

BROADRIDGE FINANCIAL SOLUTIONS, INC.
Form DEFA14A
October 22, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

SCHEDULE 14A

(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934**

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
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BROADRIDGE FINANCIAL SOLUTIONS, INC.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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Broadridge's Pay-for-Performance
Compensation Philosophy
October 2009

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1
Contents
Our Pay-for-Performance Compensation
Philosophy
Pay-for-Performance in Practice
Compensation and Corporate Governance
Looking Ahead: Fiscal Year 2010 and Beyond

2

Our Pay-for-Performance Compensation Philosophy

Since our spin-off in April 2007, Broadridge has cultivated a strong commitment to Pay-for-Performance among our associates. Our goals are:

Provide a clear line of sight and linkage between individual performance, organization performance and compensation

Attract, engage and retain the associates that help ensure our future success

Motivate and inspire associate behavior that fosters a high-performance culture while maintaining a reasonable level of risk

Ensure that our associates are motivated to increase stockholder value

3

We believe that this pay-for-performance philosophy has been a major contributor to the financial performance of our business

1. $TSR = \text{Total Stockholder Return} = \text{Stock Price Gain} + \text{Dividend Yield}$.

2. April 2, 2007 = first day of Broadridge stock trading on the New York Stock Exchange.

3. Source: Yahoo! Finance Historical Prices

for BR, using Closing Prices Adjusted for Dividends and Splits

(<http://finance.yahoo.com/q/hp?s=BR>).

4. Source: Yahoo! Finance Historical Prices for ^MID, using Closing Prices Adjusted for Dividends and Splits

(<http://finance.yahoo.com/q/hp?s=%5EMID>).

Our Pay-for-Performance Compensation Philosophy

Broadridge

TSR vs. S&P 400 Midcap Index

1

April 2, 2007 = 100.0

2

40

60

80

100

120

140

4/2/07

10/2/07

4/2/08

10/2/08

4/2/09

10/2/09

BR = **115.35**

3

on 10/19/09

S&P 400 =

83.95

4

on 10/19/09

4
Pay-for-Performance
in
Practice

-
Bonuses
Every full-time Broadridge associate is eligible for some type of
annual cash incentive
Hourly and non-supervisory associates are eligible for a **World Class**

Service

bonus, which is funded by meeting Client Satisfaction goals

Client Satisfaction surveys must show year-over-year improvement in average scores in order to receive a payment

Supervisory associates and above are eligible for a **Management By Objectives (MBO)**

cash incentive plan

All associate MBO plans have both Non-GAAP Earnings Per Share (EPS) and Client Satisfaction goals, along with other financial and operational objectives such as Revenue and Net Sales

Non-GAAP EPS has the highest weight, and funds the bonus pool

5
Pay-for-Performance
in
Practice
-
Bonuses
CEO FY09
Bonus:

Richard

Daly's

MBO

Cash

Incentive

payment

decreased

14% in fiscal year 2009 vs. fiscal year 2008, despite an increase in

Broadridge's Non-GAAP EPS

Fiscal year

2009

Non-GAAP

EPS

=

\$1.51,

vs.

\$1.42

in

fiscal

year

2008

(6%

growth)

According to a May 2009 article published by Towers Perrin, an independent compensation

consultant, less than one-quarter of companies examined in the past year have taken this

action

1. The fiscal year 2009 GAAP EPS was \$1.58 and the fiscal year 2008 GAAP EPS was \$1.36. In fiscal year 2009, this measure

one-time gain from the purchase of \$125.0 million principal amount of the Company's 6.125% senior notes due 2017, and the

benefit from a state tax credit. In fiscal year 2008, this measure excluded one-time transition expenses and interest on new debt.

Pay-For-Performance Linkage

Source: Equilar, Inc. (via Towers Perrin ECR Online, May 2009)

Increased

Year-over-year change in company

performance

32%

Decreased

According to Towers Perrin, 58% of

companies they examined showed

year-over-year increases in net

income in the most recent fiscal

year. Of those companies:

--

34% increased the CEO bonus

payment vs. the previous year

--

24% decreased the CEO bonus

payment vs. the previous year

With Richard Daly's FY09 bonus

payment, Broadridge

was aligned

with the 24% that increased year-over-year net income and paid their CEO a lower bonus.

10%

34%

24%

1

6
Pay-for-Performance
in
Practice
-
Equity
Restricted Stock Units (RSUs):
Broadridge has granted over one million
RSUs per year to our associates

24% of our associate population received RSU grants in the past three years (2007-2009)

70% of our RSU grants since the spin-off have been made to associates not at the executive officer level

RSUs vest as shares, creating employee owners

Performance-based vesting tied to two-year EPS goals for executive officers

Stock Options:

Multi-year effort underway to increase alignment between stockholders and newly-created executive officers through a special stock option grant program

Described in a Form 8-K filed with the SEC on February 26, 2008

No special grants were given to these officers prior to the spin-off

Goal = 5% of total shares dedicated to ownership by the officer population

Most special stock options are premium-priced grants, with strike prices up to 20% above BR fair market value on the grant date, providing for lower accounting cost and higher hurdles for personal gain

7

Pay-for-Performance in Practice

72% of average Broadridge Named Executive Officer compensation in fiscal year 2009 was at-risk,

in the form of an

annual cash incentive or equity grants (stock options and restricted stock units)

Over 80% of Richard Daly's fiscal year 2009 pay was at-risk

In April 2008, the Broadridge Board of Directors approved executive officer share ownership guidelines

The only stock options exercised among our executive officers since the spin-off are those that were scheduled to expire within three months of exercise --

Richard Daly converted his September 2009 net gain on exercised options into Broadridge shares

The Broadridge Board of Directors has also approved a Pre-Clearance Trading Policy for the Company's executive officers and directors

Broadridge officers and directors or their immediate family members cannot engage in any transaction in Broadridge securities without first obtaining the approval of the Company's General Counsel

8

Compensation and Corporate Governance

Our four-member Compensation Committee, with the guidance of their independent compensation consultant, reviews and approves executive officer compensation every year

Salary: The

Committee

approved

0%

fiscal

year

2010

Officer

merit

increases

Annual cash incentive targets, goals, and measures are set at the beginning of each year

Long-term equity grants such as RSUs and Options, including the multi-year performance goals for RSU vesting

Executive-level benefits, policies, and programs

Through the compensation consultant, they use their select 18-company Peer Group, a general industry group of companies with similar revenues, and select third-party surveys to evaluate market trends and compensation levels

Focus on discouraging excessive risk-taking through:

Multi-year vesting on equity grants

Multi-year performance period for earning RSUs

Officer stock ownership guidelines

9

We believe that our reward programs are well-positioned to reinforce our business strategy, as exemplified through our Five Pillars of Growth

Accelerate Sales

Client Retention

Leverage Industry Position

Margin Improvement

Offer New Solutions

Annual earnings growth is expected to be driven by many strategic initiatives

Sales growth, especially recurring revenue sales

New Products developed internally

Strategic acquisitions

Looking Ahead: Fiscal Year 2010 and Beyond

10

To help foster this growth strategy, we have asked stockholders to approve an increase in the number of shares issuable under our Omnibus Award Plan at our November annual meeting

Request

of

2.5

million

shares,
of
which
no
more
than
1.5
million
shares
can

be used as full-share
grants such as RSUs

1.8% of total shares outstanding as of September 21, 2009 (record date for
the November 2009 Annual Meeting)

Fiscal year 2010 special stock option grants are *not* included in this share
issuance

those options are available under our existing share reserve

This increase in shares issuable will allow us to:

Continue with our existing RSU grant policy for the next 12 months (covers
our planned October 2010 grant, and we will likely request additional shares
at November 2010 annual meeting)

Make annual option grants for the next 24 months

Develop a share reserve for grants related to strategic new hires and
acquisitions

We have a share repurchase plan in place to buy back shares to cover
option exercises, reducing the Omnibus Award Plan's dilutive effect

Looking Ahead: Fiscal Year 2010 and Beyond

11

Beyond fiscal year 2010, we expect that

The special stock option grant process will be completed, with 5% alignment goal achieved for executive officers

Broadridge options that were converted from ADP options at the time of the spin-off, 17 million in total, will be exercised

Average
strike

price
of
converted
ADP
options
at
the
time
of
the
spin-off
was \$18.62; October 20, 2009 Broadridge stock price = \$21.82

Total share overhang decreases as a result
Our annual RSU grants will reinforce our employee ownership culture

30-month vesting schedule serves as a strong retention tool for
associates

Manageable, consistent annual dilution (under 2% per year) and
accounting cost

We will have a sufficient number of shares issuable under our
Omnibus Award Plan for strategic initiatives

Acquisitions

Officer and senior executive hires
Looking Ahead: Fiscal Year 2010 and Beyond