



Broadridge[®]

Broadridge Financial Solutions, Inc.

Earnings Webcast & Conference Call
Second Quarter Fiscal Year 2009

February 3, 2009

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Today's Agenda

- Opening Remarks
Rich Daly, CEO
- Second Quarter FY 2009 Results and Cash Flow
Dan Sheldon, CFO
- Fiscal Year 2009 Guidance Summary
Rich Daly, CEO
- Summary
Rich Daly, CEO
- Q&A
Rich Daly, CEO
Dan Sheldon, CFO
Marvin Sims, VP Investor Relations
- Closing Remarks
Rich Daly, CEO

Opening Remarks

➤ Key Topics:

- Financial results for the second quarter and reaffirmation of full fiscal year 2009 earnings per share guidance
- A review of sales performance
- General overview of current market dynamics and impact on Broadridge

Opening Remarks – Key Topics

➤ **Second Quarter FY09 Financial Results**

- Financial performance for the quarter was better than expectations, given the current challenging market conditions
- Revenues for Operating Segments continue to grow, driven by recurring revenues
- Business fundamentals continue to demonstrate resiliency, as key recurring revenue metrics in the core Investor Communication business remain essentially unaffected by volatile market activity
- Reaffirming full fiscal year 2009 diluted EPS guidance
 - Non-GAAP EPS range of \$1.45 - \$1.55 (excludes one-time gain of \$0.04 per share from purchase of senior notes)
 - GAAP EPS range of \$1.49 - \$1.59
- Anticipating FY09 revenue decline of -3% to flat growth, which is down from our previous growth guidance of flat to 3% growth, primarily due to foreign currency exchange, lower Mutual Fund Proxy and reduced distribution revenue resulting from higher Notice and Access adoption rates
- Strong free cash flows of \$210M - \$250M, solid liquidity given free cash flows and \$500M committed revolver with three plus years term remaining, and strong balance sheet with 1-to-1 debt to EBITDA ratio

Opening Remarks – Key Topics

➤ Sales Performance Overview

- Closed sales for quarter up 36% and year-to-date up 26%
- Recurring closed sales are approximately 80% of total closed sales year-to-date, and up 100% over prior year
- Sales pipeline remains strong and is still building momentum
- Despite high functionality and efficiency of Broadridge processing platform, complexity of conversions is biggest closing hurdle
- Full year closed sales forecast of \$160M - \$180M still on track

Opening Remarks – Key Topics

➤ **General Market Conditions**

Headwinds:

- Headwinds remain in the financial services market and are creating short-term revenue slow down, but should also create long-term opportunities
- Expecting less trade volumes and lower Mutual Fund Proxy activity in the second half of fiscal year
- Pricing pressures creating increased concessions, but retaining clients with extended contract terms

Industry Consolidation Update:

- JP Morgan/Bear, Barclays/Lehman and Neuberger Berman contracts completed and putting Broadridge in slightly net positive position
- Bank of America and Merrill Lynch acquisition recently completed and we remain in discussions around long-term platform strategy

Tailwinds:

- Investor Communication Solutions' core proxy recurring revenue, which is more than 50% of Broadridge revenues, is maintaining its unique historical resiliency to negative market conditions
- Broadridge expects to exit this down market with more market share than we entered
- Broadridge continuing to make investments in business to leverage long-term opportunities

Broadridge Results –Q2 & YTD FY 2009

Key Highlights:

- **Q2 - Revenue ↓ 1% to \$459M and YTD ↑ 2% to \$932M (Operating Segments ↑ 2% for Q2 and ↑ 3% YTD)**
 - Sales contributed +4% (YTD = +3%)
 - Losses reduced growth by -1% (YTD = -1%)
 - Internal Growth contributed +2% (YTD = +2%)
 - Event-driven activity reduced growth by -2% (YTD = -1%)
 - Distribution Fees reduced growth by -1% (YTD = flat)
 - Other/FX reduced growth by -3% (YTD = -1%)

- **Q2 - Pre-tax Margin ↑ 40 bps to 10.6% and YTD ↓ 10 bps to 11.5%**
 - Q2 and YTD – Better than anticipated performance from trade revenues and one-time gains, offset by previously disclosed grow-over related to timing in Q2 FY2008 build-out of public company infrastructure and investment ramp-up

- **Q2 - Diluted EPS flat at \$0.21 and YTD flat at \$0.46**
 - Q2 - Fully diluted shares ↑ 0.4M to 141.3M
 - YTD - Fully diluted shares ↑ 1.4M to 141.7M

Segment Results – Investor Communication Solutions

(\$ in millions)	2Q09	2Q09 YTD	FY09 Range	
	Actual	Actual	Low	High
Revenues	\$296	\$609	\$1,544	\$1,577
<i>Growth Rate</i>	<i>-3%</i>	<i>1%</i>	<i>-2%</i>	<i>0%</i>
Fee Revenues	\$144	\$292	\$778	\$804
<i>Growth Rate</i>	<i>-2%</i>	<i>1%</i>	<i>1%</i>	<i>5%</i>
<i>Recurring (RC)</i>	<i>7%</i>	<i>8%</i>	<i>7%</i>	<i>11%</i>
<i>Event-driven (ED)</i>	<i>-15%</i>	<i>-9%</i>	<i>-12%</i>	<i>-9%</i>
Distribution Revenues	\$152	\$317	\$767	\$773
<i>Growth Rate</i>	<i>-3%</i>	<i>1%</i>	<i>-5%</i>	<i>-4%</i>
Margin	6.7%	7.1%	16.5%	17.3%
<i>Margin Basis Points (bps) Change</i>	<i>↓ 230 bps</i>	<i>↓ 240 bps</i>	<i>↑ 30 bps</i>	<i>↑ 110 bps</i>

Q2 FY09 Key Highlights:

- **Fee Revenues Q2 ↓ 2% (YTD ↑ 1%)**
 - Recurring Fee revenue ↑ \$6M or 7% (YTD ↑ \$14M or 8%)
 - Net New Business ↑ \$3M or 3% (YTD ↑ \$5M or 3%) primarily driven by Transaction Reporting and Fulfillment
 - Internal Growth ↑ \$3M or 4% (YTD ↑ \$9M or 5%) driven by Mutual Fund Interim position growth, higher Fulfillment and Transaction Reporting volume, as well as an increase in Notice and Access adoption rates
 - Mutual Fund Interims position growth ↑ 6% (YTD ↑ 6%) and Equity Proxy position growth ↓ 3% (YTD flat)
 - Event-driven Fee revenue ↓ \$8M or -15% (YTD ↓ \$11M or -9%) driven by lower Mutual Fund Proxy, slightly offset by higher M&A activity
- **Distribution Revenues**
 - Q2 Distribution Revenue ↓ 3% primarily due to lower mail volume, coupled with an increase in Notice and Access adoption rates
 - YTD Distribution Revenue ↑ 1% primarily due to net new business and internal growth, partially offset by Mutual Fund Proxy and impact of increased Notice and Access adoption rates
- **Margin**
 - Q2 Margin ↓ 230 bps primarily due to lower revenues and lower product mix
 - YTD Margin ↓ 240 bps primarily due to product mix

FY09 Key Drivers:

- Recurring Fee revenue Net New Business contributes 2% to 3%
- Recurring Fee revenue Internal Growth contributes 3% to 5%
- Event-driven revenue contributes -4% to -3%, primarily a decline in Mutual Fund Proxy; M&A activities remain flat

Segment Results – Securities Processing Solutions

(\$ in millions)	2Q09	2Q09 YTD	FY09 Range	
	Actual	Actual	Low	High
Revenues	\$139	\$273	\$527	\$535
<i>Growth Rate</i>	<i>9%</i>	<i>8%</i>	<i>2%</i>	<i>4%</i>
Margin	28.8%	28.4%	24.6%	25.7%
<i>Margin Basis Points (bps) Change</i>	<i>↑ 140 bps</i>	<i>↓ 90 bps</i>	<i>↓ 210 bps</i>	<i>↓ 100 bps</i>

Q2 FY09 Key Highlights:

➤ Revenues (Q2 ↑ 9% and YTD ↑ 8%)

- Q2 - Net New Business contributed 2% or \$3M (Sales of 6% offset by losses of 4%)
- YTD - Net New Business contributed 2% or \$5M (Sales of 5% offset by losses of 3%)
- Q2 - Internal Growth contributed 6% or \$8M (Internal growth Equity TPD ↑ 10% to 1,693K, driven by retail trades. Fixed-Income TPD ↑ 26% to 267K)
- YTD - Internal Growth contributed 5% or \$14M (Internal growth Equity TPD ↑ 7% to 1,597K, driven by retail trades. Fixed-Income TPD ↑ 26% to 269K)

➤ Margins

- Q2 ↑ 140 bps - Revenue growth net of higher planned investment spending related to new products and lower capitalization of conversion related costs
- YTD ↓ 90 bps - Contribution from revenue growth more than offset by higher planned investment spending and RBC conversion related resources no longer capitalized and “returning” to expense run rate

FY09 Key Drivers:

- Net New Business and acquisitions contribute 1% to 2%
- Internal Growth contributes 1% to 2%

Segment Results – Clearing and Outsourcing Solutions

(\$ in millions)	2Q09	2Q09 YTD	FY09 Range	
	Actual	Actual	Low	High
Revenues	\$29	\$52	\$106	\$108
<i>Growth Rate</i>	<i>16%</i>	<i>5%</i>	<i>11%</i>	<i>12%</i>
Pre-tax Loss	-\$2	-\$5	-\$7	-\$6

Q2 FY09 Key Highlights:

➤ Revenues (Q2 ↑ 16% and YTD ↑ 5%)

- Q2 - Net New Business contributed 31% or \$8M (Sales of 34% with 5% coming from outsourcing, offset by losses of 3%)
- YTD - Net New Business contributed 18% or \$9M (Sales of 22% offset by losses of 4%)
- Q2 - Internal Growth ↓ 15% or \$4M (higher processing fees of \$1M, more than offset by lower net interest income due to lower Federal Funds rate and lower margin balances - TPD ↑ 22% to 59K TPD)
- YTD - Internal Growth ↓ 13% or \$6M (higher processing fees of \$2M, more than offset by lower net interest income due to lower Federal Funds rate and lower margin balances - TPD ↑ 14% to 53K)
 - Federal Funds rate impact for Q2 of \$2M and YTD \$5M

➤ Pre-tax Loss

- Q2 - Excluding the negative effect of net interest income, margin increased \$4M on revenue increase of \$8M (YTD - margin increased \$6M on revenue increase of \$9M)

FY09 Key Drivers:

- Net New Business contributes 22% to 23%
- Internal Growth contributes -11% (primarily related to impact from lower Federal Funds rate (\$8M) and lower margin lending balance)

Segment Results – Other & Foreign Exchange (FX)

(\$ in millions)	2Q09	2Q09 YTD	FY09 Range	
	Actual	Actual	Low	High
<i>Other Fees Revenues</i>	\$0	\$0	\$1	\$1
<i>Other Fees Margin</i>	\$0	\$0	\$1	\$1
<i>FX Revenues</i>	-\$5	-\$3	-\$26	-\$26
<i>FX P&L Margin</i>	-\$1	\$0	-\$6	-\$6
<i>Other</i>				
<i>Interest Expense</i>	-\$3	\$0	-\$8	-\$8
<i>Corporate Expenses & Investments</i>	-\$10	-\$16	-\$29	-\$31
<i>FX Transaction Activity</i>	\$4	\$7	\$7	\$7

Q2 & YTD FY09 Key Highlights:

➤ Revenues

- Q2 FX Revenues decreased to -\$5M from +\$4M (YTD FX Revenues decreased to -\$3M from +\$5M) year-over-year due to strengthening of the U.S. dollar

➤ Margin

- Q2 Net Other Expense and investments in line with expectations
- YTD Net Other Expense - Interest expense includes one-time gain of \$8M from purchase of \$125M principal amount of senior notes

FY09 Key Drivers:

- FX - strengthening of U.S. dollar will have negative impact on revenues
- Interest Expense - no further reduction in long-term debt expected

Fiscal Year 2009 Grow-Over Discussion

- Second quarter of FY09 tough EPS compare given grow-over items

FY08 Grow-Overs (\$ in millions)	Q1 Actual	Q2 Actual	Q3 Forecast	Q4 Forecast	FY09 Forecast
Other- Corporate/Investments					
Termination Fees	(2)	(5)	0	(1)	(8)
Corporate Build	(4)	(4)	0	0	(8)
Investments	(3)	(3)	(3)	0	(9)
Special Stock Option Grants	0	(2)	(3)	5	0
Sub-total	(9)	(14)	(6)	4	(25)
Segments					
SPS- Non-Deferred S&P	<u>(5)</u>	<u>(3)</u>	<u>(2)</u>	<u>0</u>	<u>(10)</u>
	<u>(\$14)</u>	<u>(\$17)</u>	<u>(\$8)</u>	<u>\$4</u>	<u>(\$35)</u>

Broadridge Cash Flow – Q2 FY 2009 and FY 2009 Forecast

Broadridge Financial Solutions, Inc.
Calculation of Free Cash Flow - Non-GAAP
 Unaudited
 (In millions)

	Six Months Ended December 2008			FY09 Range Low High	
	Ridge Clearing Financing Activities	All Other Processing Activities	Broadridge Total	All Other Processing Activities	
Calculation of Free Cash Flow (Non-GAAP):					
Earnings	\$ -	\$ 66	\$ 66	\$ 207	\$ 222
Depreciation and amortization	-	28	28	55	60
Deferred taxes	-	(3)	(3)	(12)	(10)
Stock-based compensation expense	-	16	16	30	35
Gain from purchase of senior notes	-	(8)	(8)	-	-
Other	-	2	2	5	5
Subtotal	-	101	101	285	312
Working capital changes	-	1	1	(10)	(5)
Securities clearing activities	181	-	181	-	-
Long-term assets and liabilities changes	-	(5)	(5)	(15)	(10)
Net cash flow provided by (used in) operating activities	181	96	277	260	297
Cash Flows From Investing Activities					
Capital expenditures	-	(7)	(7)	(45)	(42)
Intangibles	-	(1)	(1)	(5)	(5)
Free cash flow	\$ 181	\$ 88	\$ 269	\$ 210	\$ 250
<u>Cash Flows From Other Investing and Financing Activities</u>					
Acquisitions	-	(15)	(15)	(15)	(15)
Long-term debt repayment	-	(114)	(114)	(114)	(114)
Dividends	-	(18)	(18)	(39)	(39)
Other	(4)	7	3	-	-
Repurchases of Common Stock	-	(12)	(12)	(12)	(12)
Short-term (bank overdrafts)	(9)	-	(9)	-	-
Effect of exchange rate changes on cash and cash equivalents	-	(3)	(3)	(3)	(3)
Net change in cash and cash equivalents	168	(67)	101	27	67
Cash and cash equivalents, at the beginning of year	41	157	198	157	157
Cash and cash equivalents, at the end of period	\$ 209	\$ 90	\$ 299	\$ 184	\$ 224

(a) Excluded from Earnings and Free Cash Flow

(b) Guidance does not include effect of any future acquisitions, additional debt or share repurchases

Broadridge - FY 2009 Financial Guidance Summary

- Revenue growth of -3% to flat (-1% to 2% fee only)
- Operating segment revenue growth of flat to 2% (2% to 5% fee only)
- Earnings before interest and taxes margin of 16.2% - 17.1%
- Diluted EPS in the range of:
 - GAAP EPS \$1.49 - \$1.59
 - Non-GAAP EPS \$1.45 - \$1.55 (excludes one-time gain of \$0.04 per share from purchase of senior notes)
- Sales forecast for year of \$160M - \$180M
- Effective Tax Rate of approximately 39%
- Free cash flow in the range of \$210M - \$250M

Summary

- Broadridge is weathering the storm as solid second quarter results are better than expectations
- Majority of Broadridge business model continues to be resilient as key recurring revenue metrics remain stable
- Navigated the recent financial services industry consolidation well; to-date providing slightly more upside than downside risk
- Market headwinds are turning good execution into flat or slightly negative revenue growth in the near-term
- Current regulatory environment generating new longer-term opportunities
- Well-positioned as a result of our recurring revenue base, great value propositions, new initiatives, strong free cash flows, solid balance sheet and appropriate liquidity

Q&A

There are no slides during this portion of the presentation

Closing Comments

There are no slides during this portion of the presentation

Appendix

Appendix

Closed Sales-To-Revenue Overview

Closed Sales-To-Revenue General Conversion Time Frames

Segment Sales Categories	FY 09 Sales Plan	Closed Sales-to-Revenue Conversion General Time Frames
<p><u>Investor Communication Solutions</u> Registered Mutual Fund Sales Registered Equity Sales Transaction Reporting⁽¹⁾ and Fulfillment Sales Global Proxy Sales</p>	<p>\$90M - \$100M</p>	<p>1 to 6 Months Issuer's Next Annual Meeting 3 to 9 Months 1 to 6 Months</p>
<p><u>Securities Processing Solutions</u> Small Broker-Dealer Firms Mid-sized Broker-Dealer Firms Large Broker-Dealer Firms</p>		<p>\$70M - \$80M</p>
<p><u>Clearing and Outsourcing Solutions</u> Clearing Small Broker-Dealer Firms Mid-sized Broker-Dealer Firms Outsourcing Mid-sized Broker-Dealer Firms Large Broker-Dealer Firms</p>		

(1) Transaction Reporting sales are comprised of statement, confirm and 1099 business

Segments – FY 2009 Financial Guidance Summary

- Investor Communication:
 - Revenues -2% to Flat
 - Margins 16.5% - 17.3%
 - Sales \$90M - \$100M

- Securities Processing:
 - Revenues 2% - 4%
 - Margins 24.6% - 25.7%

- Clearing and Outsourcing:
 - Revenues 11% - 12%
 - Operating losses at \$6M - \$7M

- Sales Plan \$70M - \$80M for the combined Securities Processing and Clearing and Outsourcing business segments

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