

10 QUESTIONS WITH:**RICHARD DALY, CHIEF EXECUTIVE OFFICER
BROADRIDGE FINANCIAL SOLUTIONS**

Broadridge is a technology services company focused on global capital markets.

Broadridge is the market leader enabling secure and accurate processing of information for communications and securities transactions among issuers, investors and financial intermediaries.

Broadridge builds the infrastructure that underpins proxy services for over 90% of public companies and mutual funds in North America; processes more than \$3 trillion in fixed-income and equity trades per day; and saves companies billions annually through its technology solutions.

Q. When it comes to starting a business, garages seem especially popular - witness the two Steves - Jobs and Wozniak for Apple and Bill Gates for Microsoft. Also, Estee Lauder making face crèmes and Paula Deen sacking bag lunches, both in their family kitchens. You chose the spare bedroom in your Long Island home. They all had their recipe for success. What was yours?

RD: The company I was with back then allowed a good idea to get stale. By knowing the space we operated in so well, by understanding what was preventing that company from getting the business to the next level, and because of the continued evolution of technology, with focus I was able to go out and create features and functionality on a new platform that couldn't be created with the prior technology platforms. The fact I was known and trusted in the business and the fact that I was known and trusted to the decision makers really put me in a very strong position to launch.

We also developed what Andy Grove (former CEO of Intel) called "healthy paranoia," which enabled us to not only be very, very successful on our launch, but to maintain our position and grow it and branch out into numerous other services that use the same data and same capabilities at levels of complexity that I never imagined at the time, and thus being able to branch it out into other services. That was all possible through having the right team and the right empowerment of that team sharing the same focus and passion and most of all, being trusted by the client.

Q: You mention three key words: Empowerment, Focus, and Passion. Tell me more about how you empowered people at that point in the company's development and how you empower people today.

RD: When you start a business in an extra bedroom, it's not that you want to make every decision; you're the *only* person who can make a decision. As our organization evolved and got off the ground, we evolved into an "Ask Rich" mindset. While that's so incredibly efficient and effective getting something started, it becomes so detrimental as the organization grows larger.



Like most entrepreneurs, I initially didn't see that clearly. I was fortunate that issues unfolded in such a way that it became undeniably clear I had to change and had to take a different management approach. Most people don't have the benefit I had of being able to see that so clearly and most people don't have the flexibility and willingness to do something about it. We had found ourselves in a hole, but we didn't deny that, and we did everything we had to do to get out of it.

I was well behind on empowerment thinking prior to that awakening. But after that awakening, empowerment really took place here --- and I'll say we took it to an extreme versus a normal culture.

I became very focused on identifying the right people, putting lots of effort into that, making sure they clearly understood the responsibilities, and made sure they were willing to do what was needed, not just saying they were willing, but in reality willing to accept the full accountability of those responsibilities and empowering them. That made me fully recognize that no single individual can possibly be more effective than even just two individuals much less, and in the case of Broadridge some 5,000 individuals!

Something John Hogan, our COO said to me years ago rings true here. He said that you have to have a unique ability to look at people and identify their strengths and weaknesses and find ways to enhance those strengths, and even though at times it's awkward, you really have to minimize the impact of their weaknesses by the way you take a job and design it around the individual's capabilities versus taking a box and saying I'm going to find the person that best fits into that box. You always must be willing to modify the box, to create greater organizational strength based on the resources you have, not just the requirements of the box.

I want everyone to make us more efficient.

I want everyone to make our products better even if it's not in our short term economic interest. We don't ever want to leave a product in the market place if there's newer, better technology that can achieve the same or a better result, even if it means we won't make the same margins on the new technology that we're making on the old platform.

We're never going to be in that position. We may need to do other things, we may need to sell more, but we're not going to be out there letting the train pass us by.

On every road show when I've spoken with investors and prospective investors, I've made it clear; we will lead in technology ... even if it isn't in our short term interest.

The bottom line is we're going to lead in technology --- period!

Q. Is Broadridge's "E" initiative an example of that quest for technological advancement and leadership?

RD: Absolutely. Some strategic decisions are tough. This one was easy. Going back to the early 80s, Broadridge has led in the use of technology to create more effective levels of corporate governance in the share ownership process. Ultimately, that technology continues to lead to greater levels of participation and transparency.



Our “E” initiatives have three primary components: The Investor Network, The Shareholder Forum, and The Virtual Shareholder Meeting.

Our Virtual Annual Meeting solution enables millions of shareholders to participate in the annual meeting process. It absolutely addresses the transparency for the mass shareholder base. For a company, it addresses cost efficiency, something which we’re all challenged with every day. It meets the highest security standards currently in the marketplace and it addresses the issue of accessibility to management from the current state where it’s available to a limited few, to a state where we can completely blow the doors open to create accessibility --- and transparency --- for all: investors, management, and the board.

The idea of being the leader in this arena is well worth the investment. This is such a black and white value proposition compared to what exists today in terms of benefits from every perspective, it’s just such an easy decision to go forward and support these “E” initiatives.

Q. The Investor Network...where does that fit in?

RD: The Investor Network is a combination of lots of sound bites out there --- the success of social networks --- the fact that there is not a single financial social network free from inappropriate or manipulative activities that can be trusted for the validity and credibility of its participants.

For example, you can’t control rumors, but we could create an environment where the source of rumors would absolutely be identifiable.

Investors on our network, although their identity will be protected and they can use whatever screen name they want, won’t be able to say they’re a shareholder of something unless they really are.

They won’t be able to misrepresent the amount of shares they have. We’re going to provide that information on a tool bar.

They’re fully entitled to express any opinion they wish. It will be made clear that if they make a statement they know is false, they could hear from folks in Washington as to what the basis of that statement was, and the folks in Washington might want to know what long and short positions they or any other related parties have in this account and any other account.

We’re creating an environment where *responsible* investors can have dialogue with other *responsible* investors without the fear of believing somebody had been misrepresenting on the other side of the conversation to manipulate a stock. Although that can still happen, it can’t happen without accountability to that other party.

So now we’ve got something where we can create a safe place for conversations for real investors.

We can create rules around these dialogues in terms of use of language. Since investors on this network can only get on through their account, we can block the access



of anyone who acts inappropriately. We're taking the features of existing social networks with rules, etc. that have worked and taking it dramatically to the next level.

Q: What's been the Street's reaction to the Investor Network?

RD: This really is something that's seen as needed by virtually all players.

While the market has not yet crossed the chasm to become a broad, mass market activity, people who look at this from safety, soundness, level playing field, and transparency perspectives are questioning how quickly we could find a way to effectively implement this so that progress is made in our markets on all issues, including transparency. We will use our market position to pioneer this effort because it is right and it is needed. Plus, it fits our heritage of innovation and creating products that the marketplace needs.

Beyond what I explained, there are other relationship benefits in it for market participants. The Investor Network will be accessed through an investor's own brokerage account, and I can guarantee you that they're not going to get a pop-up ad from a competitor when they're on their broker's site.

That customer who then looks and says, "You know what, I really like this company now that I've heard additional things about it." They now hit and click on "I want to do a transaction." They never leave their broker's branded site. They now seamlessly come back into that site after the transaction. You tell me how much it is worth to keep *your* customer on *your* website and not have them wandering off to a competitors'.

Q: Tell me about the Shareholder Forum...

RD: This is the proverbial chicken/egg scenario.

We are definitely building a platform, but we need people to participate in it. My view is that as corporate governance continues to evolve, there's going to be a need for companies to interface with shareholders on a far more regular basis than just an annual meeting.

It may well be coming down to choices. Do we choose enhanced communication and better transparency delivered via 21st century technology, or do we find ourselves facing more regulation? To someone with fundamental faith in our system who believes in the promise of technology, the answer is crystal clear, and Broadridge will be in the forefront of those technological advances.

Through The Shareholder Forum, a company can sort through a lot of noise more clearly and instead of hearing the opinions of the general public at large, have a far better means to hear the opinions of their real shareholders. For Broadridge to be enabling this capability at the front end is a worthwhile strategy and a worthwhile investment.

I think The Virtual Annual Meeting is an enabler. Companies will take advantage of the shareholder survey capabilities through Broadridge's Virtual Annual Meeting process and Broadridge's Shareholder Forum.

For example, companies will look through that surveying capability and take advantage of “know on pay” capabilities to enable comp committees to have far better insight into shareholder perspective on the compensation process and to provide shareholders far better insight into the comp committee process.

Those things will create activity that will make the evolution of the Forum far more natural than just some mandated-type of big bang.

Q: In a broader sense, how do these e-products help a corporation manage and address these issues?

RD: E-products will enable more investors to more easily hear more messages.

There are 10,000+ public companies in North America. There are a relatively small handful of companies with challenges, maybe no more than 50 each year. As CEO I'm going to do everything I can to have as many of our investors understand our strategy, and understand our corporate goals. These “E” technologies enable that.

That puts Broadridge --- and other companies using the technology --- in a stronger position. Ultimately, greater transparency and more investor participation will create more efficient markets and better shareholder returns.

Q: Where is Broadridge going to be in five years; in ten years?

RD: We have two key strategies. One is around the communications business, and the other is around the processing business.

By the nature of our infrastructure, there's very good overlap with the two strategies.

In the communications business, we believe very strongly there is much to be done.

There is still significant inefficiency in the annual meeting process, in the corporate communications process, in the knowledge investors possess, and in effective access.

We also ask ourselves what information investors have now and what they may need in the future, whether it be for tax filing purposes, estate planning, or something similar.

Broadridge possesses the vision, technological infrastructure and data management expertise, and the skill to make all of these things dramatically more efficient, which is one of the reasons we acquired a transfer agent.

The Virtual Annual Meeting, The Investor Network, the survey, the “know on pay” capabilities, our repository capabilities, and many others are all tied to that technological superiority which Broadridge demonstrates everyday to the marketplace and its clients.

As we announced some time ago, we are exiting the securities clearing business. That exit will result in a simpler and more focused business model and it will eliminate any



balance sheet risk typically associated with clearing services, while retaining the upside revenue opportunities afforded by operations outsourcing.

Exiting the clearing business will enable our securities processing business to focus solely on the revenue opportunities associated with securities processing and operations outsourcing services.

When you combine Broadridge's securities processing platform, our outsourcing business, and our investor communications capabilities, we are well positioned to offer clients comprehensive technology solutions that span the investment lifecycle ... from new account opening and transaction processing to document management and shareholder communications.

On our last earnings call we forecasted another record year of sales and I'm more excited than ever about our future.

Q: Now that you've built the company how do you keep it growing? Do the same principles apply to growing a company and to keep it growing even if it's a multi-billion dollar company?

RD: At the leadership level we have our Five Pillars of Success - (1) retain every client, (2) accelerate sales, (3) offer new solutions, (4) leverage our unique industry position, and (5) improve margins. It is important to point out that those five pillars start with "retaining every client."

Every leader at Broadridge must have their own personal five pillars on how they're going to retain clients....how they'll generate more sales....how they're going to innovate....how they'll grow margins, etc.

So when you look at these pieces out there and when I meet with associates, I always take time during a discussion to move the dialogue to their own five pillars.

We also need to continue to drive metrics to every level of the organization.

Everyone knows their customer satisfaction scores. Everyone knows their client retention numbers. Everyone knows their P&L. Everyone's tied to something. The one metric we measure across the entire organization --- and it's the metric that all of us focus on as metric number one --- is customer satisfaction.

Every year customer satisfaction scores have to go up or you don't get paid on that metric. It's a bonus. It's not an entitlement. That metric has to go up.

As evidence of our focus on metrics and customer satisfaction, we welcome any and all customer input at all times. Second, we absolutely need to earn our customer's respect and are looking for any way we can to earn that respect so they think about us as an enabler of things they want to get done.

And third, we are totally committed to always do the right thing. If a customer ever believes we aren't acting consistent with that, even if they thought it was logical in a normal business environment, I'd want to know that.

Our long term model is just that, it's long term. In the short term, we'll make sacrifices so we stay in a leadership position for the long-term and enable more opportunities to lead in other areas.

Q: What advice would you offer other corporate executives, your own people, or some budding entrepreneurs?

RD: 1. Know as well as anyone the space you're going into.
2. Identify a prospective customer who's meaningful and dissatisfied in their current environment.
3. Let that customer tell you what your business should be, not you in a vacuum deciding what your business should be.
4. In the beginning, absolutely stay focused on and committed to that one thing.

You can have the latest management guru and the latest philosophy, but listening to customers is essential.

Focus on and listen to customers --- if you can do those two things, you're going to do just fine.