

VIA E-MAIL AND FEDERAL EXPRESS

September 9, 2013

Ms. Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-1090

Re: **SR-NYSE-2013-07**

Dear Ms. Murphy:

NYSE Euronext, on behalf of New York Stock Exchange LLC (“NYSE” or the “Exchange”) submits this letter in further support of the above-referenced filing. In this filing the Exchange proposes to amend NYSE Rules 451 and 465, and the related provisions of Section 402 of the NYSE Listed Company Manual, which provide a schedule for the reimbursement of expenses by issuers to NYSE member organizations for the processing of proxy materials and other issuer communications provided to investors holding securities in street name.

In addition to the original filing, the Exchange has submitted a letter dated May 17, 2013 responding to and summarizing the various comment letters filed on the Exchange’s proposal. The Exchange also submitted a further letter dated July 9, 2013 in response to the Order issued by the Securities and Exchange Commission (the “Commission”) dated May 23, 2013 instituting proceedings to determine whether to disapprove the proposed rule change contained in the above-referenced filing (the “Order”).

Exchange representatives also participated in a July 23, 2013 conference call with members of the Commission staff and representatives of Broadridge Financial Solutions, Inc. (“Broadridge”). In that call the staff indicated that they considered it important to have more specific information about the costs, and the nature of the costs, incurred by Broadridge in providing proxy and report distribution services. In response, Broadridge has provided the Exchange, for provision to the SEC, information which they believe the SEC will find useful in this regard. These Broadridge materials consist of both a slide presentation and a separate text document, and are attached to this letter.

Separately, we note that given discussion in the Order regarding the nature of the proxy distribution activities undertaken by brokerage firms themselves, beyond what is outsourced to firms such as Broadridge, the Exchange asked SIFMA to elaborate on the single page chart describing such activities which had been provided by SIFMA as Appendix 1 to its May 30, 2012 cost survey and included in Exhibit

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2 of the above-referenced filing. SIFMA's extended description of broker-dealer functions supporting proxy distributions has been posted on SIFMA's website at:
<http://www.sifma.org/issues/item.aspx?id=8589944676>

* * * *

The Exchange is pleased to have the opportunity to submit this additional information to the Commission in support of the rule filing. We would also be pleased to answer any other questions that the Commission or the Staff may have.

Very truly yours,

Janet McHinnis



Broadridge™

Memorandum

To: John Carey, James Duffy, Judy McLevey, and Stephen Walsh, NYSE
From: Charles V. Callan, Broadridge Financial Solutions
Cc: Bob Schifellite, Don Kittell, and Lyell Dampeer, Broadridge
Date: September 6, 2013
Subject: NYSE and SEC request for additional information

The NYSE and SEC requested additional information on the ways in which the proposed fee structure fairly allocates fees based on reasonable costs. The information is summarized, below, and provided in detail in the body of this memorandum. Broadridge welcomes the opportunity to provide information and to answer any questions you may have.

Summary

1. Lower fees, greater benefits, improved retail participation. The proposed fees are lower than current fees, they provide greater total savings, and they contain measures and incentives to improve retail participation. Had the new fees been in effect over the past year, issuers would have paid an estimated 4%-6% less on average. Incentives for the application of technology will drive further reductions in the comparatively larger sums issuers spend on printing and postage of proxy materials. Along with other measures to make communications even more efficient, a one-time “success fee” for enhancements to broker-dealer Internet platforms (“EBIP”) will help improve retail shareholder participation.

2. There is a high degree of alignment between the proposed fees and the reasonable overall costs of the services provided. Broadridge, SIFMA, and broker-dealers described in detail their work efforts and the many costs involved in forwarding beneficial shareholder communications and in processing proxy votes. Data was provided to demonstrate how these costs have changed since the last fee review and as a result of the growing use of technology. The Proxy Fee Advisory Committee (PFAC) and NYSE carefully examined this information and tested the extent to which various fee scenarios reflect reasonable costs. The proposed fee structure results in a high degree of alignment between the overall fees paid and the reasonable costs of the services that are provided.

3. Fees and costs are allocated fairly. All issuers would pay fees for the basic processing services they all use in common; such fees are based on a sliding scale which reflects the greater economies of scale larger issuers bring to the table. Issuers would pay fees for certain other services based upon the unique demands each issuer places on the system. Incentive

fees are paid in proportion to the savings an issuer receives. The proposal recognizes that the costs of Notice & Access (N&A) are incremental to the system.

4. The proposed fee continues to be lower than the unregulated, market-based fee for the vast majority of issuers and shareholder meetings. Another way of evaluating the fairness and efficiency of the proposed rates is to compare them to the unregulated rates issuers pay for similar, albeit less complex proxy services for their registered shareholders. In this regard, the proposed regulated fee issuers pay for delivering a proxy to a beneficial shareholder would continue to be lower, on average, than the unregulated fee issuers pay for delivering a proxy to a registered shareholder. The regulated fee would be lower than the unregulated fee for all small issuers and for over 80% of all shareholder meetings overall.

5. The proposal can be implemented within a short time of its approval by the SEC. The proposal has the support of issuers, broker-dealers, shareholders, and Broadridge, the leading service provider.

Each of the above points is discussed in greater detail below.

1. Lower fees, greater benefits, improved retail participation.

Lower fees. At the request of the NYSE and Proxy Fee Advisory Committee (PFAC), Broadridge provided in-depth analyses of the proposal's impact on the fees issuers pay. One analysis involved re-running all of the invoices Broadridge processed on behalf of its clients, using the proposed fees in place of the current fees, as charged, for U.S. equity proxy meetings. The analysis showed that issuers would have paid 4% less in fees on average if the proposal had been in effect for 2012. The incremental savings could have increased to approximately 6%, based on reasonable assumptions about the number and size of requests for stratified NOBO lists.¹

Greater benefits. Technology incentives will continue to drive additional reductions in spending on printing and postage. Incentive-driven investments in systems and technologies have made the process more timely, accurate and efficient, and highly responsive to changes in

¹ For additional details on the estimated costs and benefits to issuers, refer to Broadridge's comment letter of March 15, 2012.

regulations and participant needs. The total cost to issuers (fees, printing and postage) is lower by several hundred million dollars each year than it was at the time of the last fee review.²

The Preference Management fee (Suppression Incentive) and one-time EBIP incentive fee will drive investments in technology, and systems development by Broadridge and its clients -- resulting in even greater use of technology -- with large and growing savings to issuers, and greater conveniences to shareholders in accessing proxy information and voting their shares.

Incentive fees play an important role in offsetting some of the ongoing costs of maintaining, upgrading and continually improving technologies and systems.³ In fact, the technology incentive has become a relatively more important component of the total fees paid than it was six years ago.⁴ That is, while the total proxy fees paid by issuers decreased by 0.6% annually over the past six years, the Suppression Incentive fee line item increased in total by 2.8% annually.⁵

Issuers and their shareholders are realizing the significant printing and postage savings from these incentives and the consequent investments by Broadridge and its clients. In each of the past six years, the estimated annual savings *not only exceeded the incentive fees paid but all fees issuers paid*.⁶ In FY13, for example, the savings to issuers exceeded total proxy fees paid by a factor of more than six to one. The proposed fee structure encourages continued investments in technology, systems, and processing to provide and sustain growing reductions in issuers' total cost of proxy delivery. In this regard, the NYSE proxy fees pay for themselves.

² In the 2002 proxy season, 27% of proxy positions were suppressed as a result of technologies for householding, electronic delivery and managed account processing. In FY13, over 59% of all positions were suppressed, a 119% increase.

³ In contrast to basic (i.e., unit) processing fees, the introduction of incentive fees in the late 1990's was not based on a principle of reimbursement for reasonable costs but rather on the principle of total cost reduction, considering the relatively greater amounts issuers spend, and save, on the printing and postage of proxy materials.

⁴ Six years ago (April, 2007), Broadridge Financial Solutions was spun off ADP into a publicly traded company. Broadridge publicly reports financial information for its Investor Communications Services business segment.

⁵ Basic Processing fees decreased by 1.7% annually over this time period as proxy communications and voting became more information technology intensive. At the same time, there was a 1.2% annual decrease in the total number of positions processed by Broadridge.

⁶ Based on NIRI's biennial surveys of the cost of printing annual proxy materials and actual USPS postage rates.

Improved retail participation. At the suggestion of the former Chair of the SEC, Mary Schapiro, and former Commissioner, Elisse Walter, a working group of opinion leading issuers and broker-dealers was convened to study the concept of an enhanced broker-dealer Internet platform. The SEC's 2010 Concept Release on the U.S. Proxy System requested comments on this and other concepts. The working group studied the EBIP concept, including the results of focus groups, an online survey, and empirical data from working group member experience with one example of such a technology. The working group observed the favorable perceptions toward this concept among retail shareholders, the significantly greater rates of consent to electronic delivery among the clients of broker-dealers that provide a direct connection to proxy information, and the higher participation rates among clients that access a voting site from their broker-dealer's website.

In addition, the NYSE's proposed fee structure reduces by half the fee issuers pay for sending reminder mailings and permits requests for stratified NOBO lists processed in conjunction with shareholder meetings. These amendments also help improve retail participation.

2. There is a high degree of alignment between the proposed fees and the reasonable overall costs of the services provided.

The proposed fee structure aligns the overall fees paid to reasonable overall costs. The NYSE and PFAC worked with SIFMA to analyze broker-dealers' internal costs and the costs of outsourcing. They found that these costs were estimated to be within a range of \$136 million - \$153 million. SIFMA provided detailed descriptions of the work performed. The NYSE and PFAC also worked with a number of individual brokerage firms to further understand the activities and costs involved.

The NYSE and PFAC met on multiple occasions with Broadridge to discuss the costs underlying the approximately \$60 million in fees paid directly to Broadridge, as well as the costs associated with other amounts paid to Broadridge by its clients for the outsourcing services provided on their behalf. Broadridge provided detailed descriptions of the work it performs and quantitative information about its costs, profit margins and benchmarks to other data processing services providers. Broadridge described how costs had been impacted by inflation, processing volumes, market activity, regulatory requirements and the evolution of technology. Broadridge described the process by which its users establish standards and monitor its performance, as well as how the system is controlled for compliance with regulations and for the accuracy of vote processing and reporting.

The beneficial proxy system is operated by banks and brokers. Banks and brokers incur costs for the work they perform internally, and for aspects of the work they outsource. Most banks and brokers outsource to Broadridge a significant portion of the detailed work necessary to communicate with their client accounts and tabulate votes. Broadridge charges banks and broker-dealers competitive rates for the services it provides to them in connection with their obligations for forwarding proxy materials and processing votes. With the exception of a Nominee Coordination Fee and an Intermediary Unit Fee, the NYSE does not specify the fees Broadridge or other third-party servicing agents may charge for the services provided. The cost of retaining and using third-party servicing agents is one of many cost elements banks and broker-dealers incur in fulfilling their obligations to issuers and to their client accounts. A nominee has an incentive to contract with Broadridge only if Broadridge can provide services at a higher quality or a lower cost.⁷

The many efficiencies and high performance standards issuers have come to expect of Broadridge are a direct result of a straight-through processing environment that includes a high level of systems and process integration between Broadridge and its bank- and broker-dealer clients.⁸ For example, without a central repository of information, like the one that is provided by Broadridge and its clients, each corporate issuer would need to interact with hundreds of nominees at a cost that is far greater than the \$20 Nominee Coordination Fee that issuers currently pay. Further, without the standardized voting platform provided by Broadridge and its clients, shareholders would be forced to deal with a variety of voting platforms; that would likely increase the cost to shareholders of corporate voting and reduce participation.

Recognizing the high service levels and efficiencies issuers and shareholders are provided by the current, integrated, straight-through processing environment, the NYSE and PFAC asked

⁷ Broadridge provided detailed information on its costs and margins in a report titled, "Information on the Costs of Operating the Beneficial Proxy System: Provided at the Request of NYSE, August 20, 2013." Information on the internal costs incurred by banks- and broker-dealers was provided by SIFMA. Information on the joint activities of Broadridge and its clients, including on the end-to-end process, was provided in a report titled, "Proxy Processing: Description of the Major Processing Activities, January 14, 2011."

⁸ Broadridge does not organize its systems and processing operations according to each of the fee areas specified by the NYSE's regulated rate schedule and does not report financials on that basis. That is, Broadridge does not have a "department" for the Basic Processing Fee or, for that matter, for the Preference Management Fee. Broadridge is organized by business segment, client, and functional activity (e.g., Systems, Operations, and Client Service) and it makes publicly available financial information for its Investor Communications Services business which includes beneficial proxy services.

Broadridge to estimate, using recent data, the percentage of the combined total work efforts contained in each of the six main steps of the proxy process and to relate those efforts to each of the NYSE fee areas.⁹ The NYSE and PFAC asked Broadridge to recalculate the invoices it sent U.S. equity issuers, on behalf of its clients, under various fee scenarios of interest to Committee members and the NYSE.

The table below illustrates the results of the testing of alignment between the proposed fees and the combined work efforts based on FY12 meetings and activity. "Fees Paid" reflects what Broadridge would have billed U.S. equity issuers, on behalf of its clients, under the NYSE's proposed structure. The table illustrates the high degree of alignment between the overall fees, as proposed, and the underlying work efforts necessary to provide the services. Specifically, the table shows that:

- **Basic Processing Fee:** The estimated work effort associated with Basic Processing is approximately 56.7% of the total work effort. Had the proposed fees been in place in FY12, the Basic Processing Fees paid would have represented approximately 55.4% of total fees paid.
- **Nominee Coordination and Intermediary Unit Fees:** The estimated work effort associated with Nominee Coordination and Intermediary Unit Fee activities is approximately 26% of the total work effort (14.2% and 11.6%, respectively); and the corresponding fees paid would have represented approximately 26% of total fees paid in FY12 (14.9% and 10.8%, respectively).
- **Preference Management Fee:** The work effort for activities supporting Preference Management is approximately 17.5% of the total work effort; and the corresponding fees paid would have represented 18.9% of total fees paid.

⁹ "Work efforts" are closely related to costs. They reflect the underlying systems, processing activities, infrastructure, and costs involved in processing beneficial shareholder communications and proxy votes.

Alignment of Fees Paid to Work Efforts and Reasonable Overall Costs

Process Steps: Fee Areas:	Event Identification (3-4%)	Data Aggregation (24-29%)	Preference Management (20-25%)	Material Distribution (10-12%)	Client Service (8-10%)	Vote Processing (25-30%)	Estimates of Work Efforts by Fee Area	Proposed Fees Paid (based on FY12 invoices) *
Basic Processing	2.5%	19.4%	-	7.9%	6.8%	20.1%	56.7%	55.4%
Intermediary Unit	0.7%	4.8%	-	2.0%	1.7%	5.0%	14.2%	14.9%
Nominee Coordination	0.6%	4.6%	-	-	1.6%	4.8%	11.6%	10.8%
Preference Management	-	-	17.5%	-	-	-	17.5%	18.9%
Estimates of Work Efforts by Process Step	3.8%	28.8%	17.5%	9.9%	10.1%	29.9%	100%	100%
Work Effort (average)	3.5%	26.5%	22.5%	11%	9%	27.5%	100%	-

The updated information for FY12 confirmed the alignment ranges previously reported in connection with the testing of alignment ranges for FY11 meetings and activity. In any one year, alignment could vary for a number of reasons, but it is expected to generally vary within a narrow range over time.

Costs are sensitive to overall changes in regulatory requirements, market activity, and the mix of meetings, shareholders, and nominees. The costs and work involved in servicing any one particular issuer can vary with differences in the volume of shareholders, mix of shareholders, methods of distribution, agenda and meeting type, and other factors.

Changes in activity levels can also impact costs because certain process steps are more scalable than others. For example, "Data Aggregation" is highly scalable, except in the case of small issuers. "Event Identification" is less scalable: the activities and costs do not vary by issuer size.

Investments in technologies also contribute to higher servicing costs for Broadridge and its clients.¹⁰

In contrast, the NYSE's regulated fees have not changed in over a decade. As a consequence, increases in the Consumer Price Index have eroded fees on an inflation-adjusted basis. From 2002 to 2013 the Unit Fee, Intermediary Unit Fee, and Suppression Incentive Fee declined in total by 24%, adjusted for inflation. From 1997 to 2013, the Nominee Coordination Fee declined by over 32% on an inflation-adjusted basis since it was first introduced.¹¹

Notwithstanding the erosion in real proxy fees, regulatory requirements have accumulated since the last fee review and the needs of issuers have become more complex and demanding -- further adding to costs. For example, costs were incurred recently for such developments as majority voting, Say-on-Pay (and the Say-When-on-Pay "frequency" vote), proportional voting, voting by mobile platform, changes to voting platforms (to eliminate a "Vote With Management button"), end-to-end vote confirmation, and other initiatives. None of these initiatives was paid for by either an increase in regulatory fees or a one-time fee assessment.

3. Fees and costs are allocated fairly.

All issuers would pay for the basic processing services they all use in common. Fees for common services are based on a sliding scale that reflects the economies of scale larger issuers bring to the table. Issuers would pay fees for certain other services based upon the unique demands each issuer places on the system. Incentive fees are paid in proportion to the savings an issuer receives.

Costs are fairly allocated to issuers according to a number of factors, including the following:

- An issuer's size (as measured by the number of its shareholders processed for a meeting)
- The characteristics of an issuer's shareholder base (e.g., how widely its shares are held across the brokerage industry, how many of its shareholders consent to electronic delivery, how many small positions are held in managed accounts)

¹⁰ Over the past six years, Broadridge's costs for I/T Infrastructure and I/T Development have increased by 8.4% and 15.4%, respectively, on a compound annual basis. In fact, almost all costs went up over the past six years, including labor and energy.

¹¹ Source: U.S. Department of Labor, Bureau of Labor Statistics, "Consumer Price Index - All Items."

- Each issuer's unique demand for particular services (e.g., whether an issuer chooses to send reminders and/or use the Notice & Access delivery method, and whether it requests a NOBO list)
- The nature of an issuer's shareholder meeting (e.g., whether it is a routine meeting, a special meeting or a contested solicitation).

For example, all issuers benefit from the extensive infrastructure and systems required to process proxy communications. There are high fixed costs associated with the network that Broadridge and its clients provide. The costs are driven by issuer needs for: high levels of uptime availability; capacity to handle significant seasonality and peaks in demand; high levels of information security; high levels of delivery assurance; and regular third-party review of process integrity, vote accuracy, and delivery performance. The costs of this network are paid by all issuers and the payments reflect economies of scale; that is, an issuer with a greater number of beneficial shareholders pays a lower unit fee than does an issuer with fewer shareholders.

Under the current structure, it has long been recognized that the fees paid for processing the largest issuers and jobs subsidize the fees paid for processing smaller issuers and jobs. Many smaller issuers and jobs do not cover the costs of the underlying work efforts involved. As a practical matter, the subsidy of smaller firms by larger firms is narrowed, but not eliminated, by the proposed fee structure. Yet, in comparison to the current, "one-size-fits-all" fee structure, the proposed fee structure better recognizes economies of scale for issuers of different sizes, as measured by their number of beneficial shareholders. It does this by more logically tier-ing the Unit Processing and Intermediary Unit Fees based on the number of shareholder positions.

The NYSE and PFAC recognized that individual issuers would be paying more or less than the average fee and that individual broker-dealers and banks would be receiving more or less than the average reimbursement. In both cases, the proposed fees would likely result in less deviation from the norm. The NYSE and PFAC also recognized that some of these departures from the norm were causing more concern among a few issuers than among all issuers generally. Issuers were particularly concerned by unanticipated increases in the number of shareholder positions (and related proxy fees) when a broker-dealer bought a relatively low number of shares of that issuer of behalf of a relatively large number of its clients' accounts.

The NYSE proposal improves the overall fairness and reasonableness of fee allocation. The NYSE and PFAC were sensitive to the fact that a change to the current fee schedule would impact individual issuers and nominees in some way. As a result, the Committee asked Broadridge to perform impact analyses on individual issuers and broker-dealers as well as on

groups of issuers and broker-dealers. The NYSE and PFAC were mindful of the transition that would take place from the current to the new schedule.¹²

The Preference Management fee is also allocated fairly in that it is paid for only by those issuers that receive the benefits of it. Similarly, a one-time "success fee" -- paid by issuers to broker-dealers that drive additional consents to e-delivery through enhancements to their Internet platform -- provides additional benefits to those issuers that pay this incentive fee. For many issuers and shareholders these benefits continue for years after the one-time EBIP incentive fee is paid.

The proposal recognizes that the costs of Notice & Access (N&A) are incremental to the system. N&A requires incremental software and maintenance, additional processing of an issuer's shareholder position file, printing of the Notice (because Notices are widely used and contain a greater number of pages, twice as many images are printed for all mailed Notices

¹² In a July 5, 2013 letter to the SEC, Dr. James J. Angel, Associate Professor of Finance at Georgetown University and Visiting Associate Professor at Wharton, commented on the dissimilarities between utility cost-based rate making and rates for proxy services. Dr. Angel noted: "The proxy process is quite different. First, there is no legally enforced monopoly. Broadridge figured out that it could process proxies far more efficiently than brokerage firms could on their own, and most brokerage firms outsource to them. If another competitor came along that could do it better, faster, or cheaper, then Broadridge would lose significant market share. Second, the technology is changing rapidly and should continue to change further as we go to more electronic delivery with EBIPs (enhanced broker-dealer Internet platforms). This provides many opportunities for improved service at lower cost.

'A cost-based approach runs into two major problems. The first is that of allocation of fixed costs. There is no perfect way to allocate fixed overhead expenses, and a cost-based ratemaking approach quickly degenerates into arguments over how to allocate fixed costs across different business lines and to different classes of customers. This problem would be especially acute for proxy processing because there are large fixed costs involved in developing the IT systems for a modern proxy processing system. The very high level of fixed costs with lower variable costs is one of the reasons why Broadridge is such a dominant player.

'The second problem with a cost-based approach is defining what the service is and whose costs should be counted. With electricity, it is fairly simple to define the service: providing electricity with a certain voltage and current at a particular location. With proxy processing, do we define the service as only the current process, which runs the danger of locking us into the current process forever? Or do we define the service as what we want proxy processing to look like in the future? The movement toward "Enhanced Broker's Internet Platforms" ("EBIPs") is a great step forward. As no one knows exactly what such platforms will cost, it is absurd to attempt to cost them out in advance with any expectation of precision.

'Even with a mature technology like electricity, there are interminable debates over what costs should be counted and how the cost of capital should be determined...'

than are printed for all Vote Instruction Forms), establishment of a new production line for Notice processing, and management of inventory to timely fulfill shareholder requests for hard copies of proxy materials. When a shareholder opts in or requests a full package, such items must be processed on an expedited basis. Every N&A "job" makes different demands on three production streams, i.e., for processing mailed Notices, for processing full sets and for processing electronic deliveries.

The proposal is cognizant of the fact that N&A does not eliminate physical mailings – it substitutes a mailed Notice for a portion of the volume of full sets. This has processing cost consequences. As the number of mailed Notices increases, the number of full sets decreases and, as a result, the unit cost of processing a full set goes up. The greater the volume of Notices, the higher the unit costs are for processing full sets.

The NYSE and PFAC recognized correctly that the costs of N&A are incremental to the system. Each and every issuer that chooses to use N&A places additional demands on proxy systems and servicing costs. Each issuer's Notice information and Notice card are separately ingested, set-up, imaged, and internally audited. The issuer's records are processed to identify among its shareholders those who consent to full sets. The issuer's records are processed in order to stratify mailings based on a share range or prior voting instance, when stratification is requested. Additional demands are placed on the system because the Notice portion of an issuer's distribution is processed on production equipment that is different from the production equipment used for processing full sets. Notice & Access jobs place unique demands on all of the major systems and production processes.

4. The regulated fee is lower than current market-based fees for the vast majority of issuers and shareholder meetings.

Notwithstanding the far greater complexity and technology required to process communications and voting for beneficial shareholders, the regulated fee issuers pay for delivering a proxy to a beneficial shareholder would continue to be lower, on average, than the unregulated fee issuers pay for delivering a proxy to a registered shareholder.

In May, 2010 Compass Lexecon, a leading economics consulting firm, reported from its analysis of over 12,000 invoices that regulated fees were lower on average than unregulated fees. Key findings of the Compass Lexecon study included the following points, among others:¹³

¹³ Broadridge encourages the NYSE and SEC to speak directly with Compass Lexecon.

- Processing Fees: On average, issuers pay less, on a per unit basis, for a beneficial proxy delivery than they do for a registered proxy delivery.
- Issuers' Communications Costs: Taking into account the costs of printing, postage, and suppressions, issuers pay a lower unit cost, on average, for a beneficial proxy delivery than they do for a registered proxy delivery.
- Small- or mid-cap companies (over one-half of all meetings processed): The differences between regulated and unregulated fees (and unit costs) are even more pronounced. Small issuers pay far lower fees for processing street shares.

Broadridge recently compared the invoices for the registered shareholder processing services it performed on behalf of issuers in FY13 to the NYSE's proposed fees. The results confirm Compass Lexecon's earlier findings. For over 80% of issuers and meetings, the proposed regulated fee issuers pay for delivering a proxy to a beneficial shareholder would be lower than the unregulated fee issuers pay for delivering a proxy to a registered shareholder. Broadridge's recent analysis compared regulated and unregulated fees across similar volume ranges to account for differences in economies of scale. Virtually every small issuer would continue to pay a far lower fee for delivering a proxy to a beneficial shareholder than for delivering a proxy to a registered shareholder.

Moreover, communications to registered shareholders typically involve extra fees for the basic services that are provided in common to all issuers for street processing. These and certain "minimum fees" can adversely impact smaller issuers in particular. Broadridge's rates for registered shareholder servicing are competitive – as evidenced by the fact that an increasing number of issuers chooses Broadridge to provide proxy services to registered shareholders.¹⁴

5. The proposal can be implemented within a short time of its approval by the SEC. The proposal has the support of issuers, broker-dealers, shareholders, and Broadridge, the leading service provider. The proposed fee structure has the support of many individual issuers and NYSE-listed firms as well as issuer trade associations which broadly represent the interests of those who pay the fees, including the Society of Corporate Secretaries & Governance Professionals, Business Roundtable (through a Shareholder Communications Coalition), National Investor Relations Institute, U.S. Chamber of Commerce, and American Business

¹⁴ At the time of the Compass Lexecon study, no other service provider had published its pricing schedule. Broadridge was aware that the largest transfer agent declined subsequent requests by the Proxy Fee Advisory Committee to provide its pricing schedule. The fees some transfer agents charge for proxy communications services are often bundled in with their record keeping services.

Conference. The proposal also has the support of those who are responsible for forwarding materials and processing the votes, i.e., members of the brokerage community and SIFMA.

Broadridge is committed to implementing the new structure within a short time of its approval.

**Information on the Costs of Operating the Benefit Proxy System
Provided at the Request of NYSE**

**Broadridge Financial Solutions
August 20, 2013**

Background and Overview

The beneficial proxy system is operated by banks and brokers. Banks and brokers incur costs for the work they perform internally, and for aspects of the work they outsource. Most banks and brokers outsource to Broadridge a significant portion of the detailed work necessary to communicate with their client accounts and tabulate votes. With the exception of a Nominee Coordination Fee and an Intermediary Unit Fee, the NYSE does not set fees for Broadridge's services or, for that matter, for the services that other third-party vendors may charge. Outsourcing contracts negotiated between Broadridge and its clients average three years in length.

The NYSE has requested that Broadridge provide information about the costs of operating the beneficial proxy system, particularly with respect to how these costs have changed over time as the delivery of proxies has become increasingly electronic.

Over the past 6 years, since the spin off from ADP, the number of U.S. equity proxy positions processed by Broadridge decreased by 1.2% on a compound annual basis. The total fees paid by issuers decreased by 0.6% per year because a decrease of 1.7% in the total Processing Fees paid was partially offset by an increase of 2.8% in the total Suppression Incentive Fees paid (i.e., Preference Management Fees). Suppression incentives led to increased investments in beneficial shareholder communications and proxy voting technologies by Broadridge and by its clients which, in turn, further shifted the mix -- from paper to electronic -- in how positions are processed, distributed, and voted.

The greater application of technology raised costs for Broadridge's Investor Communications Services (ICS) segment. I/T Infrastructure and I/T Development costs rose by 8.4% and 15.4%, respectively, over the time period. Production costs rose at a slower pace, as costs associated with handling a declining volume of full sets were offset by increases in labor and energy costs, investments in new equipment for handling mailed Notices, and the high cost of having sufficient capacity generally to handle peak loads. High fixed costs resulted in rising production unit costs for full sets as volumes fell. Moreover, the expectations of issuers increased over this time period, as did regulatory requirements and these, too, contributed to higher costs.

ICS margins on a post tax basis ranged from 9% to 11%. On a pre-tax basis, margins were at the lower end of a range of other processing services firms. Corporate issuers and shareholders -- regardless of size -- derived substantial and growing benefits from the technologies and services Broadridge and its clients provide. By one estimate, the net unit cost issuers incurred fell by 50% for each proxy processed. An analysis of over 12,000 invoices by economists Compass Lexecon showed, moreover, that the regulated fee issuers pay for delivering a proxy to a beneficial shareholder is less than the unregulated fee issuers pay for delivering a proxy to a registered shareholder. When printing and postage costs are factored in the street is more efficient still, and the savings overall are orders of magnitude larger than total fees paid.

Broadridge estimates that the NYSE's proposed fees would have reduced the fees issuers paid in 2012 by 4% on average -- and by as much as 6% depending on the number and size of requests for stratified NOBO lists. Other aspects of the proposal enable additional efficiencies and improvements in communications with retail shareholders.

Observations - Summary

- Since 2007, the total number of U.S. equity beneficial proxy positions processed by Broadridge has fallen by 1.2% on a compound annual basis. The decrease has been driven by the financial crisis, generally, and by lower levels of special meetings, in particular. Over the same period, the U.S. equity beneficial proxy fees paid by issuers has declined, in total, by 0.6% on a compound annual basis.
 - Processing fees decreased by 1.7% on a compound annual basis. (Processing fees comprise more than half of all fees, and include Unit fees, Intermediary Unit fees, and Nominee Coordination fees). The decline was driven largely by a decrease in the number of bank- and broker-dealer nominees during the financial crisis.
 - Preference Management fees rose by 2.8% on a compound annual basis, driven by investments in technologies and greater use of electronic platforms for beneficial shareholder communication and proxy voting. (The “suppression incentive” fee applies to mailings eliminated as a result of technologies and processing for electronic delivery, householding, and managed account processing.)
 - The printing & postage cost savings to issuers are orders of magnitude larger than all fees paid; over 5x larger by some estimates.
- Broadridge’s Investor Communications Services (ICS)expense base supporting the U.S. equity beneficial proxy business rose by 5% on a compound annual basis after the spin off from ADP in 2007.
 - Production costs for handling physical materials increased by 1.4% and Facilities costs were flat. As the volume of hard copy materials fell, labor and other costs rose (e.g., benefits costs and heat, light & power).
 - I/T Infrastructure and I/T Development costs rose significantly over this period, by 8.4% and 15.4%, respectively, on a compound annual basis. (Examples of the many systems investments and systems enhancements are found in the appendix.)
- The cost of running a modern, technology-intensive proxy business is greater than the cost of running a manual, paper-based operation. Requirements do not stand still. Skills and technologies are continually upgraded. Moreover, Broadridge does not believe it would be possible to provide the same high service levels to all participants in a standalone environment. Large and small issuers, and institutional and individual shareholders, benefit from an extensive and state-of-the-art processing infrastructure.
- At the same time, the bar has been raised on the services provided to issuers. All issuers expect straight-through processing excellence, high levels of efficiency and voting, and rapid adaptation to regulatory changes. The Proxy Fee Advisory Committee acknowledged the high service levels Broadridge provides.
- As a result of flat to declining volumes and fee revenues, and the high costs of running a technology-intensive proxy services business -- profit margins are modest -- and have been relatively flat.
 - Since 2007, when Broadridge was spun off from ADP, ICS’s after-tax margins have ranged from 9% to 11%.
- Profit margins are at the low end of the processing services industry. Illustrative benchmarks are provided for pre tax operating margins.
- Analysis of over 12,000 invoices by Compass Lexecon shows that the regulated fee and unit cost for delivering a proxy to a beneficial shareholder is lower on average than the unregulated fee and unit costs for delivering a proxy to a registered shareholder.

Dashboard

Key Financial Information			
	6 Yr CAGR (FY07 - FY13)		
U.S. Beneficial Proxy Fee Growth (Equities only)			
Processing Fees	-1.7%		
Preference Management (suppression incentive)	2.8%		
Net Change in Total Fees Paid	-0.6%		
Total Expense Growth	5.0%		
ICS Net Earnings Margin	FY07	FY13	
	9.2%	10.8%	

Broadridge Technology Enabled Savings				
	FY07	FY13	Var	
			\$	%
N&A Opt-In (positions)	0%	67%		
Preference Management %	44%	59%		
<u>Estimated Annual Savings</u>				
Suppressions	~ \$690M	~ \$980M		
Notice and Access	\$ -	~ \$340M		
Total	~ \$690M	~ \$1320M		
Issuer Unit Cost/Processed Position	\$ 4.45	\$ 2.23	\$ (2.22)	-50%

Beneficial vs. Registered					
	Per Processed Piece				
	Beneficial	Registered	Variance		
			\$	%	
Fee per processed piece	\$ 0.47	\$ 1.37	\$ (0.90)	-66%	
Total Cost per processed piece (1)	\$ 3.48	\$ 5.82	\$ (2.34)	-40%	
* based on Compass Lexicon study done in 2010					
(1) Includes Fees, Print and Postage costs					

A decline in U.S. equity beneficial proxy volumes reduced the total fees issuers paid. An increase in Preference Management fees paid (i.e., suppression incentive fees) is consistent with greater investments in and application of technology – which, in turn, provide ‘printing & postage’ cost savings to issuers that far outweigh all fees paid.

Overall, the expense base grew. Increases in technology costs outweighed moderations in the high fixed costs of handling a smaller number of mailed items. As a result, net margins were low and relatively flat in a range of 9% to 11% (after tax).

As technology application intensifies, and as greater numbers of issuers use services for Notice & Access, the savings issuers realize on their printing & postage costs continue to increase net of fees paid. The estimated savings are orders of magnitude larger than all fees paid.

Record numbers of accounts are utilizing a variety of electronic platforms for accessing proxy materials and for voting their shares. In the 2013 proxy season, over 95% of the shares voted through Broadridge were cast electronically.

A May, 2010 analysis of over 12,000 invoices by Compass Lexecon demonstrated that the regulated fee issuers pay for delivering a proxy to a beneficial share owner is lower than the unregulated, market rate issuers pay for delivering a proxy to a registered share owner. Notwithstanding the greater complexities of processing beneficial share owner communications, and the higher rates of voting, the regulated fees in the NYSE’s proposal continue to be substantially lower than unregulated fees for the vast majority of issuers.

Total Expense Growth: As Shareholder Communication and Proxy Voting Have Become More Technology-Based, Technology-Related Cost Increases Have Outpaced Moderations in Physical Handling Costs.

Major Cost Categories	6-yr CAGR% (FY07 – FY13)	Comments
I/T Infrastructure	8.4%	Examples include data center operations, networking operations, peak capacity provision and management, disaster recovery, business continuity plan implementation, and information and data security (physical and logical).
I/T Development	15.4%	Examples include core systems such as: ProxyPlus (along with its hundreds of function points and subsystems); the five major voting platforms (ProxyEdge, ProxyVote.com, Mobile ProxyVote, Scanner Systems Software, and the Interactive Voice Response system); systems for capturing, managing and processing shareholder preferences; e-delivery systems (including systems for interfacing with ISPs and managing e-fails); systems for Notice & Access enablement and processing; ICSONline (a tool for issuers, solicitors, and intermediaries to manage shareholder communications processes); process control systems; Investor/Advisor Mailbox; and all of the tools necessary to develop, monitor, enhance and assure the quality, testing, and control of these systems.
Production	1.4%	Production lines include full sets, Notices, and fulfillment of requests, as well as expediting and merging job streams. As physical volumes declined overall, fixed costs remained high and the unit cost of processing full set of materials increased.
Facilities	0.0%	Reductions in facilities are offset in part by higher costs of occupancy and H,L&P, and the expansion of I/T Infrastructure.
Labor	8.1%	Reflects the shift from lower-wage production Associates to more highly-paid knowledge workers and I/T professionals.
Total Expense Base Supporting Proxy Revenues	5.0%	Issuer expectations and regulatory requirements contributed to an increase in costs as did the greater application and use of technology.

**Costs and Complexity Have Increased Since the Last Fee Review.
Fees Have Decreased in Real Terms.**

Cost have increased for many of the non-fee elements of beneficial shareholder communications and proxy voting.

	Postage ¹ (Standard A "Bulk" Flat)	Postage ¹ (First Class Letter)	Cost of Printing Annual Report ²	IT Spending by Financial Services Companies ³	Electricity Price per KwH ⁴	Proxy Fees (Nominal)	Proxy Fees (Inflation Adjusted) ⁵
Change	+38%	+19%	+12%	+59%	+60%	0%	-18%, -27%

(1) Postage changes from 2002 to 2010. Effective 6/30/02, the Standard A (bulk) flat was @\$0.552; a First Class letter was @\$0.37. Effective 4/17/11, the Standard A (bulk) flat was @\$0.761, and a First Class letter was @\$0.44.

(2) NIRI biennial surveys; median cost @ \$4.32 (2004) and \$4.82 (2010)

(3) Gartner Group, "Financial Services Market Regains Momentum: Forecast Through 2006," February, 2003. Gartner Group, "Forecast: Enterprise IT Spending for the Banking and Securities Market, Worldwide, 2009-2015, 3Q11 Update , October, 2012. IT Spending includes: Computing Hardware, Client Computing, Enterprise Computing, Media Tablets (2010), Storage Subsystems, Printing Systems (Formerly Print Markets and Management), IT Product Support, Professional IT Services, Telecommunications, Telecom Equipment, Telecom Services

(4) Bureau of Labor Statistics; Consumer Price Index, Average Price Data, New York-Northern New Jersey-Long Island, NY-NJ-CT-PA, Electricity per KWH, 2002 to 2011

(5) From 2002 to 2010 for the Unit fee, Intermediary Unit fee, and Suppression Incentive fee declined by 18% adjusted for inflation. From 1997 to 2010, the Nominee Coordination fee declined by over 27% on an inflation-adjusted basis. Source: Compass Lexecon (U.S. Dept. of Labor; CPI-All Items)

Complexity has increased, as reflected by the significant growth in the lines of code necessary to process communications.

Lines of Code (2002)	Lines of Code (2011)	% Change
4.9 million	10.6 million	116%

Issuers Expect High Levels of Service, Efficiency and Voting, and Rapid Adaptation to Regulatory Change. Large and Small Issuers Benefit from Broadridge's Extensive and State-of-the-Art Processing Infrastructure.

Faster, more reliable, lower cost means to achieve quorum

- **Rapid solicitation and communication to shareholders, including to OBOs.** Approximately 70% of shares distributed electronically within one day.
- **Systems that identify and eliminate system-wide duplications, vastly reducing print and postage costs for issuers** (over 62% of physical mailings eliminated in the 2013 proxy season)

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**
- **System operation on Broadridge voting platforms 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.**

Assurance of accuracy and integrity of the process

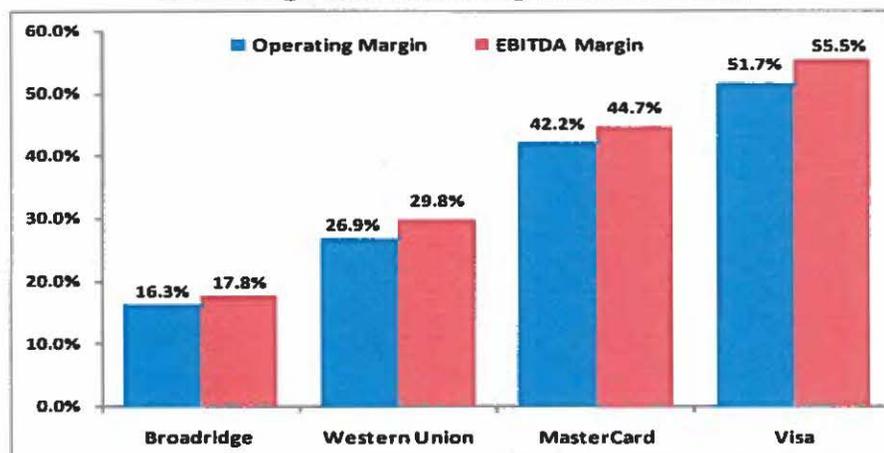
- **The proxy communication and voting process is safeguarded by a neutral third party**
- **All stakeholders have high levels of trust in the system accuracy with standardized audits of voting by Big 4 audit firm** (>50k shares = 100% accuracy; <50k shares 99.8% accuracy), in full compliance with both SSAE-16 and regulations; ISO 27001:2005, ISO 9001:200

Responsiveness and flexibility to accommodate evolutionary change to the proxy system

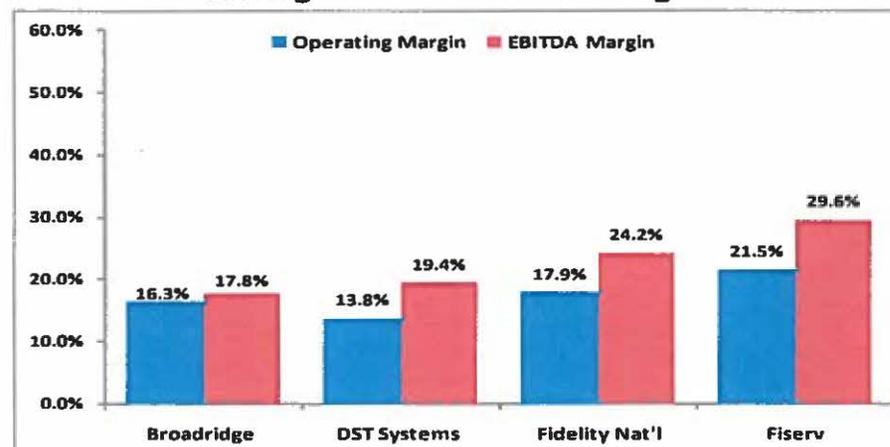
- **The current proxy communication and voting process carefully balances the needs of investors, issuers, and other stakeholders with the cost of fully meeting these needs**
- **The system adapts to multiple regulatory requirements** (corporate law, state law, SRO requirements, federal requirements, etc.) and to **regulatory changes** (e.g. Notice and Access, Say When on Pay, Proxy Access)

Broadridge ICS Margins (Pre and Post Tax) Are Generally Lower than Those of Other Processing Services Providers.* Illustrative Benchmarks Using *Pre-Tax* Margins for 2008 and 2009.

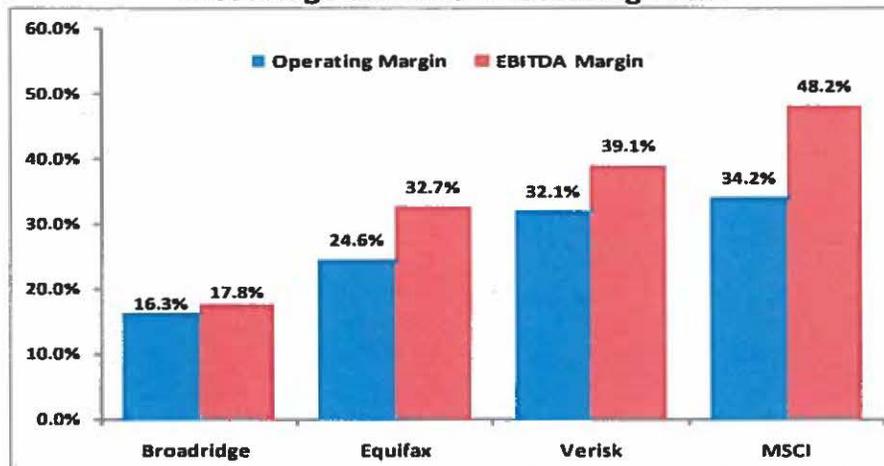
Broadridge vs. Processing Network Firms



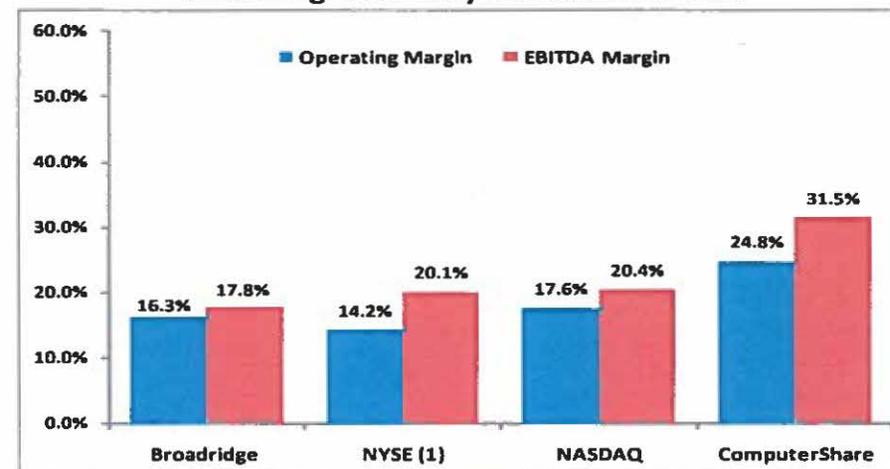
Broadridge vs. Financial Processing Firms



Broadridge vs. Other Processing Firms



Broadridge vs. Proxy Constituent Firms



Average pre-tax margin based on financial information from two fiscal years prior to 2010. 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.

*** Broadridge ICS *After Tax* Margins ranged from 9% to 11% from 2007 to 2013.**

Issuers Have Realized the Benefits of Broadridge and Client Investments in Technology. Estimated Savings on Printing & Postage Over \$1.3 Billion

Broadridge Technology Enabled Savings				
	FY07	FY13	Var	
			\$	%
N&A Opt-In (positions)	0%	67%		
Preference Management %	44%	59%		
Estimated Annual Savings				
Suppressions	~ \$690M	~ \$980M		
Notice and Access	\$ -	~ \$340M		
Total	~ \$690M	~ \$1320M		
Issuer Unit Cost/Processed Position	\$ 4.45	\$ 2.23	\$ (2.22)	-50%

“Suppression” savings are based on U.S. equity issuers and are calculated on the basis of the total number of pieces suppressed by e-delivery, householding, and managed account processing. Printing costs are based on NIRI’s biennial surveys of the median cost of printing; postage costs are based on USPS rates. “Notice and Access” savings are based on the U.S. equity issuers that used N&A (effective FY08). Net of N&A fees paid.

“Issuer Unit Cost/Processed Position” includes fees and out-of-pockets. FY07 unit cost of print is calculated at FY13 unit cost of print.

The estimated savings are based on the costs of sending full sets. At one-half NIRI’s median estimate of the cost of printing a full set, the estimated savings to issuers exceeds \$800 million. Every issuer can calculate its own savings based on their suppression rates and their costs of printing proxy materials.

Compass Lexecon Analysis

One way of evaluating the reasonableness of regulated rates for beneficial processing is to compare them to the unregulated, market-based rates issuers pay for communications to and voting by their registered shareholders.

At Broadridge's initiation, Compass Lexecon, a leading economics consulting firm analyzed over 11,000 invoices listing the regulated fees issuers paid for beneficial shareholder communication and voting. Compass Lexecon compared these regulated fees to the unregulated fees issuers paid for registered shareholder communications and voting in over 800 invoices. The analysis looked at how these fees vary based on the size of an issuer. It also looked at an issuer's per unit cost reflecting suppression incentive fees and the costs of printing and postage. Among Compass Lexecon's May, 2010 findings are the following observations:

1. "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 regulated fee is \$0.90 lower per shareholder than the unregulated fee.
 - For Notice & Access users, the regulated fee is \$0.42 lower per shareholder than the unregulated fee.

- **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 delivery of a beneficial proxy than it is for delivery of a registered proxy.
 - For Notice & Access users, the cost is \$0.56 lower per shareholder for delivery of a beneficial proxy than it is for delivery of a registered proxy.

- The differences are significant for issuers that have fewer than 5,000 beneficial shareholders. Firms with fewer than 5,000 beneficial shareholders (i.e., "smaller" issuers) comprise a majority of all meetings processed.
 - **Processing Fees (for smaller issuers):** for Non-Notice & Access users, the fee is \$6.14 lower for delivery of a beneficial proxy than it is for delivery of a registered proxy.
 - **Communications Costs (for smaller issuers)** for Non-Notice & Access users, the cost is \$6.42 lower for delivery of a beneficial proxy than it is for delivery of a registered proxy.

Compass Lexecon Analysis

	Registered	Beneficial	Δ
Processing Fee	\$1.37	\$0.47	\$0.90
Unit Cost Total (includes postage, printing, and suppression incentive)	\$5.82	\$3.48	\$2.34

With Notice & Access, the processing fee is \$0.42 lower, on average, for the street, and the unit cost total is \$0.56 lower, on average, for the street. Broadridge fees from 800+ invoices for registered services compared to 11,000+ invoices for street processing.

2. "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."

Note (Broadridge): The NYSE's proposed fees would continue to be lower on average than the unregulated fees issuers pay for registered share owner communications and voting. Broadridge estimates that issuers would have paid 4% less, on average, under the proposed fees in 2012 than they actually paid for beneficial share owner communications and voting. Considering the lower costs of stratified NOBO lists, issuers could have paid as much as 6% less than they actually paid if the proposal had been in effect in 2012.

**Unregulated Fees Are Higher than Regulated Fees: Sample of Minimums and Set-Up Fees.
Despite There Being Much Lower Complexity in Processing Registered Shareholder Communications.**

Functions and Services	Registered Share Owner Processing (Unregulated Fees)*	Beneficial Share Owner Processing (Regulated 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, re-use 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

* Sample of actual charges invoiced by transfer agents to issuers

**APPENDIX
EXAMPLES OF MAJOR SYSTEMS, PROCESSING AND OTHER ENHANCEMENTS
(2002 – 2011)**

Major Enhancements 2002 - 2011

Year	Description	Benefit
2002	Collect email addresses from bank/broker clients	Solicit e-delivery consents to eliminate mailings, save print and postage costs for issuers
2002	Developed ProxyEdge Lite as an Internet application	Electronic delivery of meeting information and ballots and electronic voting eliminate mailings, save print and postage costs for issuers
2002	Enhance preference data base to support core accounts	Accommodate broker/bank core accounts to ensure the preference data base stored and supported shareholder preference
2002	Householding logic implemented to parse last name and solicit HH consent on all mailings	Eliminate mailings, save print and postage costs for issuers
2002	Account masking	Allow for masking on hard copy and emails customized specifically for bank and brokers
2002	Enhanced ICS Online to provide vote total information, job status information and NOBO requests	More efficient access to information for issuer or their agents
2002	Enable expanded electronic interfaces with solicitors, transfer agents and issuers	Timely notification of votes on behalf of over 800 nominees
2002	Vote confirmation to ProxyEdge users	Increased transparency and integrity
2003	Introduced contest voting on ProxyEdge, ProxyEdge Lite, ProxyVote.com and Telephone	Support for contested elections on same platform and record keeping system as uncontested elections increases participation in the governance process
2003	Implementation of parsing addresses	Create and continue to build upon a parsing dictionary to enable more householding
2003	Enhance ICS Online to include dynamic information on active jobs and planning tools	Timely access to critical information 24/7

Major Enhancements 2002 - 2011

Year	Description	Benefit
2002	Collect email addresses from bank/broker clients	Solicit e-delivery consents to eliminate mailings, save print and postage costs for issuers
2002	Developed ProxyEdge Lite as an Internet application	Electronic delivery of meeting information and ballots and electronic voting eliminate mailings, save print and postage costs for issuers
2002	Enhance preference data base to support core accounts	Accommodate broker/bank core accounts to ensure the preference data base stored and supported shareholder preference
2002	Householding logic implemented to parse last name and solicit HH consent on all mailings	Eliminate mailings, save print and postage costs for issuers
2002	Account masking	Allow for masking on hard copy and emails customized specifically for bank and brokers
2002	Enhanced ICS Online to provide vote total information, job status information and NOBO requests	More efficient access to information for issuer or their agents
2002	Enable expanded electronic interfaces with solicitors, transfer agents and issuers	Timely notification of votes on behalf of over 800 nominees
2002	Vote confirmation to ProxyEdge users	Increased transparency and integrity
2003	Introduced contest voting on ProxyEdge, ProxyEdge Lite, ProxyVote.com and Telephone	Support for contested elections on same platform and record keeping system as uncontested elections increases participation in the governance process
2003	Implementation of parsing addresses	Create and continue to build upon a parsing dictionary to enable more householding
2003	Enhance ICS Online to include dynamic information on active jobs and planning tools	Timely access to critical information 24/7

Major Enhancements 2002 - 2011

Year	Description	Benefit
2005	Partner with EdgarOnline for file exchange of record date and filing links	Allows e-delivery of material to shareholders when issuers do not make their documents available
2005	Implemented new vote return scanning equipment	Faster voting updates and ability to capture more information from paper returns
2005	Introduced Vote Image Archive for paper vote instruction returns	Scan, retain and archive images allowing rapid electronic access to historical paper returns, eliminate delay in retrieval of stored paper documents while meeting SEC storage requirements
2005	Developed ProxyDisclosure to support new SEC Vote reporting requirements	Support form NP-X, SEC Filing via EDGAR, web hosting for investor access
2005	Introduced Active - Active Dual Hosting Infrastructure	Improved Availability for all Investor, Issuer and Bank/Broker Internet Based applications
2005	Enhanced ICSonline to include nominee level voting and online NOBO requests	Increased information for issuers and increased ease of use for issuers
2005	Implemented JETS: an automated Job Entry and Tracking System on all ICS printed documents	High level of job processing integrity at the individual piece level virtually eliminates inline production errors, invested \$7MM
2005	Implemented Consolidated Data Feed which enables the tight coupling of non-ProxyEdge governance platforms with the ProxyPlus system directly	Increases the integrity of the governance process and increases the number of shares voted earlier in the process
2005	Introduce Investor Mailbox to integrate proxy material with broker online experience	Increase e-consents, improve investor experience, increase retail voting, save print and postage costs for issuers
2005	Enhanced ProxyEdge.com to include Quick Vote, email alerts and standing instructions	Enhanced functionality attracts more users who then receive their material and vote electronically which eliminates mailings, saves print and postage costs, gathers vote instructions earlier and increases shareowner participation

Major Enhancements 2002 - 2011

Year	Description	Benefit
2005	Enhanced ProxyVote.com and telephone voting to include additional option boxes	Issuers can now solicit options beyond for, against and abstain, including yes or no, meeting attendance, electronic access
2006	Enhanced ICSONline to include Top 100 Unvoted Nominees, Job Status, Material Request, Share Range Analysis and NOBO request on-line for issuers	Easy and timely access to critical information 24/7 with proactive electronic 'push' of time sensitive information via email notification enables issuers to manage their proxy campaigns more effectively and more economically
2006	Enhanced ICSONline to include Job Listings by CUSIP, job details, issuer profiles account adjustments, proxy voting and consolidated views of Bank/Broker information.	Easy and timely access to critical information 24/7 with proactive electronic 'push' of time sensitive information via email notification enables nominees to manage their proxy obligations more effectively and more economically
2006	Introduced increased capacity and automation for ProxyEdge, ProxyVote.com and telephone to support 100% of volumes in either hosting facility	Improved service and availability, constituent user expectation is 100% availability of all online systems including telephone
2006	Enhanced Investor Mailbox to include a branding package and an alerts package	Brokers who have implemented Investor Mailbox have realized increased rates of subscription to electronic delivery along with increased rates of participation in the governance process saving print and postage costs for issuers as well
2006	Introduced Over Reporting Service for Brokers	Reconciles voted position to DTC position, notifies Nominee of pending over reporting and allows adjustment for registered shares and positions held at other depositories as acknowledged by tabulator
2006	Introduced Over Reporting Service for record holder banks and respondent banks	Reconciles voted position to DTC position, notifies Nominee of pending over reporting and allows adjustment for registered shares and positions held at other depositories as acknowledged by tabulator

Major Enhancements 2002 - 2011

Year	Description	Benefit
2006	Implemented '320' e-consent file exchange process for banks and brokers	Increased accuracy of email delivery for consented accounts
2006	Replaced Telephone Voting System implemented in 1994 with updated technology	Improves reliability and functionality of phone voting
2006	Introduced Vote Confirmation at the tabulation level	Ensuring Transparency and Accountability end to end when BR is the tabulator
2006	Enhance system to accommodate majority voting and no director option for special meetings	Expanded proposal maximum to accommodate significant increase in proposals due to majority voting and suppress the director solicitation option for special meeting where it is not applicable
2006	Enhance control number display on custom Voting Instruction Form	Display control number as 1234 5678 9012 instead of one consecutive number so it is easier for shareholders to view
2007	Introduced Preference Database access for bank and broker clients	Allows banks and brokers to monitor account enrollment for e-delivery, householding consent and notice consent
2007	Automate DTCC feed into tabulation systems	Allows for more timely reconciliation and response to issuers for tabulation reports
2007	Introduced Proportional and Partial discretionary voting in accordance with Rule 452	Broker-led initiative in response to industry concern about broker discretionary voting
2007	Automated firewall tests	Allows internal associates to coordinate of test of emails to ensure there will be no firewall issues when emails are released for the meeting process
2007	Automated ProxyPlus job alerts	Internal alerts to notify associates that an issuers is having a mailing/meeting that requires special processing or care
2007	Introduced Investor Education Initiative	A web-based educational tool for retail investors regarding the proxy process

Major Enhancements 2002 - 2011

Year	Description	Benefit
2007	Issuer educational Webinars	Provide educational webinars to issuers for online training and industry discussion
2007	Introduced high availability and Dual site for Electronic Delivery of Proxy	Improved Shareholder experience, lowered distribution cost for Issuer
2007	Introduced Print workflow and warehouse management Automation	Improved recovery and error handling for Printed material as well as inventory management
2008	Improvement to ProxyPlus job alerts	Single screen interface for all internal departments to input and access standardized job instructions
2008	Enhanced ICOnline for Banks/Brokers to include preference database search, DTCC Pending Overvote Report	Easy and timely access to critical information 24/7 required by nominees to service their underlying clients
2008	Enhanced ICOnline for issuers to include campaign management workflow tools	Easy and timely access to critical information 24/7 with proactive electronic 'push' of time sensitive information via email notification that enables issuers to manage their meeting process more efficiently
2008	Enhance ICOnline to allow issues to deposit meeting agenda information	Agenda information is passed to ProxyPlus which automatically creates the Voting Instruction Form which is mailed to shareholders
2008	Major upgrades supporting Active - Active Dual site Internet Hosting Infrastructure	Improved service and availability - supporting higher volumes, more complex transactions and new products (i.e. Investor Forum, Investor Network, Virtual shareholder Meeting, Electronic Delivery, etc.)

Major Enhancements 2002 - 2011

Year	Description	Benefit
2008	Implemented high speed network between hosting facilities	Improved network response, data replication RTO/RPO and automated failover capabilities
2008	Major upgrades to technology infrastructure supporting refresh for ProxyEdge, ProxyVote.com and telephone voting systems	Improved service and availability - supporting higher volumes and more complex transactions
2009	Implemented workflow solution for faxed vote instructions	Allows archiving and tracking of all faxed voting instructions
2009	Campaign summary email to issuers	Provides issuers with a clear snapshot of all information surrounding their meeting process
2009	Remote client services associates	Provide issuers with regional coverage and expanded hours based on location of remote representative
2009	Introduced dual site active-active infrastructure for File transmission process to support Record Date Processing	Improved and expanded bank and broker interfaces for collecting Record Date information - Replaced tape and CD processes with file transmissions improving audit, automation and error handling
2009	Increased capacity and infrastructure for Electronic Delivery - Reduced Electronic Delivery SLA from 5 days to 1 day	Measurement criteria metrics provided to Broadridge Steering committee
2009	Introduced Print Anywhere capabilities to ensure print delivery to multiple print locations	Ensuring Print capability in multiple facilities through automation improving the Disaster Recovery posture
2009	Introduced Edge Database look up for voting information for ProxyEdge, ProxyVote.com and Telephone	Introduced Internet Edge Database technology to enhance availability ensuring no internet outages occur due to internal Broadridge System outages

Major Enhancements 2002 - 2011

Year	Description	Benefit
2009	Automation of materials received without a job on proxy plus	Utilize the Remedy workflow tool to ensure material, without prior notification is addressed
2009	Issuer Guide Book online	Provide issuers easy access to an annual guide which walks them through the process and any nuances
2010	Enhanced ICOnline for issuers to include optional educational insert relating to the change in SEC Rule 452 for full package mailings	Educated shareowners are educated voters
2010	Build functionality to support Dual Record Date Processing	Changes in Delaware law required this functionality
2010	ICOnline enhancement to utilize information from prior year meeting process	Ability to copy all proxy card, mailing information for issuers and internal associates, minimizing unnecessary data entry and always providing a starting point
2010	Implemented automated 'Invalid Instructions' vote workflow to banks and brokers	Functionality to expedite resolution of voting instructions not in good order
2010	Implemented Changes for Say on Pay and Say When on Pay Proposals	SEC required changes to allow shareowners the opportunity to vote on executive compensation and the frequency with which such votes should be solicited
2010	Automated suite of email alerts to issuers	Alerts issuers of various statuses during the meeting process such as material delivery, short material, mailing completion, voting, and invoicing
2010	Logo enhancement	Software and hardware purchase and enhancement to ensure crisp printing of logos

Major Enhancements 2002 - 2011

Year	Description	Benefit
2010	Online training guide for campaign manager	Online training tool specifically designed to guide issuers on how to utilize ICOnline
2010	Implemented Various Security program initiatives to further secure client sensitive information and improve service availability.	This included: Data Loss Prevention, Denial of Service, Intrusion Detection capabilities for the Dual Site Active-Active hosting environments. All Proxy applications certified with ISO27001 and SAS70/SSAE16 audits.
2011	Backend automation of cumulative voting	Allows for backend processing and therefore eliminating manual intervention for the voting process
2011	Introduced electronic voting for mobile devices	Convenience enticed many first time voters to participate in the governance process
2011	Implemented true end to end vote confirmation for institutions and retail investors	Increases transparency and integrity of the street process
2011	Major upgrades to technology infrastructure supporting refresh for ProxyEdge, Investor Mailbox, ProxyVote.com and Telephone voting	Improved service and availability - supporting higher volumes and more complex transactions