



**Broadridge™**

## **E-Proxy Made Easy**

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# Notice and Access - Agenda

- Overview to the Notice and Access Rule (e-proxy)
- Developing the Strategy - Key Considerations
- Preliminary Data Points

# Notice and Access - Overview

- The new SEC Notice & Access or “e-proxy” rule (The Rule) gives issuers new choices.
- The Rule’s intent is to provide issuers with the opportunity to leverage technology and reduce the costs associated with the shareowner meeting process.
- Issuers can mail a *Notice of Internet Availability of Proxy Materials* to shareowners instead of a traditional proxy package, directing them to a website to Access the material over the internet and vote their shares.
- Significant savings can result from lower printing and postage costs.
- Savings need to be weighed against lower participation from shareholders.
- State of Incorporation: States **requiring** the transmission of the **notice of shareowner meeting and proxy materials in paper form only** will determine an Issuers’ eligibility to implement e-Proxy for their registered shareholders.
- *The Universal Internet Availability Model of Notice and Access*, was approved by the SEC on June 20, 2007, effective January 1, 2008, for large accelerated filers (LAF) and effective January 1, 2009, for second tier filers.

# Developing the Strategy – Key Considerations

- Quantify all costs under both the traditional distribution model and the new Notice and Access model
- Identify voting patterns/concerns based on both historical and future conditions
- Structure new time-line orientation to reflect earlier creation of documents (10K, Proxy Statement)
- How to support model of choice? – Tools for the shareowner and their preferences
- Develop fulfillment process
- Web-based requirements are fundamental to the success of the new Notice and Access model

# Developing the Strategy – Key Considerations

## ■ Quantify Potential Cost Savings

- Determine print unit costs at shorter runs
- Determine postage savings
- Make assumptions on material fulfillment needs
- Estimate shareowner material requests
- Evaluate targeted mailing options
- Broadridge has modeling tools available for issuers

## ■ Ensure Compliance with New Rule Requirements

- 40 day timeline
- Printable and searchable internet version of documents
- Hosted on a website that is cookie free and subject to significant spikes in usage
- Enable material request processing and fulfillment, including ability to make permanent elections and fulfill within 3 business days via 1<sup>st</sup> Class or equivalent
- Ensure that any 'prior' consents receive full packages
- Previous consents for electronic delivery remain in effect as do any householding consents
- Material must be available in hard copy and on the internet for a year after meeting date, although fulfillment requests received after meeting date do not need to be fulfilled within 3 business days and 1<sup>st</sup> Class postage is not required.

# Developing the Strategy – Key Considerations

- Voting
  - Determine the percentage of retail & institutional ownership
  - Identify voting patterns and participation
  - Identify any quorum concerns
  - Identify any meeting proposal concerns
    - Shareowner proposals
    - Non-routine management proposals
    - Changes to discretionary voting

# Developing the Strategy – Key Considerations

## ■ SEC Timelines

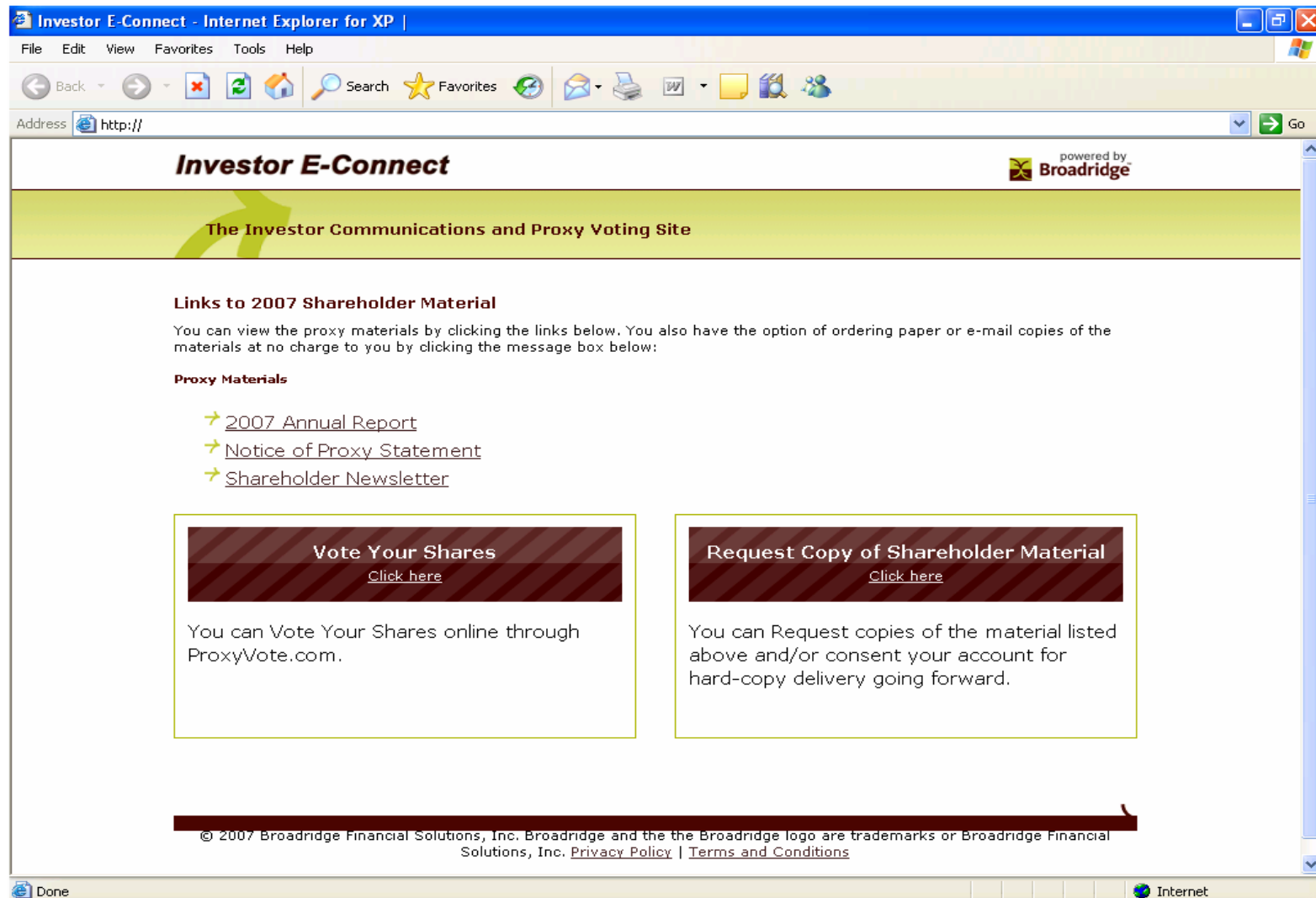
- The Notice must be mailed to shareowners at least 40 days prior to the meeting date.
- Meeting related documents including the Proxy Statement, Annual Report, 10K must be completed prior to the Notice mailing.
- Disclosure documents must be available in both electronic and in paper form for up to one year after the meeting date.
- Shareowner requests for material must be fulfilled within three (3) business days of shareowner request.

# Developing the Strategy – Key Considerations

- Customized web portal
  - View annual meeting material
  - Request hard copy material
  - Vote shares
  - Elect to receive electronic version of material

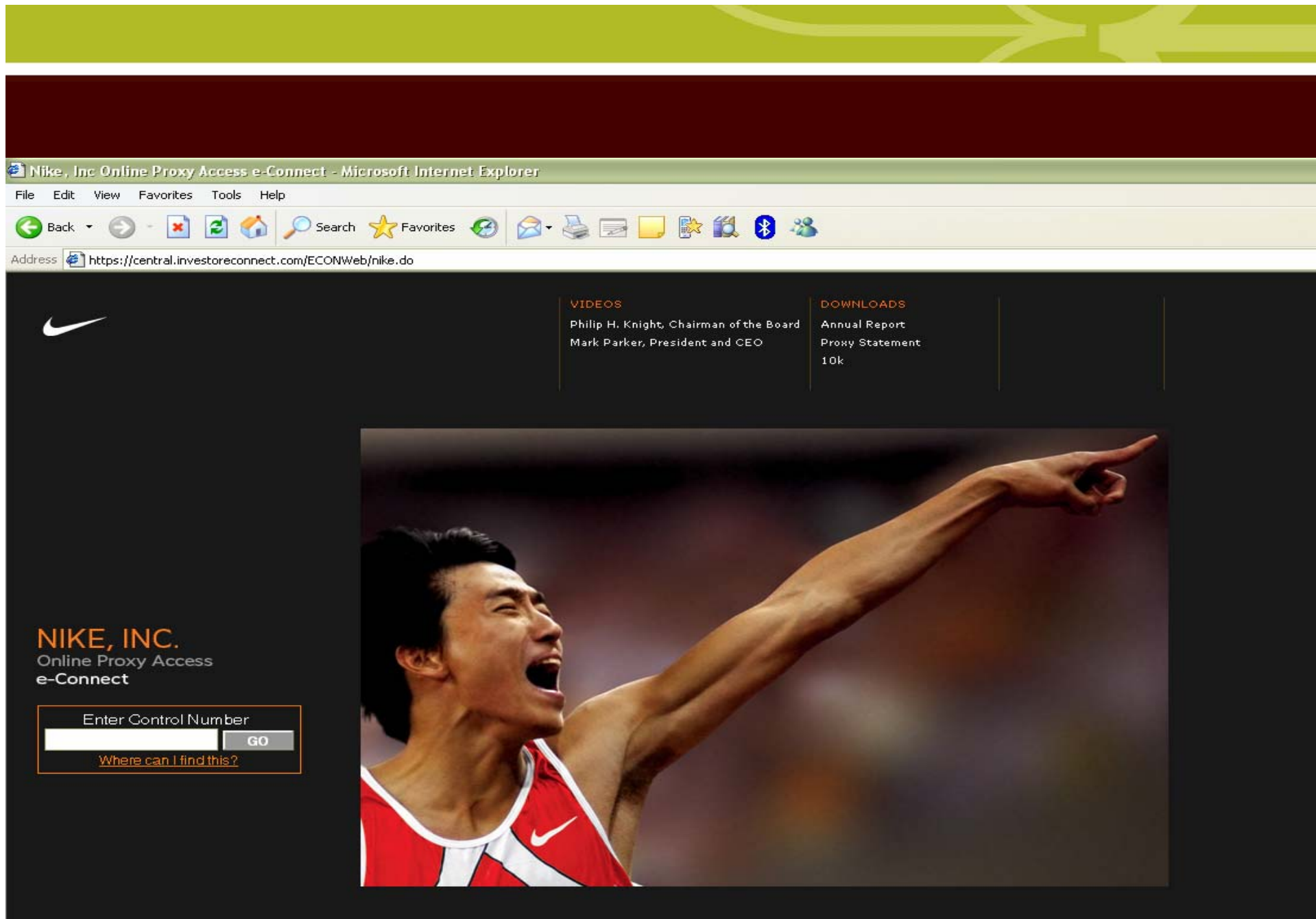


# Investor e-Connect – Standard Shareowner Portal



# Broadridge EZ Online Document Conversion





# Developing the Strategy – Key Considerations

## Web Hosting

### ■ Regulatory Requirements

- All meeting material must be made available on the Internet at the time of the Notice mailing and be available for up to one year after the meeting date.
- Internet materials must be printable and searchable.
- SEC EDGAR site cannot be used to host meeting documents.
- “Cookies” \* may not be used and shareowners cannot be required to browse a site to search for the meeting materials.

★ “Cookie” - A small text file placed on your hard drive by a web site to record information about you. When you return, your computer serves up the "cookie" to the web site and previously recorded information such as your name, site login password, preferences, shopping cart info, and more are passed along to the site. The web page is then customized based on that data.

## Preliminary Data Points

### Comparison of Early Adopters and Non Adopters - Methodology

- “Early Adopters:” The 28 issuers who used Notice & Access for beneficial equity mailings from 7/1/07 to 9/6/07.
- “Non Adopters:” The remaining 447 other issuers who had mailings from 7/1/07 to 9/6/07, but did not use Notice & Access at this time.
- We considered the following characteristics in comparing the two groups:
  - Issuer Size -- the issuer’s total number of beneficial accounts is a general indicator of company size.
  - Meeting Agenda and Proposal Type -- proposals are characterized as Routine or Non Routine, consistent with NYSE rules. Non-Routine Proposals are further characterized by proponent, i.e., whether they were sponsored by Management or by Shareholders.
  - Profile of Issuers by Numbers of Accounts and Shares -- in addition, we categorized the information by type of account, e.g., ProxyEdge users and Foreign investors.

## Preliminary Data Points

### Issuer Size - Early Adopters vs. Non Adopters

Size Range	<,1000	1,000 - 4,999	5,000 - 9,999	10,000 - 49,999	50,000 - 149,999	150,000 - 299,999	> 300,000	Total
Early Adopters	2	5	9	8	2	1	1	28
Non Adopters	151	137	67	58	20	11	3	447

## Preliminary Data Points

### Meeting/Agenda Type and Job Type - Early Adopters vs. Non Adopters

Meeting/Agenda Type	Early Adopters	Non Adopters
Includes Only Routine Proposals	16	192
Includes a Non-Routine Proposal (Submitted by Management)	11	242
Includes a Non-Routine Proposal (Submitted by Shareholders)	1	13
<b>Totals</b>	<b>28</b>	<b>447</b>

Note: There were no solicitations for “persons other than issuers.”

## Preliminary Data Points

### Analysis of Voter Participation in Early Adopters - Methodology

- Out of the 28 issuers using Notice & Access to date, 12 had meetings as of September 6.
- Therefore, voting information is only available for 12 of the 28 Early Adopters. (We will report on the voting results of other users of Notice & Access as the information becomes available to us, e.g., voter participation and response rates.)
- For the 12 issuers using Notice & Access, we compared voter participation under two scenarios:
  - *With* Notice & Access -- examines voter participation for these 12 issuers in their 2007 meeting
  - *Without* Notice & Access -- examines voter participation for the same 12 issuers in their 2006 meeting
- We report the voter participation on the basis of accounts and shares.
  - “Accounts” identifies response rates among beneficial shareholders
  - “Shares” identifies total beneficial shares



## Preliminary Data Points Participation Rates (12 Companies Analyzed)

### Retail Shareholder Analysis

	<u>FY07</u>	<u>FY06</u>
<b>Accounts Voted</b>	<b>3.4%</b>	<b>15.1%</b>
<b>Shares Voted</b>	<b>15.3%</b>	<b>22.6%</b>