BROADRIDGE FINANCIAL SOLUTIONS, INC.
Form 10-K
August 11, 2009
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NUMBER 001- 33220

BROADRIDGE FINANCIAL SOLUTIONS, INC.

(Exact name of registrant as specified in its charter)

DELAWARE	**33-1151291**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
1981 MARCUS AVENUE LAKE SUCCESS, NY	**11042**
(Address of principal executive offices)	**(Zip code)**

(516) 472-5400

(Registrant s telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class:	Name of Each Exchange on Which Registered:
Common Stock, par value $0.01 per share	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ¨ No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer x Accelerated Filer ¨ Non-Accelerated Filer ¨ Smaller Reporting Company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

The aggregate market value, as of December 31, 2008, of common stock held by non-affiliates of the registrant was approximately $1,749,850,912.

As of July 31, 2009, there were 139,297,974 shares of the registrant s common stock outstanding (excluding 2,478,829 shares held in treasury), par value $0.01 per share.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant s definitive proxy statement to be filed with the Securities and Exchange Commission within

120 days after the fiscal year end of June 30, 2009 are incorporated by reference into Part III.

Table of Contents

TABLE OF CONTENTS

Table of Contents

PART I.

Forward-Looking Statements

This Annual Report on Form 10-K may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Statements that are not historical in nature and which may be identified by the use of words like expects, assumes, projects, anticipates, estimates, we believe, could be and other words of similar meaning, are forward-looking statements. These statements are based on management s expectations and assumptions and are subject to risks and uncertainties that may cause actual results to differ materially from those expressed. Factors that could cause actual results to differ materially from those contemplated by the forward-looking statements include:

the success of Broadridge Financial Solutions, Inc. (Broadridge or the Company) in retaining and selling additional services to its existing clients and in obtaining new clients;

the pricing of Broadridge s products and services;

changes in laws affecting the investor communication services provided by Broadridge;

changes in laws regulating registered securities clearing firms and broker-dealers;

declines in trading volume, market prices, or the liquidity of the securities markets;

any material breach of Broadridge security affecting its clients customer information;

Broadridge s ability to continue to obtain data center services from its former parent company, Automatic Data Processing, Inc. (ADP);

any significant slowdown or failure of Broadridge s systems;

Broadridge s failure to keep pace with changes in technology and demands of its clients;

availability of skilled technical employees;

the impact of new acquisitions and divestitures;

competitive conditions;

overall market and economic conditions; and any adverse consequences from Broadridge s spin-off from ADP.

Broadridge disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

ITEM 1. Business

Overview

Broadridge is a leading global provider of technology-based solutions to the financial services industry. Our systems and services include investor communication solutions, securities processing solutions, and securities clearing and operations outsourcing solutions. In short, we provide the infrastructure that helps make the financial services industry work. With more than 40 years of experience, we provide financial services firms with advanced, dependable, scalable and cost-effective integrated systems. Our systems help reduce the need for clients to make significant capital investments in operations infrastructure, thereby allowing them to increase their focus on core business activities.

We serve a large and diverse client base in the financial services industry, including retail and institutional brokerage firms, global banks, mutual funds, annuity companies, institutional investors, specialty trading firms, and clearing firms. We also provide services to corporate issuers.

We deliver a broad range of solutions that help our clients better serve their retail and institutional customers across the entire investment lifecycle, including pre-trade, trade, and post-trade processing. Our securities processing systems enable our clients to process securities transactions in more than 50 countries. In fiscal year 2009, we: (i) distributed over one billion investor communications, including proxy materials, investor account statements, trade confirmations, tax statements and prospectuses; (ii) processed on average over 1.6 million equity trades and over $3 trillion in trades of United States (U.S.) fixed income securities per day; and (iii) served over 100 correspondents through our securities clearing services. Our operations are classified into three business segments:

Investor Communication Solutions

A large portion of our Investor Communication Solutions business involves the processing and distribution of proxy materials to investors in equity securities and mutual funds, as well as the facilitation of related vote processing. ProxyEdge®, our innovative electronic proxy delivery and voting solution for institutional investors, helps ensure the participation of the largest stockholders of many companies. We also provide the distribution of regulatory reports and corporate action/reorganization event information, as well as tax reporting solutions that help our clients meet their regulatory compliance needs. In addition, we provide financial information distribution and transaction reporting services to both financial institutions and securities issuers. These services include the processing and distribution of account statements and trade confirmations, traditional and personalized document fulfillment and content management services, marketing communications, and imaging, archival and workflow solutions that enable and enhance our clients communications with investors. All of these communications are delivered in paper or electronic form.

Broadridge introduced several investor communication solutions in fiscal year 2009. They are The Investor Network, our Shareholder Forum and Virtual Shareholder Meeting solutions, and our new data aggregation and data management solutions. These new service offerings are described in The Broadridge Business section below.

Securities Processing Solutions

We offer a suite of advanced computerized real-time transaction processing services that automate the securities transaction lifecycle, from desktop productivity tools, data aggregation, performance reporting, and portfolio management to order capture and execution, trade confirmation, settlement, and accounting. Our services help financial institutions efficiently and cost-effectively consolidate their books and records, gather and service assets under management, focus on their core businesses, and manage risk. With multi-currency capabilities, our Global Processing Solution supports real-time global trading of equity, option, mutual fund, and fixed income securities in established and emerging markets.

Clearing and Outsourcing Solutions

We provide securities transaction execution, clearing and settlement services, and operations outsourcing services through our subsidiary Ridge Clearing & Outsourcing Solutions, Inc. (Ridge Clearing). Securities clearing and settlement is the process of matching, recording, and processing transaction instructions and then exchanging payment between counterparties. Ridge Clearing also provides financing for client inventory through margin lending. Our operations outsourcing solutions allow broker-dealers to outsource to Ridge Clearing certain administrative functions relating to clearing and settlement, from order entry to trade matching and settlement, while maintaining their ability to finance and capitalize their business.

History and Development of Our Company

We are the former Brokerage Services division of ADP. Broadridge Financial Solutions, Inc. was incorporated in Delaware as a wholly-owned subsidiary of ADP on March 29, 2007 in anticipation of our spin-off from ADP. On March 30, 2007, we spun off from ADP and began operating as an independent public company. Our company has more than 40 years of history of providing innovative solutions to the financial services industry and publicly-held companies. In 1962, the Brokerage Services division of ADP opened for business with one client, processing an average of 300 trades per day. In 1979, we expanded our U.S.-based securities processing solutions to process Canadian securities.

We made significant additions to our Securities Processing Solutions business through two key acquisitions in the mid-1990s. In 1995, we acquired a London-based provider of multi-currency clearance and settlement services, to become a global supplier of transaction processing services. In 1996, we acquired a provider of institutional fixed income transaction processing systems.

We began offering our proxy services in 1989. The proxy services business, which started what has become our Investor Communication Solutions business, leveraged the information processing systems and infrastructure of our Securities Processing Solutions business. Our proxy services offering attracted 31 major clients in its first year of operations. In 1992, we acquired The Independent Election Corporation of America which further increased our proxy services capabilities. By 1999, we were handling over 90% of the investor communication distributions for all securities held of record by banks and broker-dealers in the U.S. from proxy statements to annual reports. During the 1990s, we expanded our proxy services business to serve security owners of Canadian and United Kingdom issuers and we began offering a complete outsourced solution for international proxies.

In 1998, having previously provided print and distribution services as an accommodation to our securities processing and proxy clients, we decided to focus on account statement and reporting services. In 2001, we developed and released PostEdge® to meet the need for electronic distribution and archiving of all investor communications.

In 2004, we entered the securities clearing business by purchasing Bank of America Corporation s U.S. Clearing and BrokerDealer Services businesses. The following year we commenced offering our unique business process outsourcing service to self-clearing U.S. broker-dealers.

The Broadridge Business

Our operations are classified into three business segments: Investor Communication Solutions, Securities Processing Solutions, and Clearing and Outsourcing Solutions.

Investor Communication Solutions

A majority of publicly-traded shares are not registered in companies records in the names of their ultimate beneficial owners. Instead, a substantial majority of all public companies shares are held in street name, meaning that they are held of record by broker-dealers or banks through their depositories. Most street name shares are registered in the name Cede & Co., the name used by The Depository Trust and Clearing Corporation (DTCC), which holds shares on behalf of its participant broker-dealers and banks. These participant broker-dealers and banks (which are known as nominees because they hold securities in name only) in turn hold the shares on behalf of their clients, the individual beneficial owners. Nominees, upon request, are required to provide companies with lists of beneficial owners who do not object to having their names, addresses, and share holdings supplied to companies, so called non-objecting beneficial owners (or NOBOs). Objecting beneficial owners (or OBOs) may be contacted directly only by the broker-dealer or bank.

Because DTCC s role is only that of custodian, a number of mechanisms have been developed in order to pass the legal rights it holds as the record owner (such as the right to vote) to the beneficial owners. The first step in passing voting rights down the chain is the omnibus proxy, which DTCC executes to transfer its voting rights to its participant nominees.

Table of Contents

Under applicable rules, nominees must deliver proxy materials to beneficial owners and request voting instructions. Nominees are often prohibited by applicable New York Stock Exchange (NYSE), or other self-regulatory organization (SRO) rules, or by express agreements with their customers from voting the securities held in their customers accounts in the absence of receiving such customers voting instructions.

A large number of nominees have contracted out the administrative processes of distributing proxy materials and tabulating voting instructions to us. Nominees accomplish this by transferring to us via powers of attorney the authority to execute a proxy, which authority they receive from DTCC (via omnibus proxy). We then distribute the proxy materials and voting instruction forms (known as VIFs) to beneficial owners.

The U.S. Securities and Exchange Commission (the SEC) rules require public companies to reimburse nominees for the expense of distributing stockholder communications to beneficial owners of securities held in street name. The reimbursement rates are set forth in the rules of SROs, including the NYSE. We act as a billing and collection agent for many nominees with respect to this reimbursement. We bill public companies on behalf of the nominees, collect the fee and remit to the nominee any difference between the fee that the nominee is entitled to collect and the amount that the nominee has agreed to pay us for our services.

We also compile NOBO lists on behalf of nominees in response to requests from issuers. The preparation of NOBO lists is subject to reimbursement by the securities issuers requesting such lists to the broker-dealers. The reimbursement rates are based on the number of NOBOs on the list produced pursuant to NYSE or other SRO rules. Such rules also provide for certain fees to be paid to third party intermediaries who compile such NOBO lists. We function as such an intermediary in the NOBO process.

We also provide proxy distribution, vote tabulation, and various additional investor communication tools and services to institutional investors, corporate issuers, and investment companies.

The services we provide in this segment represented approximately 71%, 71%, and 73% of our total net revenues in fiscal years 2009, 2008, and 2007, respectively. They include:

Bank and Brokerage Offerings. We handle the entire proxy materials distribution and voting process for our bank and broker-dealer clients on-line and in real-time, from coordination with third-party entities to ordering, inventory maintenance, mailing, tracking and vote tabulation. We offer electronic proxy delivery services for the electronic delivery of proxy materials to investors and collection of consents; maintenance of a database that contains the delivery method preferences of our clients customers; posting of documents on the Internet; e-mail notification to investors notifying them that proxy materials are available; and proxy voting over the Internet. We also have the ability to combine stockholder communications for multiple stockholders residing at the same address which we accomplish by having ascertained the delivery preferences of investors. In addition, we provide a complete outsourced solution for the processing of international proxies. We also provide a complete reorganization communications solution to notify investors of reorganizations or corporate action events such as tender offers, mergers and acquisitions, bankruptcies, and class action lawsuits.

We also offer our bank and brokerage clients financial information distribution and transaction reporting services to help them meet their regulatory compliance requirements and business needs including: prospectus fulfillment services; electronic prospectus services; Investor Mailbox, our service providing the electronic delivery of investor communications to our clients websites; PostEdge®, our electronic document archival and electronic delivery solution for documents including trade confirmations, tax documents and account statements; marketing communications; imaging, archival and workflow solutions; and on-demand digital print services.

Broadridge introduced The Investor Network to its bank and brokerage clients in fiscal year 2009. It is a comprehensive social network for validated investors. The Investor Network provides a secure environment for investors to discuss their investments, the economy and other market-related activity. It can integrate directly with a brokerage firm s customer-facing website. This allows brokerage customers to participate as validated members without having to divulge personal and confidential information that other online social media sites typically require.

Table of Contents

Institutional Investor Offerings. We provide a suite of services to manage the entire proxy voting process of institutional investors, including fulfilling their fiduciary obligations and meeting their reporting needs such as ProxyEdge®, our workflow solution that integrates ballots for positions held across multiple custodians and presents them under a single proxy. Voting can be instructed for the entire position, by account vote group or on an individual account basis either manually or automatically based on the recommendations of participating governance research providers. ProxyEdge® also provides for client reporting and regulatory reporting. ProxyEdge® can be utilized for meetings of U.S. and Canadian companies and for meetings in many non-North American countries based on the holdings of our global custodian clients.

Corporate Issuer Offerings. We are the largest processor and provider of investor communication solutions to public companies. We offer our corporate issuer clients many tools to facilitate their communications with investors such as Internet and telephone proxy voting, electronic delivery of corporate filings, and householding of communications to stockholders at the same address. One of our opportunities for growth in the Investor Communication Solutions segment involves serving corporate issuer clients in providing communications services to registered stockholders that is, stockholders who do not hold their shares through a broker-dealer in street name. We also offer proxy services to non-North American corporate issuers in connection with their general and special meetings of stockholders. Our corporate issuer services include ShareLink®, our service that enables the creation and printing of personalized proxy forms in a variety of formats. ShareLink® provides complete project management for the beneficial and registered proxy process.

Broadridge introduced two investor communication solutions for corporate issuers in fiscal year 2009. They are the Shareholder Forum and Virtual Shareholder Meeting solutions. The Shareholder Forum is an online venue that offers public companies the ability to host structured, controlled communication with their shareholders on a timely and regular basis. Validated shareholders can submit questions, answer surveys in preparation of the annual meeting and year-round, and communicate in various ways with a corporation. Broadridge s Virtual Shareholder Meeting service provides corporate issuers with the ability to host their annual meeting electronically on the Internet, either on a stand-alone basis, or in conjunction with their physical annual meeting. As the entity that provides beneficial shareholder proxy processing on behalf of many banks and brokerage firms, Broadridge can provide shareholder validation and voting to companies that want to hold virtual meetings.

Mutual Fund Offerings. We provide a full range of tools that enable mutual funds to communicate with large audiences of investors efficiently, reliably, and often with substantial cost savings. Our solutions allow mutual funds to centralize all investor communications through one resource. We also provide printing and mailing of regulatory reports, prospectuses and proxy materials, as well as proxy solicitation services. In addition, we distribute marketing communications and informational materials and create on-demand enrollment materials for mutual fund investors. Our unique position in the industry enables us to manage the entire communication process with both registered and beneficial stockholders.

We acquired Access Data Corp. and its Sales Vision® platform in our fourth quarter of 2009. As a result, we have expanded our product offerings to include data aggregation and data management solutions. Sales Vision is software delivered as a service (SaaS) and assists mutual funds in processing commission and distribution payments, monitoring their compliance with regulatory requirements, and assembling shareholder and intermediary data in a form to better drive their sales strategy and marketing programs.

Securities Processing Solutions

Transactions involving securities and other financial market instruments originate with an investor, who places an order with a broker who in turn routes that order to an appropriate market for execution. At that point, the parties to the transaction coordinate payment and settlement of the transaction through a clearinghouse. The records of the parties involved must then be updated to reflect completion of the transaction. Tax, accounting and record-keeping requirements must be complied with in connection with the transaction and the customer s account information must correctly reflect the transaction. The accurate processing of trading activity requires effective automation and information flow across multiple systems and functions within the brokerage firm and across the systems of the various parties that participate in the execution of a transaction.

Table of Contents

Our securities processing solutions automate the transaction lifecycle of equity, mutual fund, fixed income, and option securities trading operations, from order capture and execution through trade confirmation, settlement, and accounting. Our services facilitate the automation of straight-through-processing operations and enable financial institutions efficiently and cost-effectively to consolidate their books and records, focus on their core businesses, and manage risk. With our multi-currency capabilities, we support trading activities on a global basis.

Our securities processing services represented approximately 25%, 23%, and 24% of our total net revenues in fiscal years 2009, 2008, and 2007, respectively. These services include the following:

North American Processing Services. We provide a set of sophisticated, multi-currency systems that support real-time processing of securities transactions in North American equities, options, fixed income securities, and mutual funds. Brokerage Processing Services (BPS) is our core multi-currency back-office processing system that supports real-time processing of transactions in the U.S. markets. BPS handles everything from order management to clearance and settlement, and assists our clients in meeting their regulatory reporting and other back-office requirements. BPS is provided on a hosted application service provider (ASP) basis. We also offer a version of BPS for processing Canadian securities. In addition to our BPS offering, we provide specialized transaction processing tools and services for small to mid-market financial firms in the U.S. and Canada that are operated on separate Broadridge technology platforms. We also provide state-of-the-art fixed income transaction processing capabilities and support for front, middle, and back-office functions. Our securities processing services can be integrated with our web-based desktop applications, wealth management tools, enterprise workflow, automated inquiry reporting and record-keeping services.

International Processing Services. We provide advanced multi-currency transaction processing solutions for institutional and retail securities operations, corporate actions, and business process outsourcing services such as data cleansing. Our Global Processing Solution is our integrated delivery of multiple securities processing products and services to create a comprehensive system that is capable of processing transactions in equity, option, mutual fund, and fixed income securities in established and emerging markets, at any time. Its advanced real-time processes automate the securities transaction lifecycle from order capture and execution through confirmation, settlement, and accounting.

Clearing and Outsourcing Solutions

Ridge Clearing provides securities transaction execution, clearing and settlement services, and financing of client inventory through margin lending. Ridge Clearing also provides operations outsourcing services relating to a variety of clearing, record-keeping, and custody-related functions.

Securities clearing is the verification of information between two broker-dealers in a securities transaction and the subsequent settlement of that transaction, either as a book-entry transfer or through physical delivery of certificates, in exchange for payment. Record-keeping includes customer account maintenance and customized data processing services. Custody services are the safe-keeping of another party s assets, such as physical securities. Clients for whom we provide securities clearing, record-keeping, and custody-related services are generally referred to as our correspondents. In the U.S., clearing relationships typically are fully-disclosed. This means that the correspondent s customer is known to the clearing firm and the clearing firm is known to the customer.

Our clients engage in either the retail or institutional brokerage business in the U.S. Our clients generally engage us either to act as a full-service clearing firm, whereby our securities clearing and processing personnel execute and clear transactions and we are the broker-dealer of record, or as a provider of operations outsourcing solutions, whereby our clients execute and clear transactions and we perform a number of related administrative back-office functions, such as record-keeping and reconciliations. In this capacity, we are not the broker-dealer of record.

We effect securities transactions for our clients on either a cash or margin basis. In a cash basis transaction, our clients fully pay for the purchase price of the security, and we provide execution and clearing services. In a margin transaction, we extend credit to a client for a portion of the purchase price of the security. Such credit is collateralized by securities in the client s accounts in accordance with regulatory and internal requirements. We receive income from interest charged on such loans. In the normal course of business, we borrow securities from banks and other broker-dealers to facilitate customer short selling activity and to effect delivery of securities at settlement. Conversely, we lend securities to broker-dealers and other trading entities that need to cover their short sales and to complete transactions that require delivery of securities at settlement.

Our services to our correspondents also include an extensive mutual fund roster, a variety of retirement plans for which we are the custodian, comprehensive cash management products, brand name institutional quality research, and access to fee-based advisory products.

As a member of Euroclear, Cedel, and the Citibank Global Custodian Clearance Network, we offer international clearing capabilities including multi-currency confirmation and statement reporting.

Broadridge s Integrated Solutions

Our U.S. clients can choose from three levels of securities processing services, all of which utilize the same technology platform. We provide our clients the ability to integrate our securities processing services with our securities clearing services and/or operations outsourcing services. This allows our clients to migrate across these services as they grow or as their business needs change without having to undergo the cost and risk of changing their underlying back-office systems. Our three-tier service offering is as follows:

- financial institutions that choose to run their own clearing operations can utilize our securities transaction processing systems on a hosted ASP basis;

- financial institutions that choose to take advantage of the scale and resources of a large securities clearing firm can receive our securities processing and securities clearing, settlement and financing services on an integrated outsourced basis as our correspondents; and

- financial institutions that believe the best way to optimize their business is to outsource their staff, systems and securities processing functions while retaining customer credit and financing activities can utilize our operations outsourcing services.

In addition, our clients can integrate our securities processing and clearing services with our other services including: (i) the processing of trade confirmations and account statements, delivered traditionally or electronically; (ii) equity and mutual fund prospectus processing; (iii) automated workflow tools that help our clients streamline their securities processing and operations activities; and (iv) a full suite of wealth management products including data aggregation tools, end-customer websites, broker desktop, financial planning and modeling tools, performance reporting and portfolio accounting. Our core systems for processing equity, option, and mutual fund transactions in the U.S. markets can also be combined with our specialized systems for processing fixed income and international securities transactions. These specialized securities processing services are fully integrated with our correspondent clearing and operations outsourcing services.

Clients

We serve a large and diverse client base in the financial services industry including retail and institutional brokerage firms, global banks, mutual funds, annuity companies, institutional investors, specialty trading firms, independent broker-dealers, and clearing firms. We also provide services to corporate issuers.

In fiscal year 2009, we:

- processed approximately 70% of the outstanding shares in the U.S. in the performance of our proxy services;

7

Table of Contents

- distributed over one billion investor communications in either paper or electronic form, as requested by investors;
- processed on average over 1.6 million equity trades and over $3 trillion in trades of U.S. fixed income securities per day;
- provided fixed income trade processing services to 10 of the 18 primary dealers of fixed income securities in the U.S; and
- served over 100 correspondents through our securities clearing services.

In fiscal year 2009, we derived approximately 27% of our revenues from five clients. Our largest single client accounted for between 6%-7% of our revenues.

Competition

We operate in a highly competitive industry. Our Investor Communication Solutions business competes with companies that provide investor communication and corporate governance solutions including transfer agents who handle communication services to registered (non-beneficial) securities holders, proxy advisory firms, proxy solicitation firms and other proxy services providers. We also face competition from numerous firms in the compiling and printing of transaction confirmations and account statements. Our Securities Processing Solutions business principally competes with brokerage firms that perform their trade processing in-house, and with numerous other outsourcing vendors. Our Clearing and Outsourcing Solutions business competes with other financial institutions that offer correspondent clearing and execution services. Our back-office support services offered through this segment also compete with very large financial institutions that both clear transactions and manage their own back-office record-keeping operations. In many cases, clients engage us only to perform certain functions, such as back-office processing, and do not outsource certain functions that we would also perform for them, such as clearing transactions.

Technology

We have several information processing systems which serve as the core foundation of our technology platform. We leverage these systems in order to provide our investor communication, securities processing, and securities clearing and operations outsourcing services. We are committed to maintaining extremely high levels of quality service through our skilled technical employees and the use of our technology within an environment that seeks continual improvement.

Our mission-critical applications are designed to provide high levels of availability, scalability, reliability, and flexibility. They operate on industry standard enterprise architecture platforms that provide high degrees of horizontal and vertical scaling. This scalability and redundancy allows us to provide high degrees of system availability. In July 2006, we combined our primary data center with ADP s data center. Those data center systems and applications are operated and managed by ADP under the data center outsourcing services agreement we entered into with ADP in connection with the spin-off from ADP in March 2007. The data center services are provided to us consistent with the services provided to us immediately before the spin-off, provided that the operation of the data center is the sole responsibility of ADP. Under this agreement, ADP is responsible for hosting a significant portion of our mainframe, midrange, open systems, and networks. Additionally, systems engineering, network engineering, hardware engineering, network operations, data center operations, application change management, and data center disaster recovery services are managed by ADP. All critical platforms are fully supported under ADP s disaster recovery program which provides geographic diversity and precise system, application, data and network recovery. The agreement with ADP provides for increasing volumes and the addition of new services over the term. We continue to manage the application development, information technology strategy and system architecture direction and management functions. The data center outsourcing services agreement with ADP will expire on June 30, 2012.

Table of Contents

Most of our systems and applications process in Tier IV data centers. Tier IV data centers employ multiple active power and cooling distribution paths, redundant components, and are capable of providing 99.995% availability. Tier IV data centers provide infrastructure capacity and capability to permit any planned activity without disruption to the critical load, and can sustain at least one worst-case, unplanned failure or event with no critical load impact. The geographically dispersed processing centers of ADP and Broadridge also provide disaster recovery and business continuity processing.

To further demonstrate our commitment to maintaining the highest levels of quality service and client satisfaction within an environment that fosters continual improvement, Broadridge s and ADP s data centers are International Organization for Standardization (ISO) 9001:2000 certified. In addition, Broadridge s core applications and facilities for the provision of our proxy, U.S. equity and fixed income securities processing services, and ADP s data centers are ISO 27001 certified. This security standard specifies the requirements for establishing, implementing, operating, monitoring, reviewing, maintaining and improving a documented Information Security Management System within the context of the organization s overall business risks. It specifies the requirements for the implementation of security controls customized to the needs of individual organizations. This standard addresses confidentiality, access control, vulnerability, business continuity, and risk assessment.

Product Development. Our products and services are designed with reliability, availability, scalability, and flexibility so that we can fully meet our clients processing needs. These applications are built in a manner which allows us to meet the breadth and depth of requirements of our financial services industry clients in a highly efficient manner. We continually upgrade, enhance, and expand our existing products and services taking into account input from clients, industry-wide initiatives and regulatory changes affecting our clients.

Intellectual Property. We own registered marks for our trade name and own or have applied for trademark registrations for many of our services and products. We regard our products and services as proprietary and utilize internal security practices and confidentiality restrictions in contracts with employees, clients, and others for protection. We believe that we hold all proprietary rights necessary to conduct our business.

Employees

At June 30, 2009, we had approximately 5,060 employees. None of our employees are subject to collective bargaining agreements governing their employment with our company. We believe that our employee relations are good.

Regulation

The securities and financial services industries are subject to extensive regulation in the U.S. and in other jurisdictions. As a matter of public policy, regulatory bodies in the U.S. and the rest of the world are charged with safeguarding the integrity of the securities and other financial markets and with protecting the interests of investors participating in those markets.

In the U.S., the securities and financial services industries are subject to regulation under both federal and state laws. At the federal level, the SEC regulates the securities industry, along with the Financial Industry Regulatory Authority, Inc. or FINRA, the various stock exchanges, and other SROs. Companies that operate in these industries, such as our subsidiary Ridge Clearing, are subject to regulations concerning many aspects of their businesses, including trade practices, capital structure, record retention, money laundering prevention, and the supervision of the conduct of directors, officers and employees. A failure by Ridge Clearing to comply with any of these laws, rules or regulations could result in censure, fine, the issuance of cease-and-desist orders, or the suspension or revocation of SEC authorization granted to allow the operation of our Clearing and Outsourcing Solutions business or disqualification of the directors, officers or employees of such business.

Table of Contents

Our Investor Communication Solutions and Securities Processing Solutions businesses are generally not directly subject to federal, state, or foreign laws and regulations that are specifically applicable to financial institutions. However, as a provider of services to financial institutions, our services are provided in a manner to assist our clients in complying with the laws and regulations to which they are subject, such as our proxy distribution, processing, and voting services. As a result, the services we provide may change as applicable SEC and NYSE regulations are revised. For example, the SEC has in recent years amended the proxy rules to allow public companies to follow a notice and access model of proxy material delivery. The SEC s notice and access rules have caused us to develop and offer a number of new and additional services.

In addition, in 2005 the NYSE convened a Proxy Working Group to review certain NYSE rules regarding the roles and responsibilities of broker-dealers in the proxy process. The Proxy Working Group made recommendations in 2007 and certain of its recommendations have been approved or are pending approval by the SEC. The Proxy Working Group recommendations and any additional proposals by the SEC to change the proxy rules could result in further changes to the regulations and practices regarding the distribution of proxy materials, proxy voting, and stockholder communications. We continue to adapt our business practices and service offerings to assist our clients in fulfilling their obligations under evolving legal requirements and industry practices. However, any such changes may result in a negative effect on our Investor Communication Solutions business. For example, if additional modifications to the current regulations are enacted that allow for Internet delivery of additional types of investor communications without requiring that a notice be sent to stockholders, our revenues and results of operations in the Investor Communication Solutions business could be adversely affected.

Certain of the securities processing services we provide may be deemed to be mission-critical functions of financial institutions that are regulated by one or more member agencies of the Federal Financial Institutions Examination Council (FFIEC). We are therefore subject to examination by the member agencies of the FFIEC which are the Board of Governors of the Federal Reserve System (the Federal Reserve Board), the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, the Office of Thrift Supervision, and the National Credit Union Association. The FFIEC conducts periodic reviews of certain of our operations in order to identify existing or potential risks associated with our operations that could adversely affect the financial institutions to which we provide services, evaluates our risk management systems and controls, and determines our compliance with applicable laws that affect the services we provide to financial institutions. In addition to examining areas such as our management of technology, data integrity, information confidentiality and service availability, the reviews also assess our financial stability. A sufficiently unfavorable review from the FFIEC could result in our clients not being allowed to use our services. In addition, we engage independent auditors to review many of our operations to provide internal control evaluations for our clients and their regulators.

Regulation of our Clearing and Outsourcing Solutions business

Our Clearing and Outsourcing Solutions business is conducted through our subsidiary, Ridge Clearing, a broker-dealer registered with the SEC and a member of FINRA and various other SROs. Our Clearing and Outsourcing Solutions business operates in the regulatory environment discussed in the following paragraphs.

As a registered broker-dealer, Ridge Clearing is required to participate in the Securities Investor Protection Corporation (SIPC). In the event of a broker-dealer member s insolvency, SIPC provides protection of up to $500,000 per customer, with a limitation of $100,000 on claims for cash balances. Additional protection or excess SIPC, is provided through a group of London underwriters, with Lloyd s of London Syndicates as the lead underwriter. This additional insurance policy becomes available to customers in the event that SIPC limits are exhausted and provides protection for securities and cash up to an aggregate of $600 million. This is provided to pay amounts in addition to those returned in a SIPC liquidation. This additional insurance policy is limited to a combined return to any customer from a trustee, SIPC and the London underwriters of $150 million, including cash of up to $2 million. It does not protect against losses from the rise and fall in the market value of investments, and does not cover all assets. Such coverages are provided in connection with our securities clearing services and are for the benefit of all customers of our introducing broker-dealer clients.

Regulation of Clearing Activities

Ridge Clearing provides clearing services to introducing broker-dealers, commonly referred to as correspondents, with whom we are not affiliated. Errors in performing clearing functions, including clerical, technological, and other errors related to the processing of securities transactions and the handling of funds and securities held by us on behalf of broker-dealers, could lead to censures, fines, or other sanctions imposed by applicable regulatory authorities. Errors could also lead to losses and liability in related lawsuits and proceedings brought by our clients (including our correspondents), the customers of our correspondents, and others.

Regulatory Capital and Customer Protection Requirements

As a registered broker-dealer and member of FINRA, Ridge Clearing is subject to the SEC s net capital rule. The net capital rule, which specifies minimum net capital requirements for registered broker-dealers, is designed to measure the general financial integrity and liquidity of a broker-dealer and requires that at least a minimum part of its assets be kept in relatively liquid form. The net capital rule provides specific criteria to measure regulatory net capital, which requires the firm to apply deductions and other operational charges to its net worth to reflect illiquid assets. These deductions also include adjustments, which are commonly called haircuts, which reflect the possibility of a decline in the market value of firm inventory before disposition. The effects of securities lending and securities borrowing activities on net capital calculations are described in the Regulation of Securities Lending and Borrowing section below.

Failure to maintain the required net capital may subject Ridge Clearing to suspension or revocation of registration by the SEC and suspension or expulsion by FINRA and other regulatory bodies and, if not cured, could ultimately require the liquidation of Ridge Clearing. The net capital rule prohibits payments of dividends, redemption of stock, the prepayment of subordinated indebtedness, and the making of any unsecured advance or loan to a stockholder, employee or affiliate, if such payment would reduce Ridge Clearing s net capital below required levels.

The net capital rule also provides that the SEC may restrict any capital withdrawal, including the withdrawal of equity capital, or unsecured loans or advances to stockholders, employees or affiliates, if such capital withdrawal, together with all other net capital withdrawals during a 30-day period, exceeds 30% of excess net capital and the SEC concludes that the capital withdrawal may be detrimental to the financial integrity of the broker-dealer. In addition, the net capital rule provides that the total outstanding principal amount of a broker-dealer s indebtedness under specified subordination agreements, the proceeds of which are included in its net capital, may not exceed 70% of the sum of the outstanding principal amount of all subordinated indebtedness included in net capital, par or stated value of capital stock, paid in capital in excess of par, retained earnings and other capital accounts for a period in excess of 90 days.

A change in the net capital rule, the imposition of new rules or any unusually large charges against net capital could limit some of our securities clearing and operations outsourcing activities that require the intensive use of capital and also could restrict our ability to withdraw capital from our Clearing and Outsourcing Solutions business, which in turn could limit our ability to pay dividends, repay debt, or repurchase shares of outstanding stock. A significant operating loss or any unusually large charge against net capital could adversely affect our ability to expand or even maintain our present levels of our Clearing and Outsourcing Solutions business.

In addition, as a regulated broker-dealer, Ridge Clearing is also subject to the SEC s customer protection rule. The customer protection rule operates to protect both customer funds and customer securities. To protect customer securities, the customer protection rule requires that the broker-dealers promptly obtain possession or control of customers fully paid securities free of any lien. However, broker-dealers may lend or borrow customers securities purchased on margin or customers fully paid securities, if the broker-dealer provides collateral exceeding the market value of the securities it borrowed and makes certain other disclosures to the customer. With respect to customer funds, the customer protection rule requires broker-dealers to make deposits into an account held only for the benefit of customers (reserve account) based on its computation of the reserve

Table of Contents

formula. The reserve formula requires that broker-dealers compare the amount of funds it has received from customers or through the use of their securities (credits) to the amount of funds the firm has used to finance customer activities (debits). In this manner, the customer protection rule ensures that the broker-dealer s securities lending and borrowing activities do not impact the amount of funds available to customers in the event of liquidation.

Regulation of Securities Lending and Borrowing

As part of our Clearing and Outsourcing Solutions business, Ridge Clearing engages in securities lending and borrowing transactions with other broker-dealers either by lending the securities that we hold for our correspondents and their customers to other broker-dealers or by borrowing securities from banks or other broker-dealers to facilitate transactions by our correspondents.

Securities lending and borrowing activities are subject to the SEC s net capital rule described above. Because engaging in securities lending and borrowing presents counterparty credit risk to the broker-dealer, the provisions in the net capital rule require unsecured receivables to be deducted from the broker-dealer s net worth when it computes its net capital. In addition, the net capital rule requires a 100% deduction of the amount by which the market value of securities loaned exceeds cash collateral received. Securities lending and borrowing activities are also subject to the SEC s customer protection rule, the objective of which is to ensure that assets of the firm s customers will be available to be distributed to them in the event of a liquidation of a registered broker-dealer.

SEC Rules 8c-1 and 15c2-1 (the hypothecation rules) under the Securities Exchange Act of 1934 (the Exchange Act) set forth requirements relating to the borrowing or lending of our correspondents customers securities. The hypothecation rules prohibit us from borrowing or lending correspondents customers securities in situations where (1) the securities of one customer will be held together with securities of another customer, without first obtaining the written consent of each customer; (2) the securities of a customer will be held together with securities owned by a person or entity that is not a customer; or (3) the securities of a customer will be subject to a lien for an amount in excess of the aggregate indebtedness of all customers securities.

Regulation T was issued by the Federal Reserve Board pursuant to the Exchange Act in part to regulate the borrowing and lending of securities by broker-dealers. Although Regulation T allows broker-dealers to deposit cash in order to secure the borrowing of securities for the purpose of making deliveries of such securities in the cases of short sales, failures to receive securities they are required to deliver, or other similar cases and to lend securities for such purposes against such a deposit, it also includes provisions regarding the provision of collateral. For example, under the provisions of Regulation T, broker-dealers are generally required to collect cash equal to 50% of the value of equity securities purchased in a margin account. However, we may require the deposit of a higher percentage of the value of equity securities purchased on margin. Securities borrowed transactions are extensions of credit to the securities lender in that the lender generally receives cash collateral that exceeds the market value of the securities that were lent.

With respect to such securities borrowing and lending, Regulation SHO issued under the Exchange Act generally prohibits, among other things, a broker-dealer from accepting a short sale order unless either the broker-dealer has borrowed the security, or entered into a bona-fide arrangement to borrow the security or has reasonable grounds to believe that the security can be borrowed so that it can be delivered on the date delivery is due and has documented compliance with this requirement.

Failure to maintain the required net capital, accurately compute the reserve formula or comply with Regulation T or Regulation SHO may subject Ridge Clearing to suspension or revocation of registration by the SEC and suspension or expulsion by FINRA and other regulatory bodies and, if not cured, could ultimately require the liquidation of our Clearing and Outsourcing Solutions business. A change in the net capital rule, the hypothecation rules, the customer protection rule, Regulation T, Regulation SHO, or the imposition of new rules could adversely impact our ability to engage in securities lending and borrowing, which in turn could limit our ability to pay dividends, repay debt or repurchase shares of outstanding stock.

Margin Risk Management

Our margin lending activities expose the capital of Ridge Clearing to significant risks. These risks include, but are not limited to, absolute and relative price movements, price volatility, and changes in liquidity of the underlying margin collateral, over which we have virtually no control.

We attempt to minimize the risks inherent in our margin lending activities by retaining in our margin lending agreements the ability to adjust margin requirements as needed and by exercising a high degree of selectivity when accepting new correspondents. When determining whether to accept a new correspondent, we evaluate, among other factors, the brokerage firm s experience in the industry, its financial condition and the background of the principals of the firm. In addition, we have multiple layers of protection, including the balances in customers accounts, correspondents commissions on deposit, and clearing deposits provided by correspondent firms, in the event that a correspondent or one of its customers does not deliver payment for our services. We also maintain a bad debt reserve. Our customer agreements and fully-disclosed clearing agreements require industry arbitration in the event of a dispute. Arbitration is generally less expensive and more time efficient than dispute resolution through the court system. Although we attempt to minimize the risk associated with our margin lending activities, there is no assurance that the assumptions on which we base our decisions will be correct or that we are in a position to predict factors or events which will have an adverse impact on any individual client or issuer, or the securities markets in general.

State Regulation

Ridge Clearing is a broker-dealer authorized to conduct business in all 50 states under applicable state securities regulations.

Changes in Our Business and the Regulatory Environment

In addition, we may expand our Clearing and Outsourcing Solutions business into other countries in the future. We will be required to comply with the regulatory controls of each country in which we conduct business. The securities and financial services industries are heavily regulated in many foreign countries. The varying compliance requirements of these different regulatory jurisdictions and other factors may limit our ability to expand internationally.

Privacy and Information Security Regulations

The processing of personal information is required to provide our services. Data privacy laws and regulations in the U.S. and foreign countries apply to the collection, transfer, use, and storage of personal information. In the U.S., the federal Gramm-Leach-Bliley Act, which applies to financial institutions, and various state privacy laws, which apply to businesses that collect personal information, apply directly to our subsidiary Ridge Clearing. The Gramm-Leach-Bliley Act and state privacy laws apply indirectly, through contractual commitments with our clients and through industry standards, to the entities that perform our investor communication and securities processing services. The state privacy laws require notification to affected individuals, state officers, and consumer reporting agencies in the event of a security breach of computer databases or physical documents that results in unauthorized access to or disclosure of certain non-public personal information. These regulations and laws also impose requirements for safeguarding personal information through internal policies and procedures.

Similar data privacy laws related to the collection, transfer, use, and storage of personal information exist outside of the U.S., such as the European Union s 95/46 EC Directive of the European Parliament, Canada s Personal Information Protection and Electronic Documents Act, individual European national laws, and data privacy laws of other countries. In some cases, these laws may be more restrictive and may require different compliance requirements than the Gramm-Leach-Bliley Act or the U.S. state privacy laws, and may impose additional duties on companies.

There has been increased public attention regarding the corporate use of personal information, accompanied by legislation and regulations intended to strengthen data protection, information security and consumer privacy. The law in these areas is not consistent or settled. While we believe that Broadridge is compliant with its regulatory responsibilities, the legal, political, and business environments in these areas are rapidly changing, and subsequent legislation, regulation, litigation, court rulings, or other events could expose Broadridge to increased program costs, liability, and possible damage to our reputation.

Other

Our businesses, both directly and indirectly, rely on the Internet and other electronic communications gateways. We intend to expand our use of these gateways. To date, the use of the Internet has been relatively free from regulatory restraints. However, governmental agencies within the U.S. and other jurisdictions are beginning to address regulatory issues that may arise in connection with the use of the Internet. Accordingly, new regulations or interpretations may be adopted that constrain our own and our clients abilities to transact business through the Internet or other electronic communications gateways.

Seasonality

Processing and distributing proxy materials and annual reports to investors in equity securities and mutual funds comprises a large portion of our Investor Communication Solutions business. We process and distribute the greatest number of proxy materials and annual reports during our fourth fiscal quarter (the second quarter of the calendar year). The recurring periodic activity of this business is linked to significant filing deadlines imposed by law on public reporting companies and mutual funds. Historically, this has caused our revenues, operating income, net earnings, and cash flows from operating activities to be higher in our fourth fiscal quarter than in any other quarter. The seasonality of our revenues makes it difficult to estimate future operating results based on the results of any specific fiscal quarter and could affect an investor s ability to compare our financial condition, results of operations, and cash flows on a fiscal quarter-by-quarter basis.

Segment and Geographic Area Financial Information

You can find financial information regarding our operating segments and our geographic areas in Note 19, Financial Data By Segment to our Consolidated and Combined Financial Statements under Item 8 of Part II of this Annual Report on Form 10-K.

The Separation of Broadridge from ADP

Until March 30, 2007, Broadridge was a wholly-owned subsidiary of ADP. The spin-off by ADP of its brokerage services business became effective on March 30, 2007 through a distribution of 100% of the common stock of the Company to the holders of record of ADP s common stock on March 23, 2007 (the Distribution). In connection with the spin-off, ADP received a private letter ruling from the U.S. Internal Revenue Service (IRS) and an opinion from tax counsel indicating that the spin-off was tax free to the stockholders, ADP, and Broadridge. Please refer to Item 1A of Part I Risk Factors of this Annual Report on Form 10-K for information on the tax risks associated with the spin-off from ADP.

The financial statements in this Annual Report on Form 10-K for the periods ended on or after the Distribution are presented on a consolidated and combined basis and include the accounts of Broadridge and its majority-owned subsidiaries. The financial statements for the periods presented before the Distribution are presented on a combined basis and represent those entities that were ultimately transferred to Broadridge as part of the spin-off. The assets and liabilities presented have been reflected on a historical basis, as before the Distribution such assets and liabilities were owned by ADP. However, the financial statements for the periods presented before the Distribution do not include all of the actual expenses that would have been incurred had Broadridge been a stand-alone entity during the periods presented and do not reflect Broadridge s combined results of operations, financial position, and cash flows had Broadridge been a stand-alone company during the periods presented. The results of operations, financial position, and cash flows for periods before the Distribution are not necessarily indicative of the results that may be expected for any other future period as a result of the presentation described above.

We entered into agreements with ADP before the spin-off to govern the terms of the spin-off, certain of which will have potential impacts on our business in future periods, including:

Separation and Distribution Agreement

The separation and distribution agreement defines our ongoing relationship with ADP following the spin-off, and provides for cross-indemnities between ADP and us, principally designed to place financial responsibility for the obligations and liabilities of our business with us and financial responsibility for the obligations and liabilities of ADP s retained businesses with ADP.

Tax Allocation Agreement

The tax allocation agreement governs both our and ADP s rights and obligations after the Distribution with respect to taxes for both pre- and post-Distribution periods. Under the tax allocation agreement, ADP generally is required to indemnify us for any income taxes attributable to its operations or our operations and for any non-income taxes attributable to its operations, in each case for all pre-Distribution periods as well as any taxes arising from transactions effected to consummate the spin-off, and we generally are required to indemnify ADP for any non-income taxes attributable to our operations for all pre-Distribution periods and for any taxes attributable to our operations for post-Distribution periods.

We are generally required to indemnify ADP against any tax resulting from the Distribution (and against any claims made against ADP in respect of any tax imposed on its stockholders), in each case if that tax results from (i) an issuance of a significant amount of our equity securities, a redemption of a significant amount of our equity securities or our involvement in other significant acquisitions of our equity securities (excluding the Distribution of our stock in the spin-off), (ii) other actions or failures to act by us (such as those described in the following paragraph), or (iii) any of our representations or undertakings referred to in the tax allocation agreement being incorrect or violated. ADP is generally required to indemnify us for any tax resulting from the Distribution if that tax results from (i) ADP s issuance of its equity securities, redemption of its equity securities or involvement in other acquisitions of its equity securities, (ii) other actions or failures to act by ADP, or (iii) any of ADP s representations or undertakings referred to in the tax allocation agreement being incorrect or violated.

In addition, to preserve the tax-free treatment to ADP of the Distribution, for specified periods of up to 30 months following the Distribution, we are generally prohibited, with a number of specified exceptions, from:

- issuing, redeeming, or being involved in other significant acquisitions of our equity securities (excluding the Distribution of our stock in the spin-off);
- transferring significant amounts of our assets;
- amending our certificate of incorporation or by-laws;
- failing to comply with the IRS requirement for a spin-off that we engage in the active conduct of a trade or business after the spin-off; or
- engaging in other actions or transactions that could jeopardize the tax-free status of the Distribution.

15

Data Center Outsourcing Services Agreement

Under the data center outsourcing services agreement entered into with ADP before the Distribution, ADP provides us with data center services consistent with the services they provided to us immediately before the Distribution, provided that the operation of the data center is the sole responsibility of ADP. Among the principal services provided by the data center are information technology services and service delivery network services. The agreement with ADP provides for increasing volumes and the addition of new services over the term. Under the agreement, ADP is responsible for hosting a significant portion of our mainframe, midrange, open systems, and networks. Additionally, systems engineering, network engineering, hardware engineering, network operations, data center operations, application change management, and data center disaster recovery services are managed by ADP. The agreement will expire on June 30, 2012.

Available Information

Our headquarters are located at 1981 Marcus Avenue, Lake Success, New York 11042, and our telephone number is (516) 472-5400.

We maintain an Investor Relations website on the Internet at *www.broadridge-ir.com*. We make available free of charge, on or through this website, our annual, quarterly and current reports, and any amendments to those reports as soon as reasonably practicable following the time they are electronically filed with or furnished to the SEC. To access these, just click on the SEC Filings link found on our Investor Relations homepage. You can also access our Investor Relations website through our main website at *www.broadridge.com* by clicking on the Investor Relations link, which is located at the top of our homepage. Information contained on our website is not incorporated by reference into this Annual Report on Form 10-K or any other report filed with the SEC.

ITEM 1A. Risk Factors

You should carefully consider each of the following risks and all of the other information set forth in this Annual Report on Form 10-K or incorporated by reference herein. Based on the information currently known to us, we believe that the following information identifies the material risk factors affecting our company in each of the noted risk categories: (i) Risks Relating to Our Business; (ii) Risks Relating to Our Clearing and Outsourcing Solutions Business; and (iii) Risks Relating to Our Separation from ADP. However, additional risks and uncertainties not currently known to us or that we currently believe to be immaterial may also adversely affect our business.

If any of the following risks and uncertainties develops into actual events, they could have a material adverse effect on our business, financial condition, or results of operations.

Risks Relating to Our Business

Consolidation in the financial services industry could adversely affect our revenues by eliminating some of our existing and potential clients and could make us increasingly dependent on a more limited number of clients.

There has been and continues to be merger, acquisition, and consolidation activity in the financial services industry. Mergers or consolidations of financial institutions could reduce the number of our clients and potential clients. If our clients merge with or are acquired by other firms that are not our clients, or firms that use fewer of our services, they may discontinue or reduce the use of our services. In addition, it is possible that the larger financial institutions resulting from mergers or consolidations could decide to perform in-house some or all of the services that we currently provide or could provide. Any of these developments could have a material adverse effect on our business and results of operations. The current economic slowdown and in particular, its impact on the financial services industry, has resulted in increased mergers or consolidations of our clients. Due to this recent consolidation activity, one of the 15 largest clients of our Securities Processing Solutions business has recently acquired a financial institution that performs in-house some of the securities processing services that we provide and, as a result, it has notified us that it intends to terminate these services. This client generated $23.0 million, $19.7 million, and $16.1 million of revenues during the fiscal years ended June 30, 2009, 2008, and 2007, respectively, from the services that are being terminated.

A large percentage of our revenues are derived from a small number of clients in the financial services industry.

In fiscal year 2009, we derived approximately 27% of our revenues from our five largest clients and approximately 70% of the revenues of our Securities Processing Solutions segment from the 15 largest clients in that segment. Our largest single client accounted for between 6%-7% of our consolidated revenues. While these clients generally work with multiple business segments, the loss of business from any of these clients due to merger or consolidation or non-renewal of contracts would have an adverse effect on our revenues and results of operations, and the loss of any of these securities processing solutions clients could result in a material adverse effect on the revenues and results of operations of our Securities Processing Solutions segment. The current economic slowdown and in particular, its impact on the financial services industry, has resulted in increased mergers or consolidations of our clients. Due to this recent consolidation activity, one of the 15 largest clients of our Securities Processing Solutions business has recently acquired a financial institution that performs in-house some of the securities processing services that we provide and, as a result, it has notified us that it intends to terminate these services.

At the end of a contract term, clients have the opportunity to consider whether to renew their contracts or engage one of our competitors to provide services. If we are not successful in achieving high renewal rates with favorable terms, particularly with these clients, our revenues from such renewals and the associated earnings could be negatively impacted. The current economic slowdown and in particular, its impact on the financial services industry, has resulted in increased pricing pressure, particularly with respect to our Securities Processing Solutions business. In connection with the recent renewal and extension of some contracts with our Securities Processing Solutions clients, the increased pricing pressure has resulted in a higher than historical average rate of price concessions. These contract renewal price concessions are estimated to be approximately 5% of our annual Securities Processing Solutions segment s revenues, compared with the historical average rate of 3% of the annual Securities Processing Solutions segment s revenues.

The financial services industry has experienced increasing scrutiny by regulatory authorities in recent years and further changes in legislation or regulations may affect our ability to conduct our business or may reduce our profitability.

The legislative and regulatory environment of the financial services industry has undergone significant change in the past and may undergo further change in the future. The SEC, FINRA, various securities exchanges, and other U.S. and foreign governmental or regulatory authorities continuously review legislative and regulatory initiatives and may adopt new or revised laws and regulations. These legislative and regulatory initiatives may affect the way in which we conduct our business and may make our business less profitable. Changes in the interpretation or enforcement of existing laws and regulations by those entities may also adversely affect our business.

Our Investor Communication Solutions and Securities Processing Solutions businesses are generally not directly subject to federal, state, or foreign laws and regulations that are specifically applicable to financial institutions. However, as a provider of services to financial institutions, our services are provided in a manner to assist our clients in complying with the laws and regulations to which they are subject such as our proxy distribution, processing, and voting services. As a result, the services we provide may change as applicable SEC and NYSE regulations are revised. For example, the SEC has in recent years amended the proxy rules to allow public companies to follow a notice and access model of proxy material delivery. The SEC s notice and access rules have caused us to develop and offer a number of new and additional services.

Table of Contents

In addition, in 2005 the NYSE convened a Proxy Working Group to review certain NYSE rules regarding the roles and responsibilities of broker-dealers in the proxy process. The Proxy Working Group made recommendations in 2007 and certain of its recommendations have been approved or are pending approval by the SEC. The Proxy Working Group recommendations and any additional proposals by the SEC to change the proxy rules could result in further changes to the regulations and practices regarding the distribution of proxy materials, proxy voting and stockholder communications. We continue to adapt our business practices and service offerings to assist our clients in fulfilling their obligations under evolving legal requirements and industry practices. However, any such changes may result in a negative effect on our Investor Communication Solutions business. For example, if additional modifications to the current regulations are enacted that allow for Internet delivery of additional types of investor communications without requiring that a notice be sent to stockholders, our revenues and results of operations in the Investor Communication Solutions business could be adversely affected.

Certain of the securities processing services we provide may be deemed to be mission-critical functions of financial institutions that are regulated by one or more member agencies of the FFIEC. We are therefore subject to examination by the member agencies of the FFIEC. The FFIEC conducts periodic reviews of certain of our operations in order to identify existing or potential risks associated with our operations that could adversely affect the financial institutions to which we provide services, evaluates our risk management systems and controls, and determines our compliance with applicable laws that affect the services we provide to financial institutions. In addition to examining areas such as our management of technology, data integrity, information confidentiality and service availability, the reviews also assess our financial stability. A sufficiently unfavorable review from the FFIEC could result in our clients not being allowed to use our services, which could have a material adverse effect on our business, financial condition and results of operations.

There has been increased public attention regarding the corporate use of personal information, accompanied by legislation and regulations intended to strengthen data protection, information security and consumer privacy. The law in these areas is not consistent or settled. While we believe that Broadridge is compliant with its regulatory responsibilities, the legal, political and business environments in these areas are rapidly changing, and subsequent legislation, regulation, litigation, court rulings or other events could expose Broadridge to increased program costs, liability, and possible damage to our reputation.

Our revenues may decrease due to declines in trading volume, market prices, or the liquidity of the securities markets.

We generate significant revenues from the transaction processing fees we earn from our investor communication, securities processing, and clearing and outsourcing services (including the interest income from our margin lending activities and interest earned by investing clients cash). These revenue sources are substantially dependent on customer trading volumes, market prices, and the liquidity of the securities markets. Over the past several years, the U.S. and foreign securities markets have experienced significant volatility. Sudden sharp or gradual but sustained declines in market values of securities can result in:

- reduced investor communications activity, including reduced mutual fund communications volumes, reduced mergers and acquisitions and reduced proxy activity;
- reduced trading activity;
- illiquid markets;
- declines in the market values of securities carried by our clients and clearing correspondents;
- the failure of buyers and sellers of securities to fulfill their settlement obligations;
- reduced margin loan balances of investors; and

increases in claims and litigation.

Table of Contents

The occurrence of any of these events would likely result in reduced revenues and decreased profitability from our investor communication solutions, securities processing solutions, and clearing and outsourcing solutions activities.

Breaches of our information security policies or safeguards, or those of our outsourced data center services provider, could adversely affect our ability to operate, could result in the personal or account information of our clients customers being misappropriated, and may cause us to be held liable or suffer harm to our reputation.

We process and transfer the personal and account information of customers of financial institutions. Our clients are subject to laws and regulations in the U.S. and other jurisdictions designed to protect the privacy of personal information and to prevent that information from being inappropriately disclosed and they require that we abide by such laws and regulations in performing our services for them. In addition, our broker-dealer subsidiary Ridge Clearing is subject to these laws and regulations. We have developed and maintain technical and operational safeguards including encryption, authentication technology, and transmission of data over private networks in order to effect secure transmissions of confidential information over computer systems and the Internet. In addition, ADP, as our data center services provider, has information security safeguards in place. However, despite those safeguards, it is possible that hackers, employees acting contrary to security policies, or others could improperly access our systems or improperly obtain or disclose the personal or account information of our clients customers. Any breach of our security policies or safeguards, or those of our outsourced data center services provider, resulting in the unauthorized use or disclosure of the personal or account information of our clients customers could limit our ability to provide services, hinder the growth of our business, and subject us to litigation or damage our reputation. In addition, we may incur significant costs to protect against the threat of network or Internet security breaches or to alleviate problems caused by such breaches.

We purchase a significant portion of our data center services, including disaster recovery capabilities, from ADP, and if ADP fails to adequately perform the data center services in the manner necessary to meet our clients needs, our business, financial condition, and results of operations may be harmed.

Prior to our spin-off from ADP, we combined our primary data center with ADP s data center. In connection with our separation from ADP, we entered into a multi-year data center outsourcing services agreement with ADP pursuant to which ADP provides us with data center services consistent with the services provided to us immediately before the spin-off, provided that the operation of the data center is the sole responsibility of ADP. The services include hosting the mainframe, midrange, open systems, and networks. Additionally, systems engineering, network engineering, hardware engineering, network operations, data center operations, application change management, and data center disaster recovery services are managed by ADP. As a result, we currently purchase a significant portion of our data center services, including disaster recovery capabilities, from ADP. ADP has not ordinarily provided outsourced data center services. If ADP fails to adequately perform the data center services in the manner necessary to meet our clients needs, our business, financial condition and results of operations may be harmed. If our agreement with ADP is terminated for any reason, we may not be able to find an alternative data center services provider in a timely manner or on acceptable financial terms. If we need to build our own information technology infrastructure, we may incur substantial costs and could experience temporary business interruptions. As a result, we may not be able to meet the demands of our clients and, in turn, our business, financial condition, and results of operations may be harmed. In addition, technology service failures could have adverse regulatory consequences for our Clearing and Outsourcing Solutions business. Some of these risks are anticipated and covered through service level credits, termination rights, and indemnification clauses in our data center outsourcing services agreement with ADP. Nevertheless, we may not be adequately protected against all possible losses through the terms of the agreement.

Table of Contents

Any slowdown or failure of our computer or communications systems or those of our outsourced data center services provider could impact our ability to provide services to our clients and support our internal operations and could subject us to liability for losses suffered by our clients or their customers.

Our services depend on our ability to store, retrieve, process, and manage significant databases, and to receive and process transactions and investor communications through a variety of electronic systems and media. Our systems, those of our outsourced data center services provider, or any other systems with which ours interact could slow down significantly or fail for a variety of reasons, including:

- computer viruses or undetected errors in internal software programs or computer systems;
- inability to rapidly monitor all system activity;
- inability to effectively resolve any errors in internal software programs or computer systems once they are detected;
- heavy stress placed on systems during peak times; or
- power or telecommunications failure, fire, flood or any other disaster.

While we monitor system loads and performance and implement system upgrades to handle predicted increases in trading volume and volatility, we cannot assure you that we will be able to predict future volume increases or volatility accurately or that our systems and those of ADP, as our data center services provider, will be able to accommodate these volume increases or volatility without failure or degradation. Moreover, because we have outsourced our data center operations, the operation and performance of the data center involve factors beyond our control. Any significant degradation or failure of our computer systems, communications systems or any other systems in the performance of our services could cause the customers of our clients to suffer delays in their receipt of investor communications or in the execution of their trades. These delays could cause substantial losses for our clients or their customers and could subject us to claims and losses, including litigation claiming fraud or negligence that could damage our reputation, increase our service costs, cause us to lose revenues, and/or divert our technical resources.

Our business, financial position, and results of operations could be harmed by adverse rating actions by credit rating agencies.

If the credit ratings of our outstanding indebtedness are downgraded, or if rating agencies indicate that a downgrade may occur, our business, financial position, and results of operations could be adversely affected and perceptions of our financial strength could be damaged. A downgrade would have the effect of increasing our borrowing costs, and could decrease the availability of funds we are able to borrow, adversely affecting our business, financial position, and results of operations. In addition, a downgrade could adversely affect our relationships with our clients. For further information with respect to our borrowing costs, see Note 11, Borrowings to our Financial Statements under Item 8 of Part II of this Annual Report on Form 10-K.

If the operational systems and infrastructure that we depend on fail to keep pace with our growth, we may experience operating inefficiencies, client dissatisfaction and lost revenue opportunities.

The growth of our business and expansion of our client base may place a strain on our management and operations. We believe that our current and anticipated future growth will require the implementation of new and enhanced communications and information systems, the training of personnel to operate these systems, and the expansion and upgrade of core technologies. While many of our systems are designed to accommodate additional growth without redesign or replacement, we may nevertheless need to make significant investments in additional hardware and software to accommodate growth. In addition, we cannot assure you that we will be able to predict the timing or rate of this growth accurately or expand and upgrade our systems and infrastructure on a timely basis. Because we utilize the systems of our outsourced data center, we will depend on ADP to keep the processing capacity and speed of the data center in line with the growth of our business.

Table of Contents

In addition, with respect to our Clearing and Outsourcing Solutions business, the scope of procedures for assuring compliance with applicable rules and regulations has changed as the size and complexity of our business has increased. We have implemented and continue to implement formal compliance procedures to respond to these changes. The future operating results of our Clearing and Outsourcing Solutions business will depend on our ability:

- to improve our systems for operations, financial controls, and communication and information management;
- to refine our compliance procedures and enhance our compliance oversight; and
- to recruit, train, manage and retain our employees.

Our growth has required and will continue to require increased investments in management personnel and systems, financial systems and controls, and office facilities. In the absence of continued revenue growth, the costs associated with these investments would cause our operating margins to decline from current levels. We cannot assure you that we will be able to manage or continue to manage our recent or future growth successfully. If we fail to manage our growth, we may experience operating inefficiencies, dissatisfaction among our client base, and lost revenue opportunities.

If we are unable to respond to the demands of our existing and new clients, our ability to reach our revenue goals or maintain our profitability could be diminished.

The global securities industry is characterized by increasingly complex infrastructures and products, new and changing business models and rapid technological changes. Our clients needs and demands for our products and services evolve with these changes. For example, given recent industry and market events, clients of our Securities Processing Solutions business are increasingly focused on more sophisticated and comprehensive operational risk management models and practices to increase transparency, exercise controls, and minimize potential exposure. Our future success will depend, in part, on our ability to respond to our clients demands for new services, capabilities and technologies on a timely and cost-effective basis, to adapt to technological advancements and changing standards, and to address our clients increasingly sophisticated requirements.

Intense competition could negatively affect our ability to maintain or increase our market share and profitability.

The market for our products and services is rapidly evolving and highly competitive. We compete with a number of firms that provide similar products and services to our market. In addition, we compete with our clients in-house capabilities to perform competitive functions. Some of our competitors may possess significantly greater financial, technical, marketing, and other resources than we do. Some of our competitors may also offer a wider range of services than we do and may enjoy greater name recognition and more extensive client bases than ours. These competitors may be able to respond more quickly to new or changing opportunities, technologies, and client requirements and may be able to undertake more extensive promotional activities, offer more attractive terms to clients and adopt more aggressive pricing policies than we will be able to offer or adopt. There can be no assurances that we will be able to compete effectively with current or future competitors. If we fail to compete effectively, our market share could decrease and our business, financial condition, and results of operations could be materially harmed.

We may be unable to attract and retain key personnel.

Our continued success depends on our ability to attract and retain key personnel such as our senior management and other qualified personnel to conduct our Investor Communication Solutions, Securities Processing Solutions, and Clearing and Outsourcing Solutions businesses. We do not have employment agreements with any of our key personnel. The market for such experienced senior managers and other qualified

Table of Contents

personnel is extremely competitive. There can be no assurance that we will be successful in our efforts to recruit and retain the required key personnel. If we are unable to attract and retain qualified individuals or our recruiting and retention costs increase significantly, our operations and financial results could be materially adversely affected.

The inability to identify, obtain and retain important intellectual property rights to technology could harm our business.

Our success depends in part upon the development and acquisition of systems and applications to conduct our business. These systems and applications are primarily developed by employees or obtained through acquisitions. Our success will increasingly depend in part on our ability to identify, obtain and retain intellectual property rights to technology, both for internal use as well as for use in providing services to our clients, either through internal development, acquisition or licensing from others, or alliances with others. Our inability to identify, obtain and retain rights to certain technology on favorable terms and conditions would make it difficult to conduct business, or to timely introduce new and innovative technology-based products and services, which could harm our business, financial condition, and results of operations.

Our products and services, and the products and services provided to us by third parties, may infringe upon intellectual property rights of third parties, and any infringement claims could require us to incur substantial costs, distract our management, or prevent us from conducting our business.

Although we attempt to avoid infringing upon known proprietary rights of third parties, we are subject to the risk of claims alleging infringement of third-party proprietary rights. If we infringe upon the rights of third parties, we may be unable to obtain licenses to use those rights on commercially reasonable terms. Additionally, third parties that provide us with products and services that are integral to the conduct of our business may be subject to similar allegations, which could prevent them from continuing to provide these products and services to us. In either of these events, we would need to undertake substantial reengineering in order to continue offering our services and we may not succeed in doing so. In addition, any claim of infringement could cause us to incur substantial costs defending the claim, even if the claim is invalid, and could distract our management from our business. Furthermore, a party making such a claim could secure a judgment that requires us to pay substantial damages. A judgment could also include an injunction or other court order that could prevent us from conducting our business.

Acquisitions and integrating such acquisitions create certain risks and may affect operating results.

From time to time, we have been, and expect to continue to engage in business acquisitions. The acquisition and integration of businesses involve a number of risks. The core risks are in the areas of:

- valuation: negotiating a fair price for the business based on inherently limited due diligence reviews;
- integration: managing the complex process of integrating the acquired company s people, products, technology, and other assets so as to realize the projected value of the acquired company and the synergies projected to be realized in connection with the acquisition; and
- legacy issues: protecting against actions, claims, regulatory investigations, losses, and other liabilities related to the predecessor business.

Also, the process of integrating these businesses may disrupt our business and divert our resources. These risks may arise for a number of reasons including, for example:

- finding suitable businesses to acquire at affordable valuations or on other acceptable terms;
- competition for acquisitions from other potential acquirors;

borrowing money from lenders or selling equity or debt securities to the public to finance future acquisitions on terms that may be adverse to us;

Table of Contents

- incurring unforeseen obligations or liabilities in connection with such acquisitions;
- devoting unanticipated financial and management resources to an acquired business;
- entering markets where we have minimal prior experience; and
- experiencing decreases in earnings as a result of non-cash impairment charges.

In addition, international acquisitions often involve additional or increased risks including, for example:

- geographically separated organizations, systems, and facilities;
- integrating personnel with diverse business backgrounds and organizational cultures;
- complying with foreign regulatory requirements;
- enforcing intellectual property rights in some foreign countries; and
- general economic and political conditions.

General economic and political conditions and broad trends in business and finance that are beyond our control may contribute to reduced levels of activity in the securities markets, which could result in lower revenues from our business operations.

Trading volume, market prices, and liquidity of the securities markets are affected by general national and international economic and political conditions, and broad trends in business and finance that result in changes in volume and price levels of securities transactions. These factors include:

- economic, political and market conditions;
- the availability of short-term and long-term funding and capital;
- the level and volatility of interest rates;
- legislative and regulatory changes;
- currency values and inflation; and

national, state, and local taxation levels affecting securities transactions.

These factors are beyond our control and may contribute to reduced levels of activity in the securities markets. Our revenues have historically been largely driven by the volume of trading activities of our clients. Our margin lending revenues are also impacted by changes in the trading activities of our correspondents. Accordingly, any significant reduction in activity in the securities markets would likely result in lower revenues from our business operations.

The financial services business is highly dependent on certain market centers that may be targets of terrorism.

Our business is dependent on exchanges and market centers being able to process trades. Terrorist activities in September 2001 caused the U.S. securities markets to close for four days. This impacted our revenues and profitability for that period of time. If future terrorist incidents cause interruption of market activity, our revenues and profits may be impacted negatively again.

Our revenues are subject to seasonal variations because we process and distribute the greatest number of proxy materials and annual reports in our fourth fiscal quarter.

Processing and distributing proxy materials and annual reports to investors in equity securities and mutual funds comprises a large portion of our Investor Communication Solutions business. We process and distribute the greatest number of proxy materials and annual reports during our fourth fiscal quarter. The recurring periodic activity of this business is linked to significant filing deadlines imposed by law on public reporting companies and mutual funds. Historically, this has caused our revenues, operating income, net earnings, and cash flows from operating activities to be higher in our fourth fiscal quarter than in any other fiscal quarter. The seasonality of our revenues makes it difficult to estimate future operating results based on the results of any specific fiscal quarter and could affect an investor s ability to compare our financial condition, results of operations, and cash flows on a fiscal quarter-by-quarter basis.

Risks Relating to Our Clearing and Outsourcing Solutions Business

Our existing clearing correspondents may choose to perform their own securities clearing services as their operations grow.

We market our securities clearing services to our existing correspondent clients on the strength of our ability to process transactions and perform related back-office functions more effectively than these clients could perform these functions themselves. As our correspondent clients operations grow, they often consider the option of performing securities clearing functions themselves, in a process referred to in the securities industry as self-clearing. As the transaction volume of a broker-dealer grows, the cost of implementing the necessary infrastructure for self-clearing may be eventually offset by the elimination of per-transaction processing fees that would otherwise be paid to a clearing firm. Additionally, performing their own securities clearing services allows self-clearing broker-dealers to retain their customers margin balances, free credit balances and securities for use in margin lending activities. If a significant number of clearing correspondents or correspondents representing a significant portion of our business terminate their clearing relationship with us to become self-clearing, this could result in a material adverse effect on our business, financial condition, and results of operations.

We address this potential client loss by offering our operations outsourcing service, which affords firms an ability to remain or become self-clearing without the necessity of maintaining this infrastructure. However, some firms may nevertheless choose to change to self-clearing operations and not outsource their operations to us, which could have a material adverse effect on our business, financial condition, and results of operations.

Our securities clearing business may be exposed to risk from our counterparties and third parties.

In the normal course of business, our securities clearing activities involve transaction execution, clearing and settlement services, and financing of client inventory through margin lending. With these activities, we may be exposed to risk in the event our clients, other broker-dealers, banks, clearing organizations, or depositories are unable to fulfill contractual obligations. Furthermore, the margin loans we provide to investors subject us to risks inherent in extending credit. Our credit risk includes the risk that the market value of the collateral we hold could fall below the amount of an investor s indebtedness. This risk is especially great when the market value of the collateral becomes highly volatile. Our agreements with margin account investors permit us to liquidate their securities with or without prior notice in the event that the amount of margin collateral becomes insufficient. Despite those agreements and our internal policy with respect to margin, which may be more restrictive than is required under applicable laws and regulations, we may be unable to liquidate the customers securities for various reasons, including the fact that:

- the pledged securities may not be actively traded;
- there may be an undue concentration of securities pledged; or
- the securities pledged have been deemed worthless or have been canceled by their issuer.

Our margin lending is subject to the margin rules of the Federal Reserve Board and FINRA, whose rules generally permit margin loans of up to 50% of the value of the securities collateralizing the margin account loan at the time the loan is made, subject to requirements that the customer deposit additional securities or cash in its accounts so that the customers equity in the account is at least 25% of the value of the securities in the account. In certain circumstances, we may provide a higher degree of margin leverage to our correspondents with respect to their proprietary trading businesses. As a result, we may increase the risks otherwise associated with margin lending with respect to these correspondents and customer accounts.

Table of Contents

Our practice of recording securities clearing transactions may expose us to off-balance sheet risk of loss.

We record clients securities clearing transactions on a settlement date basis, which is generally three business days after the trade date. We are therefore exposed to off-balance sheet risk of loss on unsettled transactions in the event clients and other counterparties are unable to fulfill contractual obligations.

Our securities clearing business may be subject to liability under our membership agreements with exchanges and clearinghouses.

We are a member of numerous exchanges and clearinghouses. Under the membership agreements, members are generally required to guarantee the performance of other members. Additionally, if a member becomes unable to satisfy its obligations to the clearinghouse, other members would be required to meet these shortfalls. To mitigate these performance risks, the exchanges and clearinghouses often require members to post collateral. We may be subject to liability under these arrangements in case of default of a member of those exchanges or clearinghouses.

The involvement of our securities clearing business in options markets subjects us to risks inherent in conducting business in those markets.

We clear options contracts on behalf of our correspondents and their customers. Trading in options contracts is generally more highly leveraged than trading in other types of securities. This additional leverage increases the risk associated with trading in options contracts, which in turn raises the risk that a correspondent or customer may not be able to fully repay its creditors, including us, if it experiences losses in its options trading.

Our securities clearing and operations outsourcing services could expose us to legal liability for errors in performing clearing or operations outsourcing services and, in connection with our clearing services, for improper activities of our correspondents.

Any intentional failure or negligence in properly performing our securities clearing or operations outsourcing services, or any mishandling of funds and securities held by us on behalf of our correspondents and their customers could lead to censures, fines, or other sanctions by applicable authorities as well as actions in contract or tort brought by parties who are financially harmed by those failures or mishandlings. Any litigation that arises as a result of our securities clearing or operations outsourcing services could harm our reputation and cause us to incur substantial expenses associated with litigation and damage awards that could exceed our liability insurance by unknown but significant amounts.

In the past, clearing firms in the U.S. have been held liable for failing to take action upon the receipt of customer complaints, failing to know about the suspicious activities of correspondents or their customers under circumstances where they should have known, and even aiding and abetting, or causing, the improper activities of their correspondents. We cannot assure you that our procedures regarding our correspondents will be deemed adequate under current laws and regulations or that securities industry regulators will not enact more restrictive laws or regulations or change their interpretations of current laws and regulations. If we fail to implement proper procedures or fail to adapt our existing procedures to new or more restrictive regulations, we may be subject to liability that could result in substantial costs to us and distract our management from our business.

All aspects of our Clearing and Outsourcing Solutions business are subject to extensive regulation which may subject us to disciplinary or other action by regulatory organizations.

The securities industry in the U.S. is subject to extensive regulation under both federal and state laws. In addition to these laws, our clearing and outsourcing services must comply with rules and regulations of the SEC, FINRA, various stock exchanges, state securities commissions, and other regulatory bodies charged with safeguarding the integrity of the securities markets and other financial markets and protecting the interests of investors participating in these markets. Broker-dealers are subject to regulations covering all aspects of the securities business, including:

- trade practices among broker-dealers;

- use and safekeeping of investors funds and securities;
- capital structure;
- margin lending;
- record-keeping; and
- conduct of directors, officers, and employees.

Our ability to comply with these regulations depends largely upon the establishment and maintenance of an effective compliance system as well as our ability to attract and retain qualified compliance personnel. We could be subject to disciplinary or other actions due to claimed non-compliance with these regulations in the future. If a claim of non-compliance is made by a regulatory authority, the efforts of our management could be diverted to responding to such claim and we could be subject to a range of possible consequences, including the payment of fines and the suspension of one or more portions of our business. Additionally, some of our securities clearing services contracts include automatic termination provisions which are triggered in the event we are suspended from any of the national exchanges of which we are a member for failure to comply with the rules or regulations thereof.

In addition, because our Clearing and Outsourcing Solutions business is heavily regulated, regulatory approval may be required before expansion of our business activities. We may not be able to obtain the necessary regulatory approvals for any desired expansion. Even if approvals are obtained, they may impose restrictions on our business and could require us to incur significant compliance costs or adversely affect the development of business activities in affected markets. For further discussion of the regulatory framework in which we operate, see Item 1 of Part I Business Regulation in this Annual Report on Form 10-K.

Our Clearing and Outsourcing Solutions business is subject to complex regulations, the violation of which could expose us to interruptions in our business and monetary liability from regulators, clients, competitors and others.

Compliance with applicable laws and regulations is time consuming and costly. Changes in laws and regulations may materially increase our direct and indirect compliance costs and other expenses of doing business. The costs of the compliance requirements we face, and the constraints they impose on our operations, could have a material adverse effect on our business, financial condition, and results of operations. Legal and regulatory actions are inherent in our businesses and could result in financial losses or harm our businesses.

If our securities clearing business does not maintain the capital levels required by regulations or does not follow the requirements of the customer protection rule, we may be subject to fines, suspension, revocation of registration, or expulsion by regulatory authorities.

Our securities clearing business is subject to stringent rules imposed by the SEC, FINRA, and various other regulatory agencies which require broker-dealers to maintain specific levels of net capital and to protect customer funds and customer securities. Net capital is the net worth of a broker-dealer, less deductions for certain assets, including assets not readily convertible into cash, and specified percentages of certain securities positions. If we fail to maintain the required net capital, or fail to protect customer funds or customer securities, we may be subject to suspension or revocation of registration by the SEC and suspension or expulsion by FINRA, which, if not cured, could ultimately lead to the liquidation of Ridge Clearing. If the net capital rules are changed or expanded, or if there is an unusually large charge against the net capital of Ridge Clearing, we might be required to limit or discontinue our securities clearing and margin lending operations that require the intensive use of capital. In addition, our ability to withdraw capital from Ridge Clearing could be restricted, which in turn could limit our ability to pay dividends, repay debt, and redeem or purchase shares of our outstanding stock, if necessary. A large operating loss or charge against the net capital of our securities clearing business could impede our ability to expand or even maintain our present volume of business.

Table of Contents

Procedures and requirements of the USA PATRIOT Act may expose our securities clearing business to significant costs or penalties.

As a participant in the financial services industry, our securities clearing business is subject to laws and regulations, including the USA PATRIOT Act of 2001, which require that we know certain information about our securities clearing services clients and monitor transactions for suspicious financial activities. The cost of complying with the USA PATRIOT Act and related laws and regulations is significant. We may face particular difficulties in identifying our international clients and gathering the required information about them. We face risks that our policies, procedures, technology, and personnel directed toward complying with the USA PATRIOT Act are insufficient and that we could be subject to significant criminal and civil penalties due to noncompliance. Such penalties could have a material adverse effect on our business, financial condition, and results of operations.

Risks Relating to Our Separation from ADP

We have agreed to certain restrictions to preserve the treatment of the Distribution as tax-free to ADP and its stockholders, which will reduce our strategic and operating flexibility.

The IRS ruling and opinion from tax counsel confirming the tax-free status of the Distribution relied on certain representations and undertakings from us, and the tax-free status of the Distribution could be affected if these representations and undertakings are not correct or are violated. If the Distribution fails to qualify for tax-free treatment, it will be treated as a taxable dividend to ADP stockholders in an amount equal to the fair market value of our stock issued to ADP stockholders. In that event, ADP would be required to recognize a gain equal to the excess of the sum of the fair market value of our stock on the Distribution date and the amount of cash received in the cash distribution over ADP s tax basis in our stock.

In addition, current tax law generally creates a presumption that the Distribution would be taxable to ADP, but not to its stockholders, if we or our stockholders were to engage in a transaction that would result in a 50% or greater change by vote or by value in our stock ownership during the two-year period beginning on the Distribution date, unless it is established that the Distribution and the transaction are not part of a plan or series of related transactions to effect such a change in ownership. In the case of such a 50% or greater change in our stock ownership, tax imposed on ADP in respect of the Distribution would be based on the fair market value of our stock on the Distribution date over ADP s tax basis in our stock.

Under the tax allocation agreement that we entered into with ADP, we are generally prohibited, with a number of specified exceptions, for specified periods of up to 30 months following the Distribution, from:

- issuing, redeeming, or being involved in other significant acquisitions of our equity securities;
- transferring significant amounts of our assets;
- amending our certificate of incorporation or by-laws;
- failing to engage in the active conduct of a trade or business; or
- engaging in certain other actions or transactions that could jeopardize the tax-free status of the Distribution.

We have agreed to indemnify ADP for taxes and related losses resulting from certain actions that may cause the Distribution to fail to qualify as a tax-free transaction.

Under the tax allocation agreement that we entered into with ADP, we agreed generally to indemnify ADP for taxes and related losses it suffers as a result of the Distribution failing to qualify as a tax-free transaction, if the taxes and related losses are attributable to:

direct or indirect acquisitions of our stock or assets (regardless of whether we consent to such acquisitions);

Table of Contents

- negotiations, understandings, agreements or arrangements in respect of such acquisitions; or

- our failure to comply with certain representations and undertakings from us, including the restrictions described in the preceding risk factor.

See Item 1 of Part I The Separation of Broadridge from ADP Tax Allocation Agreement of this Annual Report on Form 10-K. Our indemnity covers both corporate level taxes and related losses imposed on ADP in the event of a 50% or greater change in our stock ownership described in the preceding risk factor, as well as taxes and related losses imposed on both ADP and its stockholders if, due to our representations or undertakings being incorrect or violated, the Distribution is determined to be taxable for other reasons.

The indemnification obligation to ADP for taxes due in the event of a 50% or greater change in our stock ownership could be substantial, and it is unlikely that we would have the resources to satisfy it.

Our historical financial information for the periods before our separation from ADP is not necessarily representative of the results we would have achieved as a stand-alone company and may not be a reliable indicator of our future results.

Our historical financial information included in this Annual Report on Form 10-K for the periods before our spin-off from ADP does not reflect the financial condition, results of operations, or cash flows we would have achieved as a stand-alone company during the periods before our separation from ADP or that we may achieve in the future. See Item 7 of Part II Management s Discussion and Analysis of Financial Condition and Results of Operations Factors Affecting Comparability of Financial Results Historical ADP Cost Allocations Compared to Broadridge as a Stand-alone Entity.

ITEM 1B. Unresolved Staff Comments.

None

ITEM 2. Properties.

We operate our business from 42 facilities. We own a 20,000 square foot facility in Mount Laurel, New Jersey, where we perform certain product development functions. We also own a 36,000 square foot facility in Wheat Ridge, Colorado, where we perform securities processing services. We lease three facilities in Edgewood, New York with a combined space of 709,000 square feet which are used in connection with our Investor Communication Solutions business. We lease space at 37 additional locations, subject to customary lease arrangements, including a 67,000 square foot facility in Lake Success, New York that serves as our corporate headquarters as well as the location of our Clearing and Outsourcing Solutions business. Our leases expire on a staggered basis. We believe our facilities are currently adequate for their intended purposes and are adequately maintained.

ITEM 3. Legal Proceedings

From time to time, we and our subsidiaries are involved in legal, regulatory and arbitration proceedings concerning matters arising in connection with the conduct of our business activities. An adverse outcome in one or more of these proceedings is not expected to have a material adverse effect on our combined financial condition, results of operations, or liquidity.

ITEM 4. Submission of Matters to a Vote of Security Holders.

None.

Table of Contents

PART II.

ITEM 5. Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common stock began trading regular way on the NYSE under the symbol BR on April 2, 2007. There were 17,600 stockholders of record as of July 31, 2009. This figure excludes an estimate of the indeterminate number of beneficial holders whose shares may be held of record by brokerage firms and clearing agencies. The following table presents the high and low closing prices of the common stock on the NYSE as well as dividends declared per share during the fiscal quarters indicated:

Common Stock Market Price	High	Low	Dividends Declared
Fiscal Year 2009			
First Quarter	$ 21.44	$ 15.10	$ 0.07
Second Quarter	14.83	9.72	0.07
Third Quarter	19.27	12.84	0.07
Fourth Quarter	19.82	16.00	0.07
Fiscal Year 2008			
First Quarter	$ 20.34	$ 16.29	$ 0.06
Second Quarter	23.96	18.23	0.06
Third Quarter	23.52	17.08	0.06
Fourth Quarter	22.90	16.76	0.06

Dividend Policy

We expect to pay cash dividends on our common stock. On August 11, 2009, our Board of Directors increased our quarterly cash dividend by $0.07 per share to $0.14 per share, an increase in our annual dividend amount of $0.28 per share. However, the declaration and payment of future dividends to holders of our common stock will be at the discretion of our Board of Directors, and will depend upon many factors, including our financial condition, earnings, capital requirements of our businesses, legal requirements, regulatory constraints, industry practice, and other factors that the Board of Directors deems relevant.

As a holding company with no material liquid assets other than the capital stock of our subsidiaries, our ability to pay dividends will be dependent on our receiving dividends from our operating subsidiaries. Ridge Clearing, our subsidiary through which we provide our securities clearing and operations outsourcing services, is highly regulated and may be subject to restrictions on its ability to pay dividends to us.

Table of Contents

Performance Graph

The following graph compares the cumulative total stockholder return on Broadridge common stock from March 22, 2007, the date our common stock commenced trading on a when issued basis, to June 30, 2009 with the comparable cumulative return of (i) the S&P 400 MidCap Index, and (ii) the S&P 400 Information Technology Index. The graph assumes $100 was invested on March 22, 2007 in our common stock and in each of the indices and assumes that all cash dividends are reinvested. The table below the graph shows the dollar value of those investments as of the dates in the graph. The comparisons in the graph are required by the SEC and are not intended to forecast or be indicative of future performance of our common stock.

The following performance graph and related information shall not be deemed soliciting material or to be filed with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or the Exchange Act, each as amended, except to the extent that Broadridge specifically incorporates it by reference into such filing.

Comparison of Cumulative Total Return Among Broadridge Financial Solutions, Inc., S&P 400 MidCap Index and S&P 400 Information Technology Index (in dollars)

	March 22, 2007	June 30, 2007	December 31, 2007	June 30, 2008	December 31, 2008	June 30, 2009
Broadridge Common Stock Value	$ 100.00	$ 95.42	$ 112.59	$ 106.29	$ 63.93	$ 85.20
S&P 400 MidCap Index Value	$ 100.00	$ 105.25	$ 101.49	$ 97.53	$ 64.72	$ 70.20
S&P 400 Information Technology Index Value	$ 100.00	$ 107.14	$ 103.42	$ 91.33	$ 60.81	$ 74.91

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

On August 11, 2009, the Board of Directors authorized a stock repurchase plan for the repurchase of up to 10 million shares of the Company s common stock to offset share dilution created by the Company s equity compensation plans and to opportunistically repurchase shares. The following table contains information about our purchases of our equity securities for each of the three months during our fourth quarter ended June 30, 2009.

Period	Total Number of Shares Purchased(1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of a Publicly Announced Plan(1)	Approximate Dollar Value that May Yet Be Purchased Under the Plan(1)
April 1, 2009 April 30, 2009				
May 1, 2009 May 31, 2009				
June 1, 2009 June 30, 2009	1,000,000	$ 17.66	1,000,000	
Total	1,000,000	$ 17.66	1,000,000	

(1) On August 4, 2008, the Board of Directors authorized a stock repurchase plan for the repurchase of up to two million shares of the Company s common stock to offset share dilution created by the Company s equity compensation plans. There are no shares remaining for repurchase under this share repurchase plan.

Table of Contents

ITEM 6. Selected Financial Data

Broadridge spun-off from ADP on March 30, 2007. Financial data is presented on a combined basis for periods preceding the spin-off and on a consolidated basis subsequently. The following tables set forth selected consolidated and combined financial information from our audited Consolidated and Combined Financial Statements (the Financial Statements) as of and for the fiscal years ended June 30, 2009, 2008 and 2007. Our Financial Statements include various adjustments to amounts in our Financial Statements when we were a subsidiary of ADP. The selected consolidated and combined financial data presented below should be read in conjunction with our Financial Statements and the accompanying Notes included in this Annual Report on Form 10-K and Management s Discussion and Analysis of Financial Condition and Results of Operations. Our Financial Statements may not be indicative of our future performance and do not necessarily reflect what our financial condition and results of operations would have been had we operated as a separate, stand-alone entity during the periods presented before we spun from ADP, including many changes that will occur in the operations and capitalization of our company as a result of our separation from ADP.

	Years Ended June 30, (in millions, except for per share amounts)				
	2009	**2008**	**2007**	**2006**	**2005**
Statements of Earnings Data					
Net revenues	$ 2,149.3	$ 2,207.5	$ 2,137.9	$ 1,933.3	$ 1,717.1
Earnings from continuing operations before income taxes	$ 346.3	$ 325.9	$ 320.8	$ 302.7	$ 273.9
Net earnings(a)	$ 223.3	$ 192.2	$ 197.1	$ 180.5	$ 166.4
Basic earnings per share from continuing operations(b)	$ 1.60	$ 1.38	$ 1.42	$ 1.30	$ 1.20
Diluted earnings per share from continuing operations(b)	$ 1.58	$ 1.36	$ 1.42	$ 1.30	$ 1.20
Basic Weighted-average shares outstanding	140.0	139.6	138.8	138.8	138.8
Diluted Weighted-average shares outstanding	141.6	141.0	139.0	138.8	138.8
Cash dividends declared per common share	$ 0.28	$ 0.24	$ 0.06	$	$

	June 30, (in millions)				
	2009	**2008**	**2007**	**2006**	**2005**
Balance Sheet Data					
Cash and cash equivalents	$ 280.9	$ 198.3	$ 88.6	$ 50.1	$ 31.6
Securities clearing receivables	1,011.3	1,369.9	1,241.2	836.8	947.6
Total current assets	2,003.6	2,079.2	1,960.0	1,405.9	1,682.1
Property, plant and equipment, net	75.4	82.6	77.4	80.7	75.4
Total assets	2,774.7	2,833.6	2,678.2	2,134.7	2,422.7
Securities clearing payables	1,088.1	1,157.4	915.4	613.6	729.1
Total current liabilities	1,420.7	1,525.4	1,428.6	990.3	1,065.3
Long-term debt	324.1	447.9	617.7		
Total liabilities	1,865.7	2,087.8	2,147.1	1,091.5	1,136.2
Total stockholders equity	909.0	745.8	531.1	1,043.2	1,286.5

(a) The comparison between the results of operations for the fiscal years 2006 and 2005 is affected by the impact of our adoption of Statement of Financial Accounting (SFAS) No. 123R, Share-Based Payment (SFAS No. 123R) effective July 1, 2005, using the modified prospective method. Total stock-based compensation expense included in continuing operations increased $22.4 million to $24.6 million in fiscal year 2006 from $2.2 million in fiscal year 2005 due to the recording of expenses for our stock option and employee stock purchase plans.

(b) The computation of basic earnings per share (EPS) is based on the Company s Net earnings divided by the basic Weighted-average shares outstanding. On March 30, 2007, the separation from ADP was completed in a tax-free distribution to the Company s stockholders of one share of the Company s common stock for every four shares of ADP common stock held on March 23, 2007. As a result, on March 30, 2007, the Company had 138.8 million Weighted-average shares outstanding, and this Weighted-average share amount is utilized for the calculation of basic EPS for all periods presented before the Distribution. For all periods before the date of Distribution, the same number of Weighted-average shares outstanding is used for the calculation of diluted EPS as for basic EPS as no common stock of the Company existed before March 31, 2007 and no equity awards of the Company were outstanding for the prior periods. Diluted EPS subsequent to the Distribution reflects the potential dilution that could occur if outstanding stock options at the presented date are exercised and shares of restricted stock have vested.

Table of Contents

ITEM 7. Management s Discussion and Analysis of Financial Condition and Results of Operations

This discussion summarizes the significant factors affecting the results of operations and financial condition of Broadridge during the fiscal years ended June 30, 2009, 2008, and 2007 and should be read in conjunction with our Financial Statements and accompanying Notes thereto included elsewhere herein. Certain information contained in Management s Discussion and Analysis of Financial Condition and Results of Operations are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Statements that are not historical in nature and which may be identified by the use of words like expects, assumes, projects, anticipates, estimates, we believe, could be and other words of similar meaning, are forward-looking statements. These statements are based on management s expectations and assumptions and are subject to risks and uncertainties that may cause actual results to differ materially from those expressed. Our actual results may differ materially from the results discussed in this Item 7 because of various factors, including those set forth elsewhere herein. See Forward-Looking Statements and Risk Factors included in Item 1 of this Annual Report on Form 10-K.

DESCRIPTION OF THE COMPANY AND BUSINESS SEGMENTS

Broadridge is a leading global provider of investor communication solutions, securities processing solutions, and clearing and outsourcing solutions to the financial services industry. We offer advanced integrated systems and services that are dependable, scalable and cost-efficient. Our systems help reduce the need for clients to make significant capital investments in operations infrastructure, thereby allowing them to increase their focus on core business activities. Our operations are classified into three business segments: Investor Communication Solutions, Securities Processing Solutions, and Clearing and Outsourcing Solutions.

Investor Communication Solutions

A large portion of our Investor Communication Solutions business involves the processing and distribution of proxy materials to investors in equity securities and mutual funds, as well as the facilitation of related vote processing. ProxyEdge®, our innovative electronic proxy delivery and voting solution for institutional investors, helps ensure the participation of the largest stockholders of many companies. We also provide the distribution of regulatory reports and corporate action/reorganization event information, as well as tax reporting solutions that help our clients meet their regulatory compliance needs. In addition, we provide financial information distribution and transaction reporting services to both financial institutions and securities issuers. These services include the processing and distribution of account statements and trade confirmations, traditional and personalized document fulfillment and content management services, marketing communications, and imaging, archival and workflow solutions that enable and enhance our clients communications with investors. All of these communications are delivered in paper or electronic form.

Securities Processing Solutions

We offer a suite of advanced computerized real-time transaction processing services that automate the securities transaction lifecycle, from desktop productivity tools and portfolio management to order capture and execution, trade confirmation, settlement, and accounting. Our services help financial institutions efficiently and cost-effectively consolidate their books and records, focus on their core businesses, and manage risk. With multi-currency capabilities, our Global Processing Solution supports real-time global trading of equity, option, mutual fund and fixed income securities in established and emerging markets.

Clearing and Outsourcing Solutions

We provide securities clearing and operations outsourcing services through our subsidiary Ridge Clearing. Securities clearing and settlement is the process of matching, recording, and processing transaction instructions and then exchanging payment between counterparties. Ridge Clearing also provides financing for client

32

inventory through margin lending. Our operations outsourcing solutions allow broker-dealers to outsource to Ridge Clearing certain administrative functions relating to clearing and settlement, from order entry to trade matching and settlement, while maintaining their ability to finance and capitalize their business.

SEPARATION OF BROADRIDGE FROM ADP

The spin-off of Broadridge by ADP became effective on March 30, 2007 through a distribution of 100% of the common stock of the Company to the holders of record of ADP common stock (the Distribution). The Distribution was effected pursuant to a separation and distribution agreement by which ADP contributed to the Company the subsidiaries that operated its brokerage services business. ADP distributed all of the shares of Broadridge Financial Solutions, Inc. as a dividend on ADP common stock on March 30, 2007 to all stockholders of record as of March 23, 2007.

In connection with the spin-off, we made a cash payment to ADP on March 30, 2007 of $690.0 million which was financed through borrowings under $1,190.0 million of credit facilities that were entered into on March 29, 2007. The payment is reflected as a dividend to ADP in Stockholders Equity.

A significant portion of the expenses to effect the separation were incurred by ADP, such as investment banking fees, related outside legal and accounting fees, office move costs, costs to separate information systems, and temporary consulting costs. Broadridge incurred separation costs that have a future benefit to the Company, including stock compensation expense relating to the Distribution and other items such as relocation expenses associated with hiring senior management positions new to the Company, and the temporary labor costs incurred to develop ongoing processes for operating on a stand-alone basis.

FACTORS AFFECTING COMPARABILITY OF FINANCIAL RESULTS

Historical ADP Cost Allocations Compared to Broadridge as a Stand-alone Entity

Our historical Financial Statements have been prepared in accordance with accounting principles generally accepted in the U.S. These Financial Statements present the consolidated and combined financial position and results of operations of the former brokerage services business of ADP. The Combined Financial Statements for periods before the Distribution include allocated costs for facilities, functions and services used by the brokerage services business at shared ADP sites and costs for certain functions and services performed by centralized ADP organizations and directly charged to the brokerage services business based on usage. Our management believes these allocation methods are reasonable.

As an independent public company, we are responsible for these services and bear all of these expenses directly. The historical allocation of ADP s expenses to us may be significantly less than the actual costs we will incur as an independent company. For the fiscal years ended June 30, 2009 and 2008, and for the period from the date of the Distribution to June 30, 2007, the Company incurred approximately $36.4 million, $26.6 million and $8.0 million, respectively, in public company related expenses.

ACQUISITIONS AND DIVESTITURES

Assets acquired and liabilities assumed in business combinations were recorded on the Company s Consolidated Balance Sheets as of the respective acquisition dates based upon their estimated fair values at such dates. The results of operations of businesses acquired by the Company were included in the Company s Consolidated and Combined Statements of Earnings since their respective dates of acquisition. The excess of the purchase price over the estimated fair values of the underlying assets acquired and liabilities assumed was allocated to goodwill.

The Company acquired one business in the Investor Communication Solutions segment in fiscal year 2009 for $45.2 million. This acquisition resulted in approximately $31.4 million of goodwill. Intangible assets acquired, which totaled approximately $13.0 million, consist primarily of acquired technology and customer

Table of Contents

relationships that are being amortized over a five-year life and seven-year life, respectively. This acquisition was not material to the Company s operations, financial position, or cash flows.

The Company acquired one business in the Securities Processing Solutions segment in fiscal year 2009 for $13.7 million. In addition, the Company agreed to pay contingent consideration, subject to the acquired business achievement of specified revenue targets. The maximum remaining payout based on the achievement of fiscal year 2010 revenue target is $10.9 million. This acquisition resulted in approximately $11.2 million of goodwill. Intangible assets acquired, which totaled approximately $3.8 million, consist primarily of acquired technology and customer relationships that are being amortized over a five-year life and seven-year life, respectively. This acquisition was not material to the Company s operations, financial position, or cash flows.

The Company acquired one business in the Securities Processing Solutions segment in fiscal year 2008 for $6.1 million. This acquisition resulted in approximately $3.6 million of goodwill. Intangible assets acquired, which totaled approximately $2.5 million, consist of acquired technology that is being amortized over a five-year life. This acquisition was not material to the Company s operations, financial position, or cash flows.

BORROWINGS

On March 29, 2007, the Company entered into a $1,190.0 million senior unsecured credit facility, consisting of a $440.0 million five-year term loan facility, a $500.0 million five-year revolving credit facility and a $250.0 million one-year revolving credit facility. On March 29, 2007, the Company borrowed $440.0 million under the five-year term loan facility and $250.0 million under the one-year revolving credit facility. The proceeds received in connection with the $690.0 million of borrowings were paid to ADP on March 30, 2007 as a dividend. These credit facilities are subject to covenants, including financial covenants consisting of a leverage ratio and an interest coverage ratio. At June 30, 2009 and 2008, the Company was not aware of any instances of non-compliance with the financial covenants of these credit facilities. During the fiscal years ended June 30, 2009, 2008 and 2007, the Company repaid zero, $170.0 million and $70.0 million, respectively, of the five-year term loan facility. The one-year revolving credit facility was cancelled upon repayment on May 29, 2007 with the net proceeds from the issuance of $250.0 million in aggregate principal amount of the 6.125% Senior Notes due 2017 (the Senior Notes) and cash. The terms of the Senior Notes are governed by an indenture, dated as of May 29, 2007, by and between Broadridge and U.S. Bank National Association, as trustee thereunder. The Senior Notes are unsecured obligations of Broadridge and rank equally in right of payment with other unsecured and unsubordinated obligations of Broadridge. Interest is payable semiannually on June 1 and December 1 each year based on a fixed per annum rate equal to 6.125%. During fiscal year 2009, the Company completed the purchase of $125.0 million principal amount of the Senior Notes (including $1.0 million unamortized bond discount) pursuant to the cash tender offer for such notes. The consideration paid for the Senior Notes accepted for payment was $116.3 million. The completed purchase resulted in a one-time non-cash gain from early extinguishment of debt of $8.4 million. Please refer to Note 11, Borrowings to our Financial Statements under Item 8 of Part II of this Annual Report on Form 10-K for a more detailed discussion.

BASIS OF PRESENTATION

The Financial Statements have been prepared in accordance with accounting principles generally accepted in the U.S. These Financial Statements present the consolidated position of the Company as a separate, stand- alone entity subsequent to the Distribution, presented along with the historical operations of the brokerage services business on a combined basis which were operated as part of ADP before the Distribution. These Financial Statements include the entities in which the Company directly or indirectly has a controlling financial interest and various entities in which the Company has investments recorded under the cost and equity methods of accounting. Intercompany balances and transactions have been eliminated. Amounts included in Retained earnings reflect the Company s Net earnings subsequent to the Distribution. The Company s combined results of operations, and cash flows for periods before the Distribution, may not be indicative of its future performance and do not necessarily reflect what its results of operations and cash flows would have been had the Company

Table of Contents

operated as a separate, stand-alone entity during the periods presented, including changes in its operations and capitalization as a result of the separation from ADP. In particular, interest expense and corporate overhead costs are higher in the periods after the Distribution than they were before the Distribution. In addition, the Consolidated and Combined Statements of Earnings for the period before the Distribution include a trademark royalty fee charged by ADP to the Company based on revenues for licensing fees associated with the use of the ADP trademark. After the Distribution, such royalties are no longer charged to the Company.

In presenting the Financial Statements, management makes estimates and assumptions that affect the amounts reported and related disclosures. Estimates, by their nature, are based on judgment and available information. Accordingly, actual results could differ from those estimates. In management s opinion, the Financial Statements contain all normal recurring adjustments necessary for a fair presentation of results reported. The results of operations reported for the periods presented are not necessarily indicative of the results of operations for subsequent periods.

The Financial Statements for periods before the Distribution include costs for facilities, functions and services used by the Company at shared ADP sites, and costs for certain functions and services performed by centralized ADP organizations and directly charged to the Company based on usage. The expenses allocated to the Company for these services are not necessarily indicative of the expenses that would have been incurred if the Company had been a separate, independent entity and had otherwise managed these functions. Following the separation from ADP, the Company performs these functions using internal resources or purchased services, certain of which were provided by ADP during a transitional period pursuant to the Transition Services Agreement. See Note 17, Transactions with Former Parent to the Financial Statements for a detailed description of the Company s transactions with ADP subsequent to the Distribution.

CRITICAL ACCOUNTING POLICIES

We continually evaluate the accounting policies and estimates used to prepare the Financial Statements. The estimates are based on historical experience and are believed to be reasonable. Actual amounts and results could differ from these estimates made by management. Certain accounting policies that require significant management estimates and are deemed critical to our results of operations or financial position are discussed below.

Goodwill. We review the carrying value of all our goodwill in accordance with Financial Accounting Standards Board, (FASB) Statement of Financial Accounting Standards (SFAS) No. 142, Goodwill and Other Intangible Assets, by comparing the carrying value of our reporting units to their fair values. We are required to perform this comparison at least annually or more frequently if circumstances indicate possible impairment. When determining fair value, we utilize a discounted future cash flow approach using various assumptions, including projections of revenues based on assumed long-term growth rates, estimated costs and appropriate discount rates based on the particular business weighted-average cost of capital. The principal factors used in the discounted cash flow analysis requiring judgment are the projected future operating cash flows, the weighted-average cost of capital and the terminal value growth rate assumptions. The weighted-average cost of capital takes into account the relative weights of each component of our consolidated capital structure (equity and long-term debt). Our estimates of long-term growth and costs are based on historical data, various internal estimates and a variety of external sources, and are developed as part of our routine, long-range planning process. Changes in economic and operating conditions impacting these assumptions could result in goodwill impairments in future periods. We had $511.1 million of goodwill as of June 30, 2009. Given the significance of our goodwill, an adverse change to the fair value could result in an impairment charge, which could be material to our earnings. A 10% change in our estimates of projected future operating cash flows, discount rates, or terminal value growth rates used in our calculations of the fair values of the reporting units would have no impact on the reported value of our goodwill.

Income Taxes. We account for income taxes in accordance with SFAS No. 109, Accounting for Income Taxes, which establishes financial accounting and reporting standards for the effect of income taxes. The objectives of accounting for income taxes are to recognize the amount of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in an entity s financial statements or tax returns. Judgment is required in addressing the future tax consequences of events that have been recognized in our Financial Statements or tax returns (e.g., realization of deferred tax assets, changes in tax laws or interpretations thereof). In addition, although currently not under any U.S. or foreign income tax exam for the period March 31, 2007 through June 30, 2009, in the future we expect to be subject to the continuous examination of our income tax returns by the IRS and other tax authorities. A change in the assessment of the outcomes of such matters could materially impact our Financial Statements. As of June 30, 2009, we had estimated foreign net operating loss carryforwards of approximately $23.4 million as of June 30, 2009 of which $7.3 million expires in 2010 through 2016 and $16.1 million which has an indefinite utilization period. In addition, the Company has estimated U.S. federal net operating loss carryforwards of approximately $45.8 million, which expire in 2020 through 2029, $28.4 million of which relates to a U.S. subsidiary not included the Company s U.S. federal consolidated tax return. We have recorded valuation allowances of $25.7 million and $29.8 million at June 30, 2009 and 2008, respectively, because the Company does not believe that it is more likely than not that it will be able to utilize the deferred tax assets attributable to net operating and capital loss carryforwards of certain subsidiaries to offset future taxable earnings.

Share-based Payments. SFAS No. 123R, Share-Based Payment, requires the measurement of stock-based compensation expense based on the fair value of the award on the date of grant. We determine the fair value of stock options issued by using a binomial option-pricing model. The binomial option-pricing model considers a range of assumptions related to volatility, dividend yield, risk-free interest rate and employee exercise behavior. Expected volatilities utilized in the binomial option-pricing model are based on a combination of implied market volatilities, historical volatility of our stock price and other factors. Similarly, the dividend yield is based on historical experience and expected future changes. The risk-free rate is derived from the U.S. Treasury yield curve in effect at the time of grant. The binomial option-pricing model also incorporates exercise and forfeiture assumptions based on an analysis of historical data. The expected life of the stock option grants is derived from the output of the binomial model and represents the period of time that options granted are expected to be outstanding. Determining these assumptions are subjective and complex, and therefore, a change in the assumptions utilized could impact the calculation of the fair value of our stock options. A hypothetical change of five percentage points applied to the volatility assumption used to determine the fair value of the fiscal year 2009 stock option grants would result in approximately a $0.8 million change in total pre-tax stock-based compensation expense for the fiscal year 2009 grants, which would be amortized over the vesting period. A hypothetical change of one year in the expected life assumption used to determine the fair value of the fiscal year 2009 stock option grants would result in approximately a $0.4 million change in the total pre-tax stock-based compensation expense for the fiscal year 2009 grants, which would be amortized over the vesting period. A hypothetical change of one percentage point in the forfeiture rate assumption used for the fiscal year 2009 stock option grants would result in approximately a $0.1 million change in the total pre-tax stock-based compensation expense for the fiscal year 2009 grants, which would be amortized over the vesting period. A hypothetical one-half percentage point change in the dividend yield assumption used to determine the fair value of the fiscal year 2009 stock option grants would result in approximately a $0.5 million change in the total pre-tax stock-based compensation expense for the fiscal year 2009 grants, which would be amortized over the vesting period.

RECENT DEVELOPMENTS

The current economic slowdown and in particular, its impact on the financial services industry, has resulted in increased mergers or consolidations of our clients, and could reduce the number of our clients and potential clients. If our clients merge with or are acquired by other firms that are not our clients, or firms that use fewer of our services, they may discontinue or reduce the use of our services. In addition, it is possible that the larger financial institutions resulting from mergers or consolidations could decide to perform in-house some or all of the services that we currently provide or could provide. One of the 15 largest clients of our Securities Processing Solutions business has recently acquired a financial institution that performs in-house some of the securities processing services that we provide and, as a result, it has notified us that it intends to terminate these services. This client generated $23.0 million, $19.7 million, and $16.1 million of revenues during the fiscal years ended

Table of Contents

June 30, 2009, 2008, and 2007, respectively, from the services that are being terminated. We will, however, continue to provide this client with certain investor communications and securities processing services.

Also, the current economic conditions have caused increased pricing pressure, particularly with respect to our Securities Processing Solutions business. In connection with the recent renewal and extension of some contracts with our Securities Processing Solutions clients, the increased pricing pressure has resulted in a higher than historical average rate of price concessions. These contract renewal price concessions are estimated to be approximately 5% of our annual Securities Processing Solutions segment s revenues, compared with the historical average rate of 3% of the annual Securities Processing Solutions segment s revenues.

RESULTS OF OPERATIONS

The following discussions of Analysis of Consolidated and Combined Operations and Analysis of Reportable Segments refers to the fiscal year ended June 30, 2009 compared to the fiscal year ended June 30, 2008, and the fiscal year ended June 30, 2008 compared to the fiscal year ended June 30, 2007. The Analysis of Consolidated and Combined Operations should be read in conjunction with the Analysis of Reportable Segments, which provides more detailed discussions concerning certain components of the Consolidated and Combined Results of Operations.

ANALYSIS OF CONSOLIDATED AND COMBINED OPERATIONS

Fiscal 2009 Compared to Fiscal 2008

The table below presents Consolidated Statement of Earnings data for the fiscal years ended June 30, 2009 and 2008, and the dollar and percentage changes between periods:

	Years Ended June 30,		Change	
	2009	2008	($)	(%)
	($ in millions, except for per share amounts)			
Services revenues	$ 2,111.6	$ 2,151.6	$ (40.0)	(2)
Other	43.3	82.5	(39.2)	(48)
Total revenues	2,154.9	2,234.1	(79.2)	(4)
Interest expense from securities operations	5.6	26.6	(21.0)	(79)
Net revenues	2,149.3	2,207.5	(58.2)	(3)
Cost of net revenues	1,574.1	1,606.4	(32.3)	(2)
Selling, general and administrative expenses	224.9	244.3	(19.4)	(8)
Other expenses, net	4.0	30.9	(26.9)	(87)
Total expenses	1,803.0	1,881.6	(78.6)	(4)
Earnings before income taxes	346.3	325.9	20.4	6
Margin	16.1%	14.8%		1.3 pts
Provision for income taxes	123.0	133.7	(10.7)	(8)
Effective tax rate	35.5%	41.0%		(5.5) pts
Net earnings	$ 223.3	$ 192.2	$ 31.1	16
Basic Earnings Per Share	$ 1.60	$ 1.38	$ 0.22	16
Diluted Earnings Per Share	$ 1.58	$ 1.36	$ 0.22	16

Total Net revenues. Total Net revenues for the fiscal year ended June 30, 2009 were $2,149.3 million, a decrease of $58.2 million or 3%, compared to $2,207.5 million for the fiscal year ended June 30, 2008. The 3% decrease in Total Net revenues reflects a $40.0 million, or 2% decrease in Services revenues, a $39.2 million, or 48% decrease in Other revenues, and lower interest expense from securities operations of

$21.0 million.

Table of Contents

Services revenues for the fiscal year ended June 30, 2009 were $2,111.6 million, a decrease of $40.0 million, or 2% compared to $2,151.6 million for the fiscal year ended June 30, 2008. The decrease reflects lower distribution revenues of $51.0 million, lower event-driven revenues of $19.8 million, unfavorable impact of foreign exchange rates of $29.6 million and lower non-recurring termination fees of $6.7 million. Partially offsetting the decline in revenue were increases in sales less losses (Net New Business) of $38.0 million, internal growth net of concessions of $24.6 million, and revenue gains from acquisitions of $4.5 million.

Other revenues for the fiscal year ended June 30, 2009 were $43.3 million, a decrease of $39.2 million, or 48% compared to $82.5 million for the fiscal year ended June 30, 2008. The decrease reflects lower interest income of $35.7 million driven by lower Federal Funds rate and lower margin balances, lower software maintenance revenues of $1.1 million and unfavorable impact of foreign exchange rates of $2.4 million.

Other interest expense from securities operations for the fiscal year ended June 30, 2009 were $5.6 million, a decrease of $21.0 million, or 79% compared to $26.6 million for the fiscal year ended June 30, 2008. The decrease reflects lower interest expense driven by lower Federal Funds rate and lower margin balances.

Total Expenses. Total expenses for the fiscal year ended June 30, 2009 were $1,803.0 million, a decrease of $78.6 million, or 4%, compared to $1,881.6 million for the fiscal year ended June 30, 2008. The 4% decrease in Total expenses reflects $32.3 million, or 2% decrease in Cost of net revenues, $19.4 million, or 8% decrease in Selling, general and administrative expenses, and lower Other expenses, net of $26.9 million reflecting lower interest expense on our Long-term debt related to a lower outstanding balance because of the purchase of $125.0 million principal amount of our Senior Notes during fiscal year 2009, and the decline in the weighted-average interest rate on the five-year term loan facility.

Cost of net revenues for the fiscal year ended June 30, 2009 were $1,574.1 million, a decrease of $32.3 million, or 2%, compared to $1,606.4 million for the fiscal year ended June 30, 2008. The decrease reflects lower Cost of net revenues in our Investor Communication Solutions segment of $45.9 million, or 4%, driven by a decline in distribution costs reflecting decreased distribution revenues. Distribution Cost of net revenues for the fiscal year ended June 30, 2009 were $664.5 million, a decrease of $47.2 million, or 7%, compared to $711.7 million for the fiscal year ended June 30, 2008. Securities Processing Solutions segment s Cost of net revenues increased $15.5 million, or 5%, reflecting higher investment spend related to new products, increased amortization of conversion costs and lower capitalization of conversion related resources. Clearing and Outsourcing Solutions segment s Cost of net revenues increased $9.0 million, or 11%, related to new business. Other segment Cost of net revenues increased $4.8 million, reflecting increased investment spend of $8.5 million. Fluctuations in foreign currency exchange rates decreased total Cost of net revenues by $15.7 million.

Selling, general and administrative expenses for the fiscal year ended June 30, 2009 were $224.9 million, a decrease of $19.4 million, or 8%, compared to $244.3 million for the fiscal year ended June 30, 2008. The decrease reflects a $9.8 million increase in incremental public company expenses, an increase of $3.9 million of selling expenses driven by higher closed sales, and a $10.2 million decrease in stock-based compensation expense. The $10.2 million decrease to stock-based compensation expense primarily reflects a $5.4 million decrease in stock-based compensation expense related to special stock option grants to corporate officers. The $19.4 million decrease in Selling, general and administrative expenses reflects an overall decrease to selling expense including one-time transition costs of $13.7 million for the fiscal year ended June 30, 2008 that did not recur during the fiscal year ended June 30, 2009. Fluctuations in foreign currency exchange rates decreased total Selling, general and administrative expenses by $6.0 million.

Other expenses, net decreased $26.9 million, reflecting a $2.8 million foreign currency exchange gain, $8.4 million gain from the purchase of $125.0 million principal amount of the Senior Notes, and a decrease in interest expense of $17.0 million reflecting lower interest expense on our Long-term debt related to a lower outstanding balance because of the purchase of the Senior Notes during the fiscal year ended June 30, 2009, and the decline in the weighted-average interest rate on the five-year term loan facility.

Table of Contents

Earnings before Income Taxes. Earnings before income taxes for the fiscal year ended June 30, 2009 were $346.3 million, an increase of $20.4 million, or 6%, compared to $325.9 million for the fiscal year ended June 30, 2008. The increase reflects a decline in Total Net revenues more than offset by the decline in Total expenses during the fiscal year ended June 30, 2009 compared to the fiscal year ended June 30, 2008, as discussed above. Overall margin increased from 14.8% to 16.1% for the fiscal year ended June 30, 2009 as compared to the fiscal year ended June 30, 2008. Excluding one-time non-recurring transition costs of $13.7 million for the fiscal year ended June 30, 2008, overall margin increased from 15.4% to 16.1%.

Provision for Income Taxes. Our effective tax rate and provision for income taxes for the fiscal year ended June 30, 2009 were 35.5% and $123.0 million, respectively, compared to 41.0% and $133.7 million, respectively, for the fiscal year ended June 30, 2008. The decrease in our effective tax rate is primarily attributable to approved certification for a state tax credit program scheduled to expire in 2018 and lower enacted tax rates in certain U.S. state and international tax jurisdictions for fiscal year ended June 30, 2009. The state tax credit program is retroactive to fiscal year 2008. The year-to-date benefit of $8.0 million is comprised of $4.0 million for fiscal year 2008 and $4.0 million for fiscal year 2009, The effect of the retroactive adjustment attributable to the reporting period for the state tax credit program applicable to prior periods is a reduction in our effective tax rate and provision for income taxes of 1.2 percentage points and $4.0 million, for the fiscal year ended June 30, 2009.

Net Earnings and Basic and Diluted Earnings per Share. Net earnings for the fiscal year ended June 30, 2009 were $223.3 million, an increase of $31.1 million, or 16%, compared to $192.2 million for the fiscal year ended June 30, 2008. The increase in Net earnings reflects a decline in Total Net revenues, more than offset by a reduction in Total expenses and a lower effective tax rate during the fiscal year ended June 30, 2009 compared to the fiscal year ended June 30, 2008 as discussed above.

Basic and Diluted Earnings per share for the fiscal year ended June 30, 2009 were $1.60 and $1.58, respectively, an increase of $0.22, or 16% for both basic and diluted, compared to $1.38 and $1.36, respectively, for the fiscal year ended June 30, 2008.

Fiscal 2008 Compared to Fiscal 2007

The table below presents Consolidated and Combined Statement of Earnings data for the fiscal years ended June 30, 2008 and 2007, and the dollar and percentage changes between periods:

	Years Ended June 30,			
			Change	
	2008	2007	($)	(%)
	($ in millions, except for per share amounts)			
Services revenues	$ 2,151.6	$ 2,078.7	$ 72.9	4
Other	82.5	84.0	(1.5)	(2)
Total revenues	2,234.1	2,162.7	71.4	3
Interest expense from securities operations	26.6	24.8	1.8	7
Net revenues	2,207.5	2,137.9	69.6	3
Cost of net revenues	1,606.4	1,588.1	18.3	1
Selling, general and administrative expenses	244.3	216.7	27.6	13
Other expenses, net	30.9	12.3	18.6	151
Total expenses	1,881.6	1,817.1	64.5	4
Earnings before income taxes	325.9	320.8	5.1	2
Margin	14.8%	15.0%		(0.2) pts
Provision for income taxes	133.7	123.7	10.0	8
Effective tax rate	41.0%	38.6%		2.4 pts
Net earnings	$ 192.2	$ 197.1	$ (4.9)	(3)

Basic Earnings Per Share	$	1.38	$	1.42	$ (0.04)	(3)
Diluted Earnings Per Share	$	1.36	$	1.42	$ (0.06)	(4)

Total Net revenues. Total Net revenues for the fiscal year ended June 30, 2008 were $2,207.5 million, an increase of $69.6 million or 3%, compared to $2,137.9 million for the fiscal year ended June 30, 2007. The 3% increase in total net revenues reflects a $72.9 million or 4% increase in Services revenues, a $1.5 million or 2% decrease in Other revenues, and higher interest expense from securities operations of $1.8 million.

Services revenues for the fiscal year ended June 30, 2008 were $2,151.6 million, an increase of $72.9 million, or 4% compared to $2,078.7 million for the fiscal year ended June 30, 2007. The increase reflects both higher internal growth net of concessions of $74.9 million, a favorable impact from foreign exchange rates of $25.6 million and non-recurring termination fees of $7.6 million. Partially reducing the gain in services revenue were lower distribution revenues of $13.1 million, lower event driven revenues of $4.3 million and lower Net New Business of $17.8 million.

Other revenues for the fiscal year ended June 30, 2008 were $82.5 million, a decrease of $1.5 million, or 2% compared to $84.0 million for the fiscal year ended June 30, 2007. The decrease reflects lower interest income of $1.3 million, lower software maintenance revenues of $1.1 million and a $0.9 million favorable impact from foreign exchange rates.

Other interest expense from securities operations for the fiscal year ended June 30, 2008 were $26.6 million, an increase of $1.8 million, or 7% compared to $24.8 million for the fiscal year ended June 30, 2007.

Total Expenses. Total expenses for the fiscal year ended June 30, 2008 were $1,881.6 million, an increase of $64.5 million, or 4%, compared to $1,817.1 million for the fiscal year ended June 30, 2007. The increase in Total expenses reflects an increase of $18.3 million, or 1% in Cost of net revenues, an increase of $27.6 million, or 13% in Selling, general and administrative expenses, and an increase of $18.6 million in Other expenses, net.

Cost of net revenues for the fiscal year ended June 30, 2008 were $1,606.4 million, an increase of $18.3 million, or 1%, compared to $1,588.1 million for the fiscal year ended June 30, 2007. Cost of net revenues in our Investor Communication Solutions segment decreased by $7.6 million, or 1%, driven by a decrease in distribution costs attributable to the impact of our new notice and access proxy solution, higher suppressions, and the previously announced loss of a large client; partially offset by higher rates generated by the U.S. Postal Service s postage rate change. Distribution Cost of net revenues for the fiscal year ended June 30, 2008 were $711.7 million, a decrease of $20.1 million, or 3%, compared to $731.8 million for the fiscal year ended June 30, 2007. Cost of net revenues in our Securities Processing Solutions segment increased $9.3 million, or 3%, reflecting higher investment expenses related to new products, net of the change in methodology for charging of services to the Clearing and Outsourcing Solutions segment. Cost of net revenues in our Clearing and Outsourcing Solutions segment decreased $3.0 million, or 4%, reflecting the change in methodology for charging of services provided by the Company s other segments. Other segment Cost of net revenues increased $7.0 million, reflecting $8.0 million related to the change in methodology for charging the Clearing and Outsourcing Solutions segment for services provided by the Company s other segments, partially offset by non-recurring charges in the fiscal year ended June 30, 2007. Fluctuations in foreign currency exchange rates also increased total Cost of net revenues by $12.6 million.

Selling, general and administrative expenses for the fiscal year ended June 30, 2008 were $244.3 million, an increase of $27.6 million, or 13%, compared to $216.7 million for the fiscal year ended June 30, 2007. The increase primarily reflects $26.6 million in incremental public company expenses, $7.5 million of selling expenses driven by higher closed sales, and $13.4 million in stock compensation expense, of which $7.2 million represents the expense related to the special stock option grants to corporate officers. The increase in Selling, general and administrative expenses was partially offset by the elimination of royalty fees of $27.3 million which are no longer paid to ADP.

Other expenses, net increased $18.6 million, reflecting $20.7 million related to interest expense on borrowings, partially offset by $1.9 million in lower interest expense on notes payable to ADP affiliated parties.

Earnings before Income Taxes. Earnings before income taxes for the fiscal year ended June 30, 2008 were $325.9 million, an increase of $5.1 million, or 2%, compared to $320.8 million for the fiscal year ended June 30, 2007 and are attributable to higher Net revenues and expenses, as discussed above. Overall margin decreased from 15.0% to 14.8% for the fiscal year ended June 30, 2008 as compared to the fiscal year ended June 30, 2007.

Provision for Income Taxes. Our effective tax rate for fiscal year 2008 was 41.0%, compared to 38.6% for fiscal year 2007. The increase in the effective tax rate is primarily attributable to a one-time adjustment related to our spin-off from ADP.

Net Earnings and Basic and Diluted Earnings per Share. Net earnings for the fiscal year ended June 30, 2008 were $192.2 million, a decrease of $4.9 million, or 3%, compared to $197.1 million for the fiscal year ended June 30, 2007. The lower Net earnings reflects increased Net revenues, offset by increased expenses, and a higher effective tax rate, as described above. Basic and Diluted Earnings per share decreased 3% and 4%, to $1.38 and $1.36, respectively for the fiscal year ended June 30, 2008.

ANALYSIS OF REPORTABLE SEGMENTS

Investor Communication Solutions, Securities Processing Solutions, and Clearing and Outsourcing Solutions are the Company s reportable segments. The primary components of Other are the elimination of inter-segment revenues and profits and certain unallocated expenses. Foreign exchange is a reconciling item between the actual foreign exchange rates and fiscal year 2009 budgeted foreign exchange rates. The prior fiscal years reportable segment Net revenues have been adjusted to reflect updated fiscal year 2009 budgeted foreign exchange rates. This adjustment represents a reconciling difference to Net revenues and Earnings from continuing operations before provision for income taxes.

Certain corporate expenses, as well as certain centrally managed expenses, are allocated based upon budgeted amounts in a reasonable manner. Because the Company compensates the management of its various businesses on, among other factors, segment profit, the Company may elect to record certain segment-related expense items of an unusual or non-recurring nature in consolidation rather than reflect such items in segment profit.

The Clearing and Outsourcing Solutions segment is charged for services provided by other segments and it records these costs as operating expenses. Before January 2007, the Clearing and Outsourcing Solutions segment was billed for these services on a mark-up basis with the other segments recording revenue for the amount of these billings. For the fiscal year ended June 30, 2007, the Clearing and Outsourcing Solutions segment was billed $2.0 million for services provided by the Investor Communication Solutions segment and $6.0 million for services provided by the Securities Processing Solutions segment. Beginning in January 2007, the Company changed its methodology for charging the Clearing and Outsourcing Solutions segment for services provided by the Company s other segments. For the fiscal year ended June 30, 2008 and from January 1, 2007 through June 30, 2007, the Clearing and Outsourcing Solutions segment was charged $4.6 million and $1.4 million, respectively, from the Investor Communication Solutions segment and $3.4 million and $2.1 million, respectively, from the Securities Processing Solutions segment based on the cost of providing such services. The other segments record these services as cost transfers in Cost of net revenues.

Net Revenues

				Change			
	Years Ended June 30,			2009 vs. 2008		2008 vs. 2007	
	2009	2008	2007	$	%	$	%
				($ in millions)			
Investor Communication Solutions	$ 1,531.0	$ 1,575.2	$ 1,554.2	$ (44.2)	(3)	$ 21.0	1
Securities Processing Solutions	533.8	514.4	509.9	19.4	4	4.5	1
Clearing and Outsourcing Solutions	101.4	95.8	93.8	5.6	6	2.0	2
Other	1.5	8.5	(7.0)	(7.0)	(82)	15.5	NM*
Foreign currency exchange	(18.4)	13.6	(13.0)	(32.0)	NM*	26.6	NM*
Total Net revenues	$ 2,149.3	$ 2,207.5	$ 2,137.9	$ (58.2)	(3)	$ 69.6	3

* Not Meaningful

41

Table of Contents

Earnings before Income Taxes

	Years Ended June 30,			Change			
				2009 vs. 2008		2008 vs. 2007	
	2009	2008	2007	$	%	$	%
				($ in millions)			
Investor Communication Solutions	$ 248.9	$ 255.3	$ 226.8	$ (6.4)	(3)	$ 28.5	13
Securities Processing Solutions	142.6	137.5	148.4	5.1	4	(10.9)	(7)
Clearing and Outsourcing Solutions	(9.1)	(5.0)	(11.9)	(4.1)	(82)	6.9	58
Other	(31.9)	(68.0)	(36.4)	36.1	53	(31.6)	(87)
Foreign currency exchange	(4.2)	6.1	(6.1)	(10.3)	NM*	12.2	NM*
Earnings before income taxes	$ 346.3	$ 325.9	$ 320.8	$ 20.4	7	$ 5.1	2

* Not Meaningful

Investor Communication Solutions

Fiscal Year 2009 Compared to Fiscal Year 2008

Net Revenues. Investor Communication Solutions segment s Net revenues for the fiscal year ended June 30, 2009 were $1,531.0 million, a decrease of $44.2 million, or 3%, compared to $1,575.2 million for the fiscal year ended June 30, 2008. The decrease reflects lower net distribution revenues driven by less event-driven activity and higher adoption rates for notice and access, partially offset by increased recurring revenues driven by Net New Business and internal growth. Net distribution revenues were $756.8 million, a decrease of $51.0 million, or 6%. Position growth, a key measure in the number of pieces processed, was negative 2% for annual equity proxies and a positive 4% for mutual fund interim communications. The total number of pieces processed decreased 1% from 1,210.5 million pieces to 1,196.8 million pieces.

Earnings before Income Taxes. Earnings before income taxes for the fiscal year ended June 30, 2009 were $248.9 million, a decrease of $6.4 million, or 3%, compared to $255.3 million for the fiscal year ended June 30, 2008. Margin increased 0.1 percentage point compared to the prior year to 16.3%.

Fiscal Year 2008 Compared to Fiscal Year 2007

Net Revenues. Investor Communication Solutions segment s Net revenues for the fiscal year ended June 30, 2008 were $1,575.2 million, an increase of $21.0 million, or 1%, compared to $1,554.2 million for the fiscal year ended June 30, 2007. Of the 1%, increase in net fee revenues contributed 2.0 percentage points and was partially offset by a decrease in net distribution revenues of 1.0 percentage point. The increase in net fee revenues was driven by internal growth of 3% resulting from gains in processing fees due to the impact of our new notice and access proxy solution, higher suppressions, and higher activity in interim communication services, and transaction reporting and fulfillment. Net revenues from new sales increased by 1%, driven by transaction reporting and fulfillment; offset by the previously announced loss of a large client (anniversary date of loss was the third quarter of fiscal year 2008), resulting in 1% reduction in net new business. Net distribution revenues were $807.8 million, a decrease of $13.1 million, or 2%, driven primarily by the impact of our new notice and access proxy solution, higher suppressions, and the previously announced loss of a large client; partially offset by higher rates generated by the U.S. Postal Service s postage rate change. Position growth, which is a measure of how many holders own a security compared to the prior fiscal year and a key factor in the number of pieces processed, was a positive 2% for annual equity proxies and a positive 9% for mutual fund interims. The number of pieces processed increased 4% from 1,166.8 million pieces to 1,210.5 million pieces.

Earnings before Income Taxes. Earnings before income taxes for the fiscal year ended June 30, 2008 were $255.3 million, an increase of $28.5 million, or 13%, compared to $226.8 million for the fiscal year ended June 30, 2007. Margin increased 1.6 percentage points to 16.2% of which higher net fee revenues and operating

Table of Contents

leverage, including the impact of our new notice and access proxy solution, contributed 1.0 percentage point and net distribution revenues contributed 0.6 percentage point.

Securities Processing Solutions

Fiscal Year 2009 Compared to Fiscal Year 2008

Net Revenues. Securities Processing Solutions segment s Net revenues for the fiscal year ended June 30, 2009 were $533.8 million, an increase of $19.4 million, or 4%, compared to $514.4 million for the fiscal year ended June 30, 2008. The increase in Net revenues was driven by internal growth of 2.0 percentage points reflecting higher non-transaction services revenues, higher Net New Business of 1.0 percentage point, and revenue contribution from an acquisition.

Earnings before Income Taxes. Earnings before income taxes for the fiscal year ended June 30, 2009 were $142.6 million, an increase of $5.1 million, or 4%, compared to $137.5 million for the fiscal year ended June 30, 2008. Margin was unchanged from 26.7%. Margin contribution from higher revenue was more than offset by higher investment spending related to new products, increased amortization of conversion costs, and lower capitalization of conversion related resources.

Fiscal Year 2008 Compared to Fiscal Year 2007

Net Revenues. Securities Processing Solutions segment s Net revenues for the fiscal year ended June 30, 2008 were $514.4 million, an increase of $4.5 million, or 1%, compared to $509.9 million for the fiscal year ended June 30, 2007. The increase in Net revenues was due to higher internal growth of 5% reflecting strong trade volume compared to the prior fiscal year from existing clients during the six months ended December 31, 2007, partially offset by the reduction in revenue related to the change in methodology of charging for services provided to the Clearing and Outsourcing Solutions segment. Net New Business reduced Net revenues growth by 3%, driven by the previously announced loss of a large client.

Earnings before Income Taxes. Earnings before income taxes for the fiscal year ended June 30, 2008 were $137.5 million, a decrease of $10.9 million, or 7%, compared to $148.4 million for the fiscal year ended June 30, 2007. Margin decreased 2.4% to 26.7%. The decrease in Earnings before income taxes reflects new business coming on board with lower margins due to amortization of implementation costs compared to lost business where implementation costs were fully amortized. The decrease is also attributable to the change in methodology of charging for services provided to our Clearing and Outsourcing Solutions segment and higher investment spend related to new products.

Clearing and Outsourcing Solutions

Fiscal Year 2009 Compared to Fiscal Year 2008

Net Revenues. Clearing and Outsourcing Solutions segment s Net revenues were $101.4 million, an increase of $5.6 million, or 6% for the fiscal year ended June 30, 2009, compared to $95.8 million for the fiscal year ended June 30, 2008. Net New Business contributed 22 percentage points and consisted of both securities clearing and outsourcing services. Client internal growth contributed negative 16 percentage points primarily driven by lower interest income due to the lower Federal Funds rate and lower average margin balances. Average margin balances for the fiscal year ended June 30, 2009 were $638.0 million, compared to $898.3 million for the fiscal year ended June 30, 2008. The average number of trades cleared per day for the fiscal year ended June 30, 2009 was 64,000, compared to 48,000 for the fiscal year ended June 30, 2008. The increase in trades per day was offset by a higher ratio of lower-priced firm trades. Excluding the $15.3 million unfavorable impact to internal growth of net interest income from the $8.0 million impact of the Federal Funds rate and lower margin balances, Net revenues increased $20.9 million, or 22% for the fiscal year ended June 30, 2009, compared to the fiscal year ended June 30, 2008.

Table of Contents

Loss before Income Taxes. Loss before income taxes for the fiscal year ended June 30, 2009 of $9.1 million was $4.1 million higher as compared to a Loss before income taxes of $5.0 million for the fiscal year ended June 30, 2008. The higher loss was due to lower interest income resulting from the lower Federal Funds rate and lower average margin balances. Excluding the unfavorable impact of net interest income resulting from the lower Federal Funds rate and lower average margin balances, Earnings before income taxes increased $11.2 million for the fiscal year ended June 30, 2009, compared to the fiscal year ended June 30, 2008.

Fiscal Year 2008 Compared to Fiscal Year 2007

Net Revenues. Clearing and Outsourcing Solutions segment s Net revenues were $95.8 million, an increase of $2.0 million, or 2% for the fiscal year ended June 30, 2008, compared to $93.8 million for the fiscal year ended June 30, 2007. The increase in Net revenues was due to a positive contribution from new sales of 13%, essentially offset by a previously announced loss of a client, and positive internal growth of 2% net of lower interest income due to the lower Federal funds rate. Average margin balances for the fiscal year ended June 30, 2008 were $898.3 million compared to $687.7 million for the fiscal year ended June 30, 2007. For the fiscal year ended June 30, 2008, the average number of trades cleared per day were 48,000 compared to 34,000 for the fiscal year ended June 30, 2007.

Loss before Income Taxes. Loss before income taxes was $5.0 million, an improvement of $6.9 million, for the fiscal year ended June 30, 2008, compared to a loss before income taxes of $11.9 million for the fiscal year ended June 30, 2007. The improvement was due to higher Net revenues, as well as lower expenses resulting from the change in methodology beginning in January 2007 that resulted in $3.5 million in lower charges for services provided by the Company s other segments.

Beginning in January 2007, the Company changed its methodology for charging the Clearing and Outsourcing Solutions segment for services provided by the Company s other segments. The Clearing and Outsourcing Solutions segment is charged for services based on the other segments cost of providing such services. Prior to January 2007, the Clearing and Outsourcing Solutions segment was billed for these services on a mark-up basis with the other segments recording revenue for the amount of these billings. The following table summarizes the amounts charged to the Clearing and Outsourcing Solutions segment by the Company s other segments for the fiscal years 2008 and 2007. The amounts billed by the other segments and recorded as Cost of net revenues by the Clearing and Outsourcing Solutions segment were as follows:

	Years Ended June 30,			
			Change	
	2008	2007	($)	(%)
	($ in millions)			
Investor Communication Solutions	$ 3.4	$ 3.4	$	
Securities Processing Solutions	4.6	8.1	(3.5)	(43)
Total expenses	$ 8.0	$ 11.5	$ (3.5)	(30)

Other

Fiscal Year 2009 Compared to Fiscal Year 2008

Net Revenues. Other Net revenues were $1.5 million, a decrease of $7.0 million for the fiscal year ended June 30, 2009, compared to $8.5 million for the fiscal year ended June 30, 2008, reflecting primarily one-time non-recurring termination fees during the fiscal year ended June 30, 2008 that did not recur during the fiscal year ended June 30, 2009.

Loss before Income Taxes. The primary components of Other expenses are certain unallocated expenses and Other expenses, net. Loss before income taxes was $31.9 million for the fiscal year ended June 30, 2009, a decrease of $36.1 million, compared to a $68.0 million loss for the fiscal year ended June 30, 2008. The decrease

Table of Contents

reflects an $8.4 million gain from the purchase of $125.0 million principal amount of the Senior Notes during the fiscal year ended June 30, 2009 and an increase in foreign currency exchange gain of $2.8 million. Interest expense on our Long-term debt declined by $17.0 million due to a lower outstanding balance and the decline in the weighted-average interest rate on our five-year term loan facility. One-time transition costs of $13.7 million during the fiscal year ended June 30, 2008 did not recur. Stock compensation expense decreased by $8.2 million primarily due to higher expense for the fiscal year ended June 30, 2008 related to the special stock option grants to corporate officers granted in that fiscal year. The gains and expense reductions were partially offset by increased investment expenses of $8.5 million during the fiscal year ended June 30, 2009 and $7.0 million in one-time non-recurring termination fees earned during the fiscal year ended June 30, 2008 that did not recur during the fiscal year ended June 30, 2009.

Fiscal Year 2008 Compared to Fiscal Year 2007

Other Net revenues were $8.5 million, an increase of $15.5 million for the fiscal year ended June 30, 2008, compared to $(7.0) million for the fiscal year ended June 30, 2007. The increase is due to $8.0 million related to the change in methodology for charging the Clearing and Outsourcing Solutions segment for services provided by the Company s other segments, $6.7 million in one-time non-recurring termination fees, and the elimination of intercompany Interest expense from securities operations.

The primary components of Other expenses are certain unallocated expenses and Other expenses, net. Total other loss before income taxes was $68.0 million for the fiscal year ended June 30, 2008 compared to a $36.4 million loss before income taxes for the fiscal year ended June 30, 2007. The $31.6 million increase reflects $20.2 million in non-allocated corporate costs, of which $6.1 million reflects investment expenses related to new products, and $8.9 million in stock compensation expense, of which $7.2 million represents the expense related to the special stock option grants to corporate officers, $20.7 million in interest expense related to the Company s borrowings, and the elimination of intercompany Interest expense from securities operations. The loss is partially offset by termination revenues of $7.6 million.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2009 and 2008, Cash and cash equivalents were $280.9 million and $198.3 million, respectively. Total stockholders equity was $909.0 million and $745.8 million at June 30, 2009 and 2008, respectively. At June 30, 2009, working capital was $582.9 million, compared to $553.8 million at June 30, 2008.

On March 29, 2007, the Company entered into a $1,190.0 million senior unsecured credit facility, consisting of a $440.0 million five-year term loan, a $500.0 million five-year revolving credit facility and a $250.0 million one-year revolving credit facility. On March 29, 2007, the Company borrowed $440.0 million under the five-year term loan facility and $250.0 million under the one-year revolving credit facility. The proceeds received in connection with the $690.0 million of borrowings were paid to ADP on March 30, 2007 as a dividend. These credit facilities are subject to covenants, including financial covenants consisting of a leverage ratio and an interest coverage ratio. At June 30, 2009 and 2008, the Company was not aware of any instances of non-compliance with the financial covenants of these credit facilities.

During the fiscal years 2009, 2008, and 2007, the Company repaid zero, $170.0 million and $70.0 million, respectively, of the five-year term loan facility. The one-year revolving credit facility was cancelled upon repayment on May 29, 2007 with the net proceeds from the issuance of $250.0 million in aggregate principal amount of the Senior Notes and cash. The terms of the Senior Notes are governed by an indenture, dated as of May 29, 2007, by and between Broadridge and U.S. Bank National Association, as trustee thereunder. The Senior Notes are unsecured obligations of Broadridge and rank equally in right of payment with other unsecured and unsubordinated obligations of Broadridge. Interest is payable semiannually on June 1 and December 1 each year based on a fixed per annum rate equal to 6.125%. During fiscal year 2009, the Company completed the purchase of $125.0 million principal amount of the Senior Notes (including $1.0 million unamortized bond discount)

Table of Contents

pursuant to the cash tender offer for such notes. The consideration paid for the Senior Notes accepted for payment was $116.3 million. The completed purchase resulted in a one-time non-cash gain from early extinguishment of debt of $8.4 million. Please refer to Note 11 Borrowings to our Financial Statements under Item 8 of Part II of this Annual Report on Form 10-K for a more detailed discussion.

Based upon current and anticipated levels of operation, we believe that our cash on hand and cash flow from operations, combined with borrowings available under the credit facility, will be sufficient to enable us to meet our current and anticipated cash operating requirements, capital expenditures, and working capital needs. Please refer to Note 12, Regulatory Requirements to our Financial Statements included in this Annual Report on Form 10-K and the discussion of cash flows used in financing activities in the following section for further discussion of our financing activities.

Cash Flows

The cash flows from operating and financing activities for our Clearing and Outsourcing Solutions segment differ from that of our other businesses. Broker-dealer and customer margin activities and transactions require the Company to obtain financing from both internal and external sources. Additionally, regulations associated with the broker-dealer industry require cash or securities to be segregated for the exclusive benefit of customers in certain circumstances based on regulatory calculations driven by customers balances. As a result, management analyzes the securities clearing activities cash flows of the Clearing and Outsourcing Solutions segment separately from all other businesses.

Within operating activities, increases in Securities clearing receivables and Cash and securities segregated for regulatory purposes and securities deposited with clearing organizations are respectively a use or a source of cash. This can be funded by an increase or applied as a decrease to Securities clearing payables (reflected within operating activities) or Short-term borrowings (reflected within financing activities).

Net cash flows provided by operating activities were as follows:

	Years Ended June 30,		
	2009	2008	Change
	($ in millions)		
Net cash flows provided by operating activities, excluding securities clearing activities	$ 282.3	$ 336.0	$ (53.7)
(Increase) decrease in Cash and securities segregated for regulatory purposes and securities deposited with clearing organizations	(212.8)	32.7	(245.5)
Decrease (increase) in Securities clearing receivables	358.6	(128.7)	487.3
(Decrease) increase in Securities clearing payables	(69.3)	242.0	(311.3)
Net cash flows provided by securities clearing activities	76.5	146.0	(69.5)
Net cash flows provided by operating activities, as reported	$ 358.8	$ 482.0	$ (123.2)

Net cash flows provided by operating activities, excluding securities clearing activities, were $282.3 million for the fiscal year ended June 30, 2009, a decrease of $53.7 million, compared to $336.0 million net cash flows provided during the fiscal year ended June 30, 2008. Trade Accounts receivable decreased during the prior year by $87.0 million and further decreased in the current year by $31.7 million, this change of $55.3 million is the primary reason that net cash flows provided by operating activities, excluding securities clearing activities decreased by $53.7 million, despite an improvement in collections of trade Accounts receivable.

Net cash flows provided by securities clearing activities at our Clearing and Outsourcing Solutions segment were $76.5 million for the fiscal year ended June 30, 2009, a decrease of $69.5 million, compared to net cash flows provided by securities clearing activities at our Clearing and Outsourcing Solutions segment of $146.0 million for the fiscal year ended June 30, 2008. The decrease in cash flows provided is due to an increase in cash and securities segregated for regulatory purposes and a decline in securities clearing payables, primarily driven by decreased securities lending activities. This was partially offset by a decline in net securities clearing receivables due to lower margin balances.

Net cash flows used in investing activities for the fiscal year ended June 30, 2009 were $90.7 million, an increase of $38.1 million, compared to $52.6 million for the fiscal year ended June 30, 2008. The increase reflects higher spending of $54.7 million on acquisitions during the fiscal year ended June 30, 2009, compared to the fiscal year ended June 30, 2008, partially offset by a decrease in capital expenditures of $14.6 million.

Net cash flows used in financing activities for the fiscal year ended June 30, 2009 were $188.6 million and includes the Company s purchase of $125.0 million principal amount of the Senior Notes during the fiscal year ended June 30, 2009. This represents a decrease of $131.8 million, compared to $320.4 million for the fiscal year ended June 30, 2008. The decrease in Net cash flows used in financing activities reflects $55.6 million in lower payments on Long-term debt and $128.4 million in lower payments on Short-term borrowings, offset by $33.6 million in higher repurchases of the Company s common stock intended to offset dilution from the Company s equity compensation plans, $13.0 million in lower proceeds from exercise of stock options, and an increase of $4.3 million in Dividends paid.

The aforementioned $128.4 million in lower payments on Short-term borrowings within the change in Net cash flows used in financing activities reflects $136.6 million of payments for the fiscal year ended June 30, 2008 funded by net cash flows provided by securities clearing activities of $146.0 million for the fiscal year ended June 30, 2008. Net cash flows provided by securities clearing activities of $76.5 million for the fiscal year ended June 30, 2009 were used to increase cash held at the Clearing and Outsourcing Solutions segment by $68.0 million.

Income Taxes

Before the Distribution, the Company s taxable income was included in separate income tax returns filed with the appropriate taxing jurisdictions, except for U.S. federal and certain state and foreign jurisdictions in which the Company s taxable income is included in the income tax returns of ADP or an ADP affiliate. Subsequent to the Distribution, the Company files its own U.S. federal, state and foreign returns.

The provision for income taxes is computed as if the Company filed on a combined stand-alone or separate tax return basis, as applicable. The provision for income taxes does not reflect the Company s inclusion in the tax returns of ADP or an ADP affiliate. Certain income taxes of the Company were paid by ADP or an ADP affiliate on behalf of the Company. The payment of income taxes by ADP or an ADP affiliate on behalf of the Company is recorded within ADP s Net Investment on the Consolidated Statements of Stockholders Equity.

The Company, headquartered in the U.S., is routinely examined by the IRS as part of the IRS U.S. federal income tax audit of ADP and is also routinely examined by the tax authorities in the U.S. states and foreign countries in which it conducts business. The tax years under audit examination vary by tax jurisdiction. With respect to U.S. federal income taxes, the Company was a member of the ADP U.S. federal income tax consolidated group through March 30, 2007. As a member of the ADP U.S. federal income tax consolidation, the Company is included in any IRS examination of ADP for periods up to and including March 30, 2007. ADP and the Company are currently under IRS audit for the fiscal year ended June 30, 1998 through the fiscal year ended June 30, 2002 which was substantially completed in fiscal year 2009. In addition, the IRS is conducting an examination of fiscal years 2003 through 2007. As a member of the ADP U.S. federal income tax consolidated group and pursuant to a tax allocation agreement between the Company and ADP, the U.S. federal income tax payable of the Company for the period ended March 30, 2007, will be assumed by ADP. In addition, any items of income or expense successfully challenged by the IRS attributable to the business operations of the Company for tax periods ended March 30, 2007 or earlier, will be tax liabilities assumed by ADP. Correspondingly, any items of income or expense attributable to the business operations of the Company for tax periods ended March 30, 2007 or earlier, which are settled favorably with the IRS by ADP will remain with ADP. Accordingly, the Company has not established any tax reserves or tax assets with respect to U.S. federal income taxes for the tax period ended March 30, 2007.

The tax allocation agreement between the Company and ADP also extends to the Company s U.S. state income tax and most foreign income tax liabilities and tax assets. Thus, for any foreign or U.S. state income tax liabilities or tax assets relating to tax periods ended March 30, 2007 or earlier attributable to the Company s business operations, depending on the tax jurisdiction, ADP will either make payments directly to the appropriate tax authorities or reimburse the Company for tax payments the Company made to the tax authorities that related to tax liabilities subject to the tax allocation agreement to the extent that such tax liabilities are in excess of amounts provided for in respect of such income taxes on the Consolidated Balance Sheet of the Company including the Notes thereto, as of June 30, 2009. Similarly, to the extent that there are any tax refunds attributable to the Company s business operations in a particular tax jurisdiction for the period ended March 30, 2007 or earlier, ADP will either receive such refund directly from the appropriate tax authorities or receive reimbursement from the Company for the refund received by the Company that is subject to the tax allocation agreement.

The Company regularly considers the likelihood of assessments in each of the jurisdictions resulting from examinations. To the extent the Company determines it has potential tax assessment in particular tax jurisdictions and that such assessments are not covered by the tax allocation agreement, the Company has established tax reserves which it believes are adequate in relation to the potential assessments. Once established, reserves are adjusted when there is more information available, when an event occurs necessitating a change to the reserves or the statute of limitations for the relevant taxing authority to examine the tax position has expired. The resolution of tax matters should not have a material effect on the combined financial condition of the Company or on the Company s Consolidated Statements of Earnings for a particular future period.

Defined Benefit Pension Plans

Before the spin-off from ADP on March 30, 2007, certain employees of the Company were covered by ADP s domestic defined benefit plans. In addition, certain employees of the Company were part of ADP s Supplemental Officer Retirement Plan (ADP SORP). The ADP SORP is a defined benefit plan pursuant to which ADP will pay supplemental pension benefits to certain key officers upon retirement based upon the officers years of service and compensation. Liabilities and assets related to these plans remain with ADP. Domestic pension expense allocated to the Company for the fiscal year ended June 30, 2007 was $3.5 million. ADP SORP expense allocated to the Company for the fiscal year ended June 30, 2007 was $0.2 million.

The Company s Board of Directors approved a Broadridge sponsored Supplemental Officer Retirement Plan (Broadridge SORP). The Broadridge SORP is a defined benefit plan pursuant to which the Company will pay supplemental pension benefits to certain key officers upon retirement based upon the officers years of service and compensation. The amount charged to expense for the Broadridge SORP was $0.6 million, $0.5 million, and $0.2 million for the fiscal years ended June 30, 2009, 2008 and 2007, respectively. Broadridge s management believes the ADP SORP expense allocation and the Broadridge SORP are not material to the Financial Statements.

Table of Contents

Contractual Obligations

The following table summarizes our contractual obligations to third parties as of June 30, 2009 and the effect such obligations are expected to have on our liquidity and cash flows in future periods:

	Payments Due by Period				
	Total	Less than 1 Year	1-3 Years	4-5 Years	After 5 Years
	($ in millions)				
Long-term debt(1)	$ 324.1	$	$ 200.0	$	$ 124.1
Operating lease and software licenses(2)	133.0	41.4	62.7	22.5	6.4
Purchase obligations(3)	294.9	100.4	194.5		
Total	$ 752.0	$ 141.8	$ 457.2	$ 22.5	$ 130.5

(1) These amounts represent the principal repayments of Long-term debt and are included on our Consolidated Balance Sheets. As of June 30, 2009, we had $324.1 million of outstanding debt consisting of $200.0 million of a term loan facility and $124.1 million in Senior Notes. See Note 11, Borrowings and Note 12, Regulatory Requirements to our Financial Statements under Item 8 of Part II of this Annual Report on Form 10-K for additional information about our Borrowings and related matters. Excludes future cash payments related to interest expense as the term loan facility is variable rate and the interest payments will ultimately be determined by the rates in effect during each period.

(2) Included in these amounts are various facilities and equipment leases and software license agreements. We enter into operating leases in the normal course of business relating to facilities and equipment, as well as the licensing of software. The majority of our lease agreements have fixed payment terms based on the passage of time. Certain facility and equipment leases require payment of maintenance and real estate taxes and contain escalation provisions based on future adjustments in price indices. Our future operating lease obligations could change if we exit certain contracts and if we enter into additional operating lease agreements.

(3) Purchase obligations primarily relate to payments to ADP related to a data center outsourcing services agreement entered into before Distribution and purchase and maintenance agreements on our software, equipment and other assets.

The Company entered into a data center outsourcing services agreement with ADP before the Distribution under which ADP provides the Company with data center services consistent with the services provided to the Company immediately before the Distribution, provided that the operation of the data center is the sole responsibility of ADP. Among the principal services provided by the data center are information technology services and service delivery network services. The agreement with ADP provides for increasing volumes and the addition of new services over the term. Under the agreement, ADP is responsible for hosting the mainframe, midrange, open systems, and networks. Additionally, systems engineering, network engineering, hardware engineering, network operations, data center operations, application change management, and data center disaster recovery services are managed by ADP. The agreement will expire on June 30, 2012. For the fiscal years 2009 and 2008 and the period from the date of Distribution to June 30, 2007, the Company recorded $102.8 million, $107.0 million, and $27.5 million, respectively, of expenses in the Consolidated and Combined Statements of Earnings related to this agreement.

Before the Distribution, the Company entered into a transition services agreement with ADP to provide for an orderly transition to being an independent company. Among the principal services to be provided to the Company by ADP were operational and administrative infrastructure-related services such as accounts payable processing, procurement support, and human resources administrative services. ADP ceased providing most of the services under the transition services agreement on March 31, 2008, but the Company and ADP have agreed that ADP shall continue to provide certain administrative and infrastructure-related services through

December 31, 2009. For the fiscal years ended June 30, 2009 and 2008 and the period from the date of Distribution to June 30, 2007, the Company recorded expenses of $0.4 million, $2.3 million, and $0.4 million, respectively, in the Consolidated and Combined Statements of Earnings related to these services.

ADP and the Company entered into a number of commercial service agreements pursuant to which ADP and the Company are providing services to each other. Services provided by ADP to the Company include human resources, payroll and benefits administration services provided by ADP in the ordinary course of its business to third party entities on terms and conditions management believes are similar to those the Company could obtain from other providers of these services. For the fiscal years ended June 30, 2009 and 2008 and the period from the date of Distribution to June 30, 2007, the Company recorded $2.5 million, $2.0 million, and $0.5 million, respectively, of expenses in the Consolidated and Combined Statements of Earnings related to these agreements. Services provided by the Company to ADP include providing fulfillment and other services that the Company provides in the ordinary course of its business to third parties on terms and conditions it believes will be similar to those available to other third parties. For the fiscal years ended June 30, 2009 and 2008 and the period from the date of Distribution to June 30, 2007, the Company recorded $23.4 million, $21.1 million and $4.4 million, respectively, of revenue in the Consolidated and Combined Statements of Earnings related to these agreements.

Other Commercial Commitments

The Company has a five-year revolving credit facility that expires in March 2012 that has an available capacity of $500.0 million. As of June 30, 2009, no amounts were outstanding under this credit facility.

At June 30, 2009, Ridge Clearing had no loan payables under various secured and unsecured, uncommitted overnight bank credit facilities.

In addition, immediately before the separation from ADP, certain of the Company s foreign subsidiaries established unsecured, uncommitted lines of credit with banks. These lines of credit bear interest LIBOR plus 250 basis points. There were no outstanding borrowings under these lines of credit at June 30, 2009.

Significant Non-Cash Transactions

On July 1, 2006 the Company transferred at net book value $3.0 million of equipment and $21.0 million of software and software licenses to ADP. This transfer was related to the consolidation of our data center with ADP s data center before the Distribution.

Off-Balance Sheet Arrangements

It is not the Company s business practice to enter into off-balance sheet arrangements. However, the Company is exposed to market risk from changes in foreign currency exchange rates that could impact its financial position, results of operations, and cash flows. The Company manages its exposure to these market risks through its regular operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments. The Company uses derivative financial instruments as risk management tools and not for trading purposes. The Company was not a party to any derivative financial instruments at June 30, 2009, 2008, and 2007. In the normal course of business, the Company also enters into contracts in which it makes representations and warranties that relate to the performance of the Company s products and services. The Company does not expect any material losses related to such representations and warranties, or collateral arrangements.

NEW ACCOUNTING PRONOUNCEMENTS

Please refer to Note 2, Summary of Significant Accounting Policies Q. New Accounting Pronouncements to our Financial Statements under Item 8 of Part II of this Annual Report on Form 10-K for a discussion on the impact of the adoption of new accounting pronouncements.

Table of Contents

ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk

The Company provides guarantees to securities clearinghouses and exchanges. Under the standard membership agreement, members are required to guarantee the performance of the other members. Under the agreements, if another member becomes unable to satisfy its obligations to the clearinghouse, the other members would be required to meet any shortfalls. The Company s liability under these arrangements is not quantifiable and could exceed the cash and securities it has posted as collateral. However, the potential for the Company to be required to make payments under these arrangements is remote. Accordingly, no contingent liability is carried on the Consolidated Balance Sheets for these transactions.

In the normal course of business, the securities activities of the Clearing and Outsourcing Solutions business primarily involve executions, settlement, and financing of various securities transactions for a nationwide retail and institutional, customer and non-customer client base, introduced by its correspondent broker-dealers. These activities may expose the Company to risk in the event customers, other broker-dealers, banks, clearing organizations, or depositories are unable to fulfill contractual obligations.

The Company s Clearing and Outsourcing Solutions segment conducts business with broker-dealers, clearing organizations and depositories that are primarily located in the New York area. Banking activities are conducted mainly with commercial banks located in the New York area and throughout the country to support customer securities activities of correspondent broker-dealers.

The Company may be exposed to a risk of loss not reflected in the Consolidated Balance Sheets for securities sold, not yet purchased, should the value of such securities rise. In addition, the securities lending activities of the Company s Clearing and Outsourcing Solutions segment require the Company to pledge securities as collateral. In the event the counterparty is unable to meet its contractual obligation, the Company may be exposed to off-balance sheet risk of acquiring securities at prevailing market prices. The Company monitors the credit standing of counterparties with whom it conducts business. Risk is further controlled by monitoring the market value of securities pledged on a daily basis and by requiring adjustments of collateral level in the event of excess market exposure or instituting securities buy-in procedures when required.

As of June 30, 2009, $200.0 million of our total $324.1 million in debt outstanding is based on floating interest rates. Our term loan facility had a balance outstanding of $200.0 million as of June 30, 2009. The interest rate is based on LIBOR plus 40 to 90 basis points based on our debt rating at the time of borrowing. The weighted-average interest rate was 2.36% as of June 30, 2009.

ITEM 8. Financial Statements and Supplementary Data

INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE

Consolidated and Combined Financial Statements