



Broadridge™

Broadridge Financial Solutions, Inc.

Earnings Webcast & Conference Call
Second Quarter Fiscal Year 2008

February 7, 2008

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Today's Agenda

- Opening Remarks Rich Daly, CEO
- 2nd Quarter Fiscal Year 2008 Results Dan Sheldon, CFO
- Fiscal Year 2008 Guidance Update 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

Note: For a reconciliation of Non-GAAP to GAAP measures used in this presentation, please see the attached Appendix

Opening Remarks – Outline

■ Key Topics:

- Financial results for the second quarter
 - Revenues and earnings up for quarter and year-to-date
 - Year-over-year growth lower this quarter, but still more than offset two previously announced large client losses
 - Investor Communication Solutions segment driving results for the quarter
 - Margin expansion driven by high percentage of internal growth revenue falling to bottom line
 - Sales are ahead of Plan and the pipeline is growing

Market conditions during the quarter

- Keep financial performance in context with market
 - Market turns difficult to predict
 - Event-driven activities and trading volumes most impacted by volatility
-
- General updates

Broadridge Results – 2Q & YTD FY 2008

- **Q2 - Revenues ↑ 8% to \$465M (YTD ↑ 5% to \$916M)**
 - Q2 Fiscal 2008 revenue growth building blocks:
 - Internal growth contributed 7% - (YTD = 6%)
 - Sales contributed 3% - (YTD = 2%)
 - Losses reduced growth by 5% - (YTD = 5%)
 - Other/FX contributed 3% - (YTD = 2%)
- **Q2 – Pre-tax Earnings, excluding one-time transition expenses & interest on new debt ↑ 29% to \$60M, & Pre-tax Margin of 13.0%, ↑ 210 bps - *Non-GAAP***
 - ↑ 3% to \$47M and Pre-tax Margin of 10.2%, ↓ 50 bps - *GAAP*
- **YTD – Pre-tax Earnings, excluding one-time transition expenses & interest on new debt ↑ 39% to \$130M, and Pre-tax Margin 14.2%, ↑ 340 bps – *Non-GAAP***
 - ↑ 15% to \$106M and Pre-tax Margin of 11.6% ↑ 100 bps - *GAAP*
- **Q2 - Net Earnings, excluding one-time transition expenses & interest on new debt ↑ 29% to \$37M - *Non-GAAP***
 - ↑ 3% to \$29M - *GAAP*
- **YTD - Net Earnings, excluding one-time transition expenses & interest on new debt ↑ 38% to \$80M – *Non-GAAP***
 - ↑ 15% to \$65M - *GAAP*

Broadridge Results – Q2 YTD FY 2008

- **Q2 - Diluted Earnings Per Share, excluding one-time transition expenses & interest on new debt ↑ 24% to \$0.26 – *Non-GAAP***
 - ↑ 5% to \$0.21 – *GAAP*
 - Slightly more shares outstanding
- **YTD - Diluted Earnings Per Share, excluding one-time transition expenses & interest on new debt ↑ 36% to \$0.57 – *Non-GAAP***
 - ↑ 12% to \$0.46 - *GAAP*
- **Long-term debt pay down**
 - Q2 – Pay down of \$10M
 - YTD – Pay down of \$95M
- **YTD Tax rate ↑ to 39.0% from 38.9%**
- **Sales Plan**
 - Q2 Closed Sales \$38M (fees only), 50% Recurring and 50% Event-driven
 - YTD Closed Sales \$68M (fees only), 42% Recurring and 58% Event-driven

Segments Results – 2Q & YTD FY 2008

■ Investor Communication

- Q2 Revenues ↑ 6% to \$303M – *Non-GAAP*
 - Internal growth contributed 9% (Event-driven revenues contributed 3% to growth)
 - Q2 Stock Record Growth – Mutual Fund Interims ↑ 9% and Equity Proxy ↓ 4%
 - Net new business contributed -3% (Sales of 1% offset by losses of 4%)
- Q2 Margins of 9% ↑ 330 bps – *Non-GAAP*
 - Operating leverage and one-time expenses contributed 250 bps and a favorable distribution fee mix contributed 80 bps
- YTD Revenues ↑ 2% to \$602M (fee only ↑ 4%) – *Non-GAAP*
 - Internal growth contributed 4% (Event-driven revenue contributed 1%)
 - YTD Stock Record Growth – Mutual Fund Interims ↑ 10% and Equity Proxy ↓ 3%
 - Net new business contributed -2% (Sales of 1% offset by losses of 3%)
- YTD Margins of 9.5% ↑ 270 bps, due to operating leverage, a favorable mix of distribution fees and one-times – *Non-GAAP*
- No material impact on revenues or earnings from SEC's new Notice & Access proxy rules

Segments Results – 2Q & YTD FY 2008

■ Securities Processing

- Q2 Revenues ↑ 2% to \$128M – *Non-GAAP*
 - Internal growth contributed 6%
 - Equity Trades Per Day (TPD) ↑ 19% to 2.5M trades per day - last 4 quarters TPD have been flat at 2.5M
 - Fixed Income TPD - ↑ 16% to 216K trades per day
 - Net new business contributed -4% (Sales of 2% offset by losses of 6%)
- Q2 Margins of 27.4% ↓ 140 bps – *Non-GAAP*
 - *Operating leverage offset by incremental investments and one-time expense*
- YTD Revenues ↑ 6% to \$252M – *Non-GAAP*
 - Driven by internal growth of 9% and 2% from one-time non-trade revenue
 - Equity TPD ↑ 28% to 2.5M trades per day (Q1 ↑ 37% @ 2.5M TPD)
 - Fixed Income TPD ↑ 18% to 216K trades per day (Q1 ↑ 21% @ 216K TPD)
 - Net new business contributed -3% (Sales of 3% offset by losses of 6%)
- YTD Margins of 29.3% ↑ 230 bps – *Non-GAAP*
 - Operating leverage with respect to internal growth revenues

Segments Results – 2Q & YTD FY 2008

■ Clearing and Outsourcing

- Q2 Revenues ↑ 7% to \$25M
 - Sales contributed 15% to growth
 - Previously announced TD Waterhouse loss reduced growth by 13%
 - Internal growth contributed 5% to growth
- Q2 Operating losses at (\$1.6M); improvement of \$0.5M over prior year – *Non-GAAP*
- YTD Revenues ↑ 10% to \$49M, primarily from Sales growth of 15%
- YTD Operating losses reduced by 31% from (\$5.2M) to (\$3.6M) – *Non-GAAP*

■ Other

- Q2 Revenues of \$5M generated from one-time contract termination fees
- Q2 Net Other Expense of \$15M is made up of:
 - Interest expense & other (\$10M) and one-time transition expenses of (\$4M)
 - Corporate expenses of (\$6M)
 - Contribution from one-time revenues of \$5M
- YTD Revenues of \$7M offset expenses
- YTD Net Other Expense of \$23M

■ FX

- Q2 Revenues increased \$7M and margins by \$3M due to weakening of US dollar

Broadridge Cash Flow – 2Q YTD FY 2008

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

	Six Months Ended December 31, 2007		
	Clearing & Outsourcing Segment	All Other Segments	Broadridge Total
	Calculation of Free Cash Flow (Non-GAAP):		
Earnings	\$ (4) *	\$ 69	\$ 65
Depreciation and amortization	2	23	25
Deferred taxes	-	(16)	(16)
Stock-based compensation expense	-	15	15
Other	-	3	3
Subtotal	(2)	94	92
Working capital changes	23	50	73
Securities clearing activities	(315)	-	(315)
Long-term assets & liabilities changes	-	(3)	(3)
Net cash flow provided by (used in) operating activities	(294)	141	(153)
Less:			
Capital expenditures	-	(16)	(16)
Intangibles	-	(2)	(2)
Free cash flow	<u>\$ (294)</u>	<u>\$ 123</u>	<u>\$ (171)</u>
Additional Information:			
Long-term debt payment	\$ -	\$ (95)	\$ (95)
Short-term borrowings	\$ 295	\$ -	\$ 295
Dividend	\$ -	\$ (17)	\$ (17)
Acquisitions	\$ -	\$ (6)	\$ (6)

Note:

For a reconciliation of Non-GAAP to GAAP measures please see the attached Appendix

* Segment Earnings before income taxes

Fiscal Year 2008 Guidance & Summary

- EPS is expected towards the higher end of guidance range of \$1.30 - \$1.40 per share – Non-GAAP before one-time transition expenses, as a result of our second quarter performance and volume trends
- Guidance does not contemplate any major change in market
- Keep in mind that the fourth quarter historically represents a range of 50% - 55% of our annual net earnings
- Strong cash flow used to pay down debt
- Investing in our business for future growth
- Another strong quarter and it continues to be a solid start to the fiscal year, driven by Internal growth and Event-driven activities
- Broadridge is in control of its business and not in control of the markets

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

Broadridge - Fiscal Year 2008 Financial Guidance

- Revenue growth of 1% - 4%
- Diluted Earnings Per Share
 - Before one-time transition expenses of \$1.30 - \$1.40 – Non-GAAP
 - After one-time transition expenses of \$1.25 - \$1.35 – Non-GAAP
- Earnings before interest and taxes margins (excluding one-time transition expenses) of 15.5% - 16.2%
- Interest expense of \$34M - \$36M
- Effective Tax Rate of approximately 39%
- One-time transition expenses between \$12M - \$14M (after tax \$7M - \$9M)
- Strong cash flows with intent to pay down debt, pay dividends, acquisitions and no contemplated share buybacks in fiscal year 2008
- Diluted Weighted Average Shares of 141 million

Segments – Fiscal Year 2008 Financial Guidance

- **Investor Communication:**
 - Revenues 1% - 3% (annual increase)
 - Margins 15.1% - 15.5%

- **Securities Processing:**
 - Revenues (3%) to Flat
 - Margins 25.1% - 26.2%

- **Clearing and Outsourcing:**
 - Revenues 8% - 11% (annual increase)
 - Operating losses at \$2M - \$3M with approximately a \$5M improvement over prior year

GAAP to Non-GAAP Earnings Reconciliation

Broadridge Financial Solutions, Inc.

Reconciliation of GAAP to Non-GAAP Measures Earnings, Margin and Per Share Reconciliation (In millions, except per share and margin data) (Unaudited)

	Three months ended December 31, 2007				Three months ended December 31, 2006			
	Earnings before income taxes	Pre-tax margin	Net earnings	Net earnings per share	Earnings before income taxes	Pre-tax margin	Net earnings	Net earnings per share
GAAP basis measures	\$ 47.3	10.2 %	\$ 28.9	\$ 0.21	\$ 46.0	10.7 %	\$ 28.0	\$ 0.20
Non-GAAP adjustments:								
One-time transition expenses	3.5	0.7%	2.1	0.01	—	—	—	—
Interest on new debt & other	9.6	2.1%	5.9	0.04	1.0	0.2%	0.6	0.01
Total Non-GAAP adjustments	13.1	2.8%	8.0	0.05	1.0	0.2%	0.6	0.01
Non-GAAP measures	<u>\$ 60.4</u>	<u>13.0 %</u>	<u>\$ 36.9</u>	<u>\$ 0.26</u>	<u>\$ 47.0</u>	<u>10.9 %</u>	<u>\$ 28.6</u>	<u>\$ 0.21</u>
	Six months ended December 31, 2007				Six months ended December 31, 2006			
	Earnings before income taxes	Pre-tax margin	Net earnings	Net earnings per share	Earnings before income taxes	Pre-tax margin	Net earnings	Net earnings per share
GAAP basis measures	\$ 106.4	11.6%	\$ 64.9	\$ 0.46	\$ 92.4	10.6 %	\$ 56.5	\$ 0.41
Non-GAAP adjustments:								
One-time transition expenses	5.6	0.6%	3.4	0.03	—	—	—	—
Interest on new debt & other	18.4	2.0%	11.2	0.08	1.6	0.2%	1.0	0.01
Total Non-GAAP adjustments	24.0	2.6%	14.6	0.11	1.6	0.2%	1.0	0.01
Non-GAAP measures	<u>\$ 130.4</u>	<u>14.2 %</u>	<u>\$ 79.5</u>	<u>\$ 0.57</u>	<u>\$ 94.0</u>	<u>10.8 %</u>	<u>\$ 57.5</u>	<u>\$ 0.42</u>

Note:

Management believes that certain Non-GAAP (generally accepted accounting principles) measures, when presented in conjunction with comparable GAAP measures provide investors a more complete understanding of Broadridge's underlying operational results. These Non-GAAP measures are indicators that management uses to provide additional meaningful comparisons between current results and prior reported results, and as a basis for planning and forecasting for future periods. These measures should be considered in addition to, and not a substitute for the measures of financial performance prepared in accordance with GAAP.

GAAP to Non-GAAP Free Cash Flow Reconciliation

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

	<u>Net Cash Flow Provided by (Used in) Operating Activities</u>	<u>Less: Capital Expenditures and Intangibles</u>	<u>Free Cash Flow</u>
Six Months ended December 31, 2007	(\$153)	(\$18)	(\$171)

Free cash flows is defined as net cash flow provided by (used in) operating activities, less capital expenditures and intangibles.

Note:

Management believes that certain Non-GAAP (generally accepted accounting principles) measures, when presented in conjunction with comparable GAAP measures provide investors a more complete understanding of Broadridge's underlying operational results. These Non-GAAP measures are indicators that management uses to provide additional meaningful comparisons between current results and prior reported results, and as a basis for planning and forecasting for future periods. These measures should be considered in addition to, and not a substitute for the measures of financial performance prepared in accordance with GAAP.

Intersegment Transfer Pricing Reconciliation

Broadridge Financial Solutions, Inc.

Intersegment Transfer Price Reconciliation
(In millions, except margin data)
(Unaudited)

	Three months ended December 31,		Six months ended December 31,	
	2007	2006	2007	2006
<u>Investor Communication Solutions</u>				
Net revenue as reported	\$ 303.2	\$ 287.1	\$ 602.3	\$ 595.1
Transfer pricing adjustment	—	(1.0)	—	(2.0)
Net revenue as adjusted - Non-GAAP	\$ 303.2	\$ 286.1	\$ 602.3	\$ 593.1
EBT as reported	\$ 27.2	\$ 16.7	\$ 57.0	\$ 41.3
Transfer pricing adjustment	—	(0.3)	—	(0.7)
EBT as adjusted - Non-GAAP	\$ 27.2	\$ 16.4	\$ 57.0	\$ 40.6
<i>Margin % as reported</i>	9.0%	5.8%	9.5%	6.9%
<i>Margin % as adjusted - Non-GAAP</i>	9.0%	5.7%	9.5%	6.8%
<u>Securities Processing Solutions</u>				
Net revenue as reported	\$ 127.6	\$ 127.7	\$ 252.0	\$ 244.2
Transfer pricing adjustment	—	(3.1)	—	(6.0)
Net revenue as adjusted - Non-GAAP	\$ 127.6	\$ 124.6	\$ 252.0	\$ 238.2
EBT as reported	\$ 35.0	\$ 38.1	\$ 73.8	\$ 68.6
Transfer pricing adjustment	—	(2.2)	—	(4.3)
EBT as adjusted - Non-GAAP	\$ 35.0	\$ 35.9	\$ 73.8	\$ 64.3
<i>Margin % as reported</i>	27.4%	29.8%	29.3%	28.1%
<i>Margin % as adjusted - Non-GAAP</i>	27.4%	28.8%	29.3%	27.0%
<u>Clearing and Outsourcing Solutions</u>				
Net revenue as reported	\$ 24.7	\$ 23.2	\$ 49.4	\$ 45.0
Transfer pricing adjustment	—	—	—	—
Net revenue as adjusted - Non-GAAP	\$ 24.7	\$ 23.2	\$ 49.4	\$ 45.0
EBT as reported	\$ (1.6)	\$ (4.6)	\$ (3.6)	\$ (10.2)
Transfer pricing adjustment	—	2.5	—	5.0
EBT as adjusted - Non-GAAP	\$ (1.6)	\$ (2.1)	\$ (3.6)	\$ (5.2)
<i>Margin % as reported</i>	-6.5%	-19.8%	-7.3%	-22.7%
<i>Margin % as adjusted - Non-GAAP</i>	-6.5%	-9.1%	-7.3%	-11.6%

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