3. Greater Education of Proxy Participants Could Foster Greater Understanding.

Education of proxy participants on the many details of the process could foster greater understanding. For example, the Concept Release requests comments on “over voting,” and it is possible that further explanation could be of interest and benefit to shareholders.⁸

Such education might include additional details on the proxy process including, for example, information on the reconciliation procedures used by securities intermediaries, servicing agents, and tabulators. It might explain, for example, the pros and cons of “pre-,” and of “post” reconciliation. That is to say that in situations where pre-reconciliation is utilized by a beneficial shareholder’s broker-dealer, the number of vote-able shares held in margin accounts is reduced -- before ballots are distributed -- and, as a result, a shareholder’s vote-able interest would be lower than his or her economic interest in the shares.

⁸ In this regard, the term “over voting” may benefit from greater explanation. As a practical matter, tabulators’ reported vote outcomes for meetings do not exceed the vote-able shares of securities intermediaries or an issuer’s total shares outstanding. “Over reporting” can occur before a meeting and, when there are discrepancies in vote-able positions, tabulators typically do not accept vote instructions until they are reconciled. Broadridge provides its custodian bank and broker-dealer clients with an “Over-Reporting Prevention Service” to assist them in eliminating instances of over reporting. This automated service compares a subscriber’s daily vote update report with its DTCC participant position report – and identifies vote instructions that would otherwise create an over-reporting condition. Differences are reconciled by the subscriber. Broadridge does not report to the tabulator votes in excess of a subscriber’s vote-able position. Currently, more than 300 nominees, representing more than 95% of all beneficial account holders, subscribe to this service – which Broadridge provides free of charge. This process could be expanded to include other participants in the proxy system.

Elizabeth M. Murphy
October 6, 2010
Page 8

Similarly, it might explain that when post-reconciliation is utilized by a beneficial shareholder's broker-dealer, voting instructions would be reduced -- after ballots are received -- if voting instructions overall were to exceed the broker-dealer's DTCC position. Such education might point out that post reconciliation reflects a greater number of votes by retail shareholders than does pre-reconciliation, without increasing the number of items distributed or, for that matter, the distribution costs.

Conclusion

Accuracy, reliability, and transparency are central considerations in discussions of shareholder communications and proxy voting. These principles are necessary to ensure that the U.S. proxy system achieves its goal - to provide shareholders with a mechanism of fully exercising their franchise as shareholders. The aspects of the U.S. proxy system administered by Broadridge have helped achieve these goals. This assessment has been made by a variety of constituencies and is continually verified by independent review. As with any system, however, there is always room for improvement and Broadridge is committed to contributing to such improvements. As noted above, we believe some improvements are achievable through incremental changes to the system, including, for example, the adoption of a vote confirmation model like the one Broadridge currently has in place through ProxyEdge. Continuous improvements may help to further the goals of accuracy, reliability and transparency without imposing significant costs on participants in the proxy process.

In closing, Broadridge is committed to making the significant ongoing investments necessary to maintain and build upon the extraordinary level of trust that participants have in the U.S. proxy system. We look forward to working with the SEC to achieve this objective.

Sincerely,



Attachment

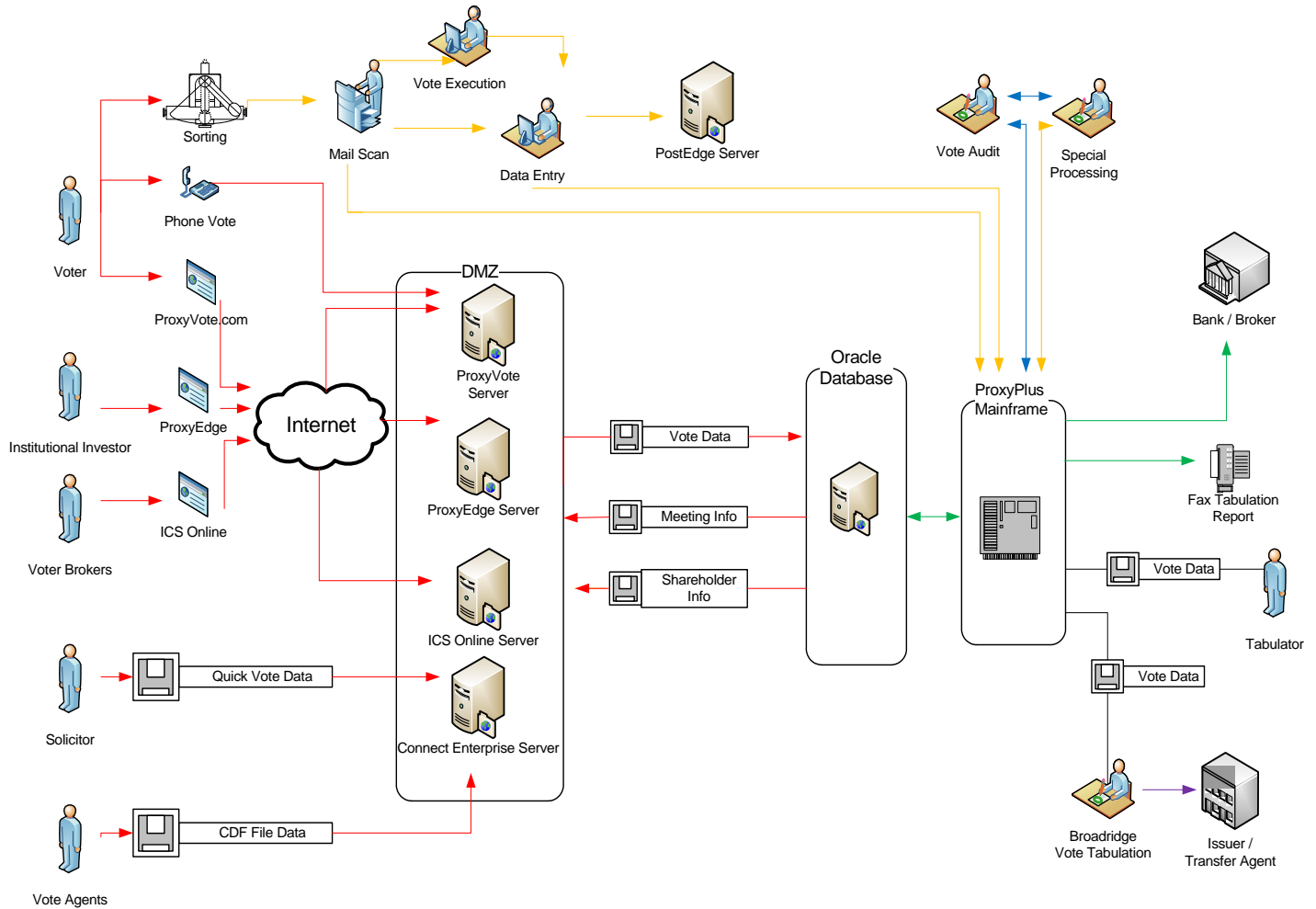
cc: Honorable Mary L. Schapiro, Chairman
Honorable Luis A. Aguilar, Commissioner
Honorable Kathleen L. Casey, Commissioner
Honorable Troy A. Paredes, Commissioner
Honorable Elisse B. Walter, Commissioner
Meredith B. Cross, Director, Division of Corporation Finance
Thomas J. Kim, Chief Counsel & Associate Director, Division of Corporation Finance

Attachment

Overview of Broadridge Vote Processing Environment

Vote processing consists of multiple channels for shareholders to vote their shares. Each of the various voting methods has a different processing workflow and a different set of controls. These ensure that votes are completely captured, processed through the system, and accurately reported to the corporate issuer or tabulator. The below diagram provides an overview.

Voting is a complex process with multiple voting channels to manage, test, and control.



Tabulators are responsible for combining the voting instructions of beneficial (street-side) account holders at the “nominee” level (i.e., for each custodian bank and broker-dealer) and the votes of registered shareholders, as reported by transfer agents and other processors. Broadridge tracks the underlying votes for street-side accounts on behalf of its bank and broker-dealer clients, and for issuers, when Broadridge services registered shareholders. Broadridge provides vote reporting to tabulators for each beneficial client and directly to issuers when Broadridge is the tabulator.

At the permission of subscribing nominees, Broadridge provides an “Over Reporting Prevention Service” utilizing DTCC position files. Under this service, if a preliminary vote instruction would result in an over reporting condition, that instruction is held in a pending file. The nominee is alerted to reconcile the position before the vote can be reported to the tabulator. As a result of this

service, virtually all instances of over reporting are eliminated for subscribers. Institutional shareholders have the ability to reconcile their shares available for voting, and votes cast, using Broadridge's ProxyEdge institutional voting platform.

Vote confirmation services are provided to institutional shareholders through the Broadridge ProxyEdge platform. Broadridge provides such confirmation services for votes related to the corporate issuers for whom it serves as tabulator (i.e., where Broadridge processes both beneficial and registered positions).

Quality Control Environment

Numerous controls ensure accuracy and completeness of the information which is captured *into* as well as reported *out of* the processing systems. Controls for input, processing, and output are in place for every vote. These controls ensure the complete and accurate recording and processing of votes by valid shareholders. An audit trail of the processing results is created, tested, and reported to external parties. Numerous controls and audits are in place to cover such functions and processes as:

- Access authorization -- for each of the voting methods
- Information transmission – for timeliness, completeness, and security
- Vote receipt – for validation, completeness, and accuracy
- Vote processing – for accuracy and completeness
- Operational compliance -- with applicable statutory requirements as defined by NYSE and SEC rules

Controls are in place for all voting methods, including hard copy ballots and electronic voting by multiple channels (i.e., Internet, telephone, and ProxyEdge). In addition to testing by Broadridge's Vote Audit and Control department, key controls are subject to further testing by various reviews of independent parties.

SAS 70 Type II Report for the Broadridge Proxy Process

A SAS 70 Type II report, conducted on an annual basis, tests the design, implementation, suitability, and operating effectiveness of controls for the proxy process, including vote processing. This audit by Deloitte & Touche covers detailed testing of controls over a twelve month period and attests to the extent to which such controls operate to satisfy specified objectives. The results of the SAS 70 Type II testing over the past five years have identified no material exceptions and the opinions issued have all been "unqualified."

The audit addresses internal controls related to Corporate Issuer Setup, Identification (announcement information and loading of shareholder-specific information), Compilation of Data, Material Delivery, Vote Collection, Tabulation and Reporting, and General Computer Controls. This extensive examination includes elements to ascertain reasonable assurance related to: (i) the control environment; (ii) the suitability of controls; (iii) testing routines and procedures; and, (iv) the performance of internal controls over time. The review includes controls for the entire proxy process, including those directly and indirectly related to the proxy voting process. In the 2009

SAS 70 Type II report, a total of 502 tests were performed, and four exceptions were noted.⁹ Seventy-nine of the tests performed were of voting processes, and no exceptions were noted.

Seventy-nine “direct” voting controls were tested during the 2009 annual review - No exceptions were noted in the tests performed on voting controls.

SAS 70 Type II Test Results - Calendar Year 2009

	Control Objectives	Test of Controls	Exceptions Noted
BUSINESS CYCLE CONTROLS			
Corporate Issuer Setup	8	19	0
Identification	11	38	0
Compilation of Data	8	23	0
Material Delivery	37	100	1
Vote Collection, Tabulation and Reporting	24	65	0
GENERAL COMPUTER CONTROLS (Distributed Environment)			
Computer Operations	11	38	0
Change Management	8	26	0
Logical Security	18	48	1
Physical and Environmental Security	6	21	0
GENERAL COMPUTER CONTROLS (Mainframe Environment)			
Computer Operations	12	45	0
Change Management	11	38	0
Logical Security	7	16	1
Physical and Environmental Security	7	25	1
Total	168	502	4

The Company’s Testing of the Accuracy of its Processing of Voting and Reporting of Instructions

An independent report on vote accuracy is conducted and provided on a quarterly basis. Certain agreed-upon procedures assist with assessment of the company’s reporting of results of testing performed by the company’s Vote Audit and Control Department. The agreed-upon procedures are approved by an independent steering committee.

With the assistance of independent auditors, standards are established for vote processing and vote audit. These standards require the company to perform sufficient testing to achieve a 99% confidence level in an accuracy rate for processing voting instructions of at least 99.7% (for votes of positions with fewer than 50,000 shares). The Vote Audit and Control Department applies statistical sampling methods to project the processing accuracy rate of the entire population of voting instructions that are processed by Broadridge. The projection of the accuracy rate is

⁹ The exceptions included a missing batch ticket which was mitigated by downstream controls and three instances where the IDs of terminated employees were not immediately suspended. None of these exceptions impacted the voting process.

calculated by using the lower precision limit of the accuracy rate at 99% confidence, using Poisson distribution tables. For ballots of 50,000 shares or greater, all votes are audited internally at least twice by Broadridge's Vote Audit and Control Department. An independent auditor applies additional testing which encompasses 100% of all votes of positions with 50,000 shares or more. The resulting testing for such votes achieves a 100% confidence level in a vote accuracy rate of 100%.

The controls provide a 100% confidence level in an accuracy rate of 100% for ballots with greater than 50,000 shares. The controls provide a 99% confidence level in a projected accuracy rate of at least 99.7% for ballots with fewer than 50,000 shares.

Vote Processing Accuracy Report - Three Months Ended February 28, 2010

Test Categories	Number of Items Tested By Broadridge	Number of Errors Found	Confidence Level Achieved	Projected Accuracy Rate
Voting instructions representing at least 50,000 shares (1)	118,300	0	100%	100%
Mailed voting instructions representing less than 50,000 shares (2)	25,258	0	99%	99.9%
Telephone submitted voting instructions representing less than 50,000 shares	3,712	0	99%	99.8%
Electronically submitted voting instructions representing less than 50,000 shares	3,263	0	99%	99.8%
Internet submitted voting instructions representing less than 50,000 shares	6,897	0	99%	99.9%
Consolidated Data Feed submitted voting instructions representing less than 50,000 shares	3,000	0	99%	99.8%

Broadridge's systems operate with industry-leading accuracy. Over the past decade, there have been few exceptions among the hundreds of millions of votes cast in the over 100,000 annual meetings processed, and none of these exceptions has affected the outcome of a meeting.¹⁰

Testing of Compliance with Certain SEC and NYSE Proxy Rules

Certain proxy rules define specific operational requirements on securities intermediaries for communicating with beneficial shareholders and for reporting votes. Agreed-upon procedures are administered to test Broadridge's compliance with operational and record keeping aspects of

¹⁰ In 2008, there was a problem in the reported results for Yahoo's meeting. The problem was disclosed, analyzed, and resolved within hours of its being brought to Broadridge's attention. It was determined that votes were accurately processed but that a truncation error occurred in a printed report. Analysis of all meetings over the prior ten years indicated that the circumstances which caused the truncation error were unique.

certain NYSE and SEC rules, applicable to securities intermediaries, and governing shareholder communications, delivery of proxy materials and voting.

Complying with the proxy rules includes timely mailing of corporate issuer's proxy materials, and other communications, to beneficial account holders of broker-dealers and custodian banks. The rules are applicable also to tabulating voting instructions of beneficial shareholders registered in intermediaries' names.

Broadridge's performance is not only evaluated against these regulatory standards, but also against standards that exceed applicable regulations (refer to report on Steering Committee Measurement Criteria summarized below). The evaluation in this area consists of testing compliance levels on the operational and record keeping aspects of NYSE and SEC rules governing shareholder communication, delivery of proxy materials, and voting. The testing programs evaluate services in proxy processing, including distribution of voting materials, adherence to Notice and Access requirements, archiving of voting instructions received, identifying proposals as discretionary or non discretionary, and issuance of voting.

An independent auditor reviews the testing conducted for each rule. The historical reviews show that Broadridge's performance consistently exceeds applicable SEC and NYSE standards. The most recent review covers the period from July 1, 2008 to June 30, 2009, and no exceptions were identified.

Performance Related to Steering Committee Measurement Criteria

The independent auditor evaluates Broadridge's testing and performance on operational measurement criteria established by an independent steering committee. The performance standards established by the steering committee exceed standards of applicable NYSE and SEC regulations. The following criteria are measured weekly and reported on annually:

- 1) Generation of Material Requests
- 2) Distribution of Vote Information (physical delivery)
- 3) Electronic Distribution of Vote Information (electronic delivery)
- 4) Handling of Material Shortages
- 5) Vote Tabulation (processing votes received through physical media)
- 6) Electronic Tabulation of Vote Instructions (processing votes received through electronic media)
- 7) Vote Reporting (to tabulators)

The measurement criteria include requirements such as specific time frames met (e.g., 100% on-time issuance of vote reports) and percentages of tasks completed (e.g., over 98% of electronic communications processed on the same day). The performance criteria have a ratings scale consisting of five categories:

- 0 = Unacceptable
- 2 = Poor
- 4 = Acceptable
- 6 = Good
- 8 = Excellent

For the 2009 period, the cumulative results indicate a score of 8 (Excellent) in six of the seven categories with an overall rating of 7.94 (Excellent).¹¹

Steering Committee Measurement Criteria – By Proxy Season

Category	Average Rating		
	2009	2008	2007
Generation of Material Requests	8.0	7.97	8.0
Distribution of Vote Information (physical)	7.77	7.86	8.0
Electronic Distribution of Vote Information	8.0	8.0	8.0
Handling Material Shortages	8.0	8.0	8.0
Vote Tabulating (physical media)	8.0	8.0	8.0
Electronic Tabulation of Vote Instructions	8.0	8.0	8.0
Vote Reporting (to tabulators)	8.0	8.0	8.0
Overall Weighted Average	7.94	7.96	8.00

These reports did not identify any instances in which Broadridge misreported its performance measurement.

Shareholder Voting Results for Registered and Beneficial Shareholders, Including the Election of Directors

The independent auditor’s report aids the independent steering committee in evaluating Broadridge’s reporting of shareholder voting results that are presented to the Inspector of Elections and to the corporate issuer. This report covers issuers where Broadridge processed both the beneficial and the registered portion of the annual meeting and acted as tabulator.

This new report, initiated in 2010, compares accuracy of vote instructions received and processed to results in the reports of Inspectors of Elections. No exceptions were noted.

¹¹ Data for the 2010 proxy season are being verified by independent review. The report will be provided once complete. Broadridge’s performance measurement for the 2010 proxy season statistics report indicates a rating of 7.99 out of 8.0.

Other External Evaluations

Broadridge initiates other periodic examinations to supplement its core recurring reviews. The objective of these supplemental reviews is to continuously look for opportunities to identify control improvements.

For example, in 2009, an independent public accounting firm was commissioned to conduct a comprehensive in-depth assessment of vote processing -- from vote receipt through vote reporting. This review included three phases and mapped out over 130 internal controls. The final assessment indicated that there were no significant gaps in process controls, and it made forty-nine recommendations for continuous improvement. Each of these recommendations has been addressed. Broadridge's resolution of these items was monitored and evaluated in a separate examination conducted by a different independent public accounting firm.

Broadridge's Internal Control Infrastructure

Broadridge has an extensive internal audit and control environment for processing and vote tabulation. The key components include:

- Vote Audit and Control Department
- Voting Systems Integrity Group
- Corporate Audit
- ISO Certification for Key Processes

Vote Audit and Control Department

The Vote Audit and Control Department provides a comprehensive program of internal verification, audits and control processes for vote processing and tabulation. It is responsible for conducting ongoing audits of the various voting methods, including reviewing and checking voting instructions at least twice for positions with greater than 50,000 shares. This level of review and audit provides a 100% confidence level in projected vote accuracy rates of 100% for positions with greater than 50,000 shares. The Vote Audit and Control Department also conducts extensive sampling of the accuracy of vote processing for positions with less than 50,000 shares – the sampling was designed by independent experts to provide a 99% confidence level in a projected vote accuracy rate of at least 99.7%.

Voting Systems Integrity Group

The Voting Systems Integrity Group (VSI) is responsible for validating the accuracy of proxy tabulation and processing. The VSI group is also responsible for providing timely communication of findings to management, and monitoring and reporting on implementation plans that address critical areas of concern. The VSI group accomplishes its responsibilities by independently validating and reconciling the vote processing for high-profile meetings as well as for all general voting activities.

Corporate Audit

Corporate Audit performs a risk assessment of all Broadridge business activities and creates an annual audit plan. Risk assessment and audit plans are reviewed and approved by the Corporate Audit Committee, which is comprised of independent directors of the company's board of directors. Corporate Audit considers financial, operational, compliance, strategic and reputational risks in

developing the risk assessment. Risk assessments are based on the standards issued by the Committee of Sponsoring Organizations of the Treadway Commission and Control Objectives for Information Technology and Related Processes. Corporate audits are performed in accordance with the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors. Corporate Audit reviews the status and completeness of management action plans, including the response to recommendations by independent auditors related to vote processing and accuracy.

ISO Certifications for Key Processes

Broadridge has current certifications for ISO 27001 and ISO 9001. ISO certifications are maintained by the International Organization for Standardization and are administered by accreditation and certification bodies. ISO is an international organization composed of national standard setting bodies from over 75 countries. Broadridge received its initial ISO 27001 certification in August, 2008, and its initial ISO 9001 certification in June, 1997. In both cases, Broadridge has undergone annual accreditation audits to achieve and maintain its certifications. It is our understanding that Broadridge is one of fewer than seventy-five companies in the United States that is ISO 27001 certified. Of this group, we believe fewer than eight companies are in the financial services sector (as of December, 2008).

The ISO 27001 certification specifically covers Broadridge's Information Security Management Systems for the ProxyPlus System. This system is Broadridge's enterprise application supporting core processing functions for Broadridge's proxy services. The certification validates that the associated security policies for this application have undergone in-depth testing and external audits. The certification of ProxyPlus offers global banks, broker-dealers, corporate issuers and mutual funds, whose data is also processed using this application, the assurance that Broadridge has created and implemented information security practices that are comprehensive and that meet ISO standards.

The ISO 9001 certification is a recognized quality management system standard that requires a company to document, review, and improve its quality management systems processes on a regular basis. Each certification is active for three years. Maintaining this distinction requires a full re-certification audit, as well as periodic surveillance audits, by an accredited third-party auditor. Since Broadridge's initial certification in June, 1997, Broadridge has passed six certifications, eleven surveillance audits, and three extension audits.