BROADRIDGE FINANCIAL SOLUTIONS, INC.
Form 10-Q
May 08, 2012
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2012

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	**(I.R.S. Employer**
Incorporation or Organization)	**Identification No.)**
1981 Marcus Avenue	
Lake Success, NY	**11042**
(Address of principal executive offices)	**(Zip Code)**

Registrant s telephone number, including area code (516) 472-5400

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 x No ¨

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.

Large accelerated filer x	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	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 number of shares outstanding of the registrant s common stock, $0.01 par value, as of April 30, 2012 was 124,895,180.

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PART I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

Broadridge Financial Solutions, Inc.

Condensed Consolidated Statements of Earnings

(In millions, except per share amounts)

(Unaudited)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2012	2011	2012	2011
Revenues	$ 547.0	$ 527.1	$ 1,503.2	$ 1,390.8
Cost of revenues	420.8	406.6	1,186.2	1,099.8
Selling, general and administrative expenses	70.6	66.9	208.8	195.3
Other expenses, net	26.8	2.5	42.6	7.2
Total expenses	518.2	476.0	1,437.6	1,302.3
Earnings from continuing operations before income taxes	28.8	51.1	65.6	88.5
Provision for income taxes	10.7	18.5	24.0	32.0
Net earnings from continuing operations	18.1	32.6	41.6	56.5
Loss from discontinued operations, net of tax benefit	(1.4)	(2.9)	(1.4)	(3.1)
Net earnings	$ 16.7	$ 29.7	$ 40.2	$ 53.4
Earnings per share:				
Basic earnings per share from continuing operations	$ 0.15	$ 0.26	$ 0.34	$ 0.45
Basic loss per share from discontinued operations	(0.01)	(0.02)	(0.01)	(0.02)
Basic earnings per share	$ 0.14	$ 0.24	$ 0.33	$ 0.43
Diluted earnings per share from continuing operations	$ 0.14	$ 0.25	$ 0.33	$ 0.44
Diluted loss per share from discontinued operations	(0.01)	(0.02)	(0.01)	(0.02)
Diluted earnings per share	$ 0.13	$ 0.23	$ 0.32	$ 0.42
Weighted-average shares outstanding:				
Basic	124.0	124.2	123.8	125.3
Diluted	128.4	128.2	127.4	128.8
Dividends declared per common share	$ 0.16	$ 0.15	$ 0.48	$ 0.45

See Notes to Condensed Consolidated Financial Statements.

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Broadridge Financial Solutions, Inc.

Condensed Consolidated Balance Sheets

(In millions, except per share amounts)

(Unaudited)

	March 31, 2012	June 30, 2011
Assets		
Current assets:		
Cash and cash equivalents	$ 218.8	$ 241.5
Accounts receivable, net of allowance for doubtful accounts of $2.2 and $2.0, respectively	388.5	406.6
Other current assets	142.3	103.3
Total current assets	749.6	751.4
Property, plant and equipment, net	78.5	83.1
Goodwill	790.5	735.6
Intangible assets, net	152.8	147.2
Other non-current assets	242.9	186.7
Total assets	$ 2,014.3	$ 1,904.0
Liabilities and Stockholders Equity		
Current liabilities:		
Accounts payable	$ 107.1	$ 119.0
Accrued expenses and other current liabilities	194.5	230.3
Deferred revenues	136.7	33.4
Short-term borrowings		400.0
Total current liabilities	438.3	782.7
Long-term debt	564.3	124.3
Deferred taxes	65.2	71.3
Deferred revenues	38.2	47.3
Other non-current liabilities	107.5	81.1
Total liabilities	1,213.5	1,106.7
Commitments and contingencies (Note 13)		
Stockholders equity:		
Preferred stock: Authorized, 25.0 shares; issued and outstanding, none		
Common stock, $0.01 par value: Authorized, 650.0 shares; issued, 151.5 and 149.6 shares, respectively; outstanding, 124.1 and 123.7 shares, respectively	1.5	1.5
Additional paid-in capital	729.3	667.4
Retained earnings	622.7	642.2
Treasury stock: at cost, 27.4 and 25.9 shares, respectively	(564.3)	(529.9)
Accumulated other comprehensive income	11.6	16.1
Total stockholders equity	800.8	797.3
Total liabilities and stockholders equity	$ 2,014.3	$ 1,904.0

See Notes to Condensed Consolidated Financial Statements.

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Broadridge Financial Solutions, Inc.

Condensed Consolidated Statements of Cash Flows

(In millions)

(Unaudited)

	Nine Months Ended March 31,	
	2012	**2011**
Cash Flows From Operating Activities		
Net earnings	$ 40.2	$ 53.4
Adjustments to reconcile Net earnings to Net cash flows provided by (used in) operating activities:		
Loss from discontinued operations	1.4	3.1
Depreciation and amortization	37.3	40.5
Amortization of acquired intangibles	17.7	9.3
Amortization of other assets	13.5	1.5
Deferred income taxes	(17.0)	(7.7)
Stock-based compensation expense	21.6	23.2
Excess tax benefits from the issuance of stock-based compensation awards	(1.9)	(0.5)
Loss on sale of available for sale securities	0.2	
Impairment of available for sale securities and other noncurrent assets	32.2	
Other	(2.9)	2.4
Changes in operating assets and liabilities:		
Current assets and liabilities:		
Decrease (Increase) in Accounts receivable, net	22.0	(27.8)
Increase in Other current assets	(24.8)	(30.5)
Decrease in Accounts payable	(8.0)	(0.6)
Decrease in Accrued expenses and other current liabilities	(42.3)	(61.9)
Increase in Deferred revenues	80.5	52.8
Non-current assets and liabilities:		
Increase in Other non-current assets	(81.4)	(31.0)
Increase in Other non-current liabilities	15.6	12.7
Net cash flows provided by operating activities of continuing operations	103.9	38.9
Cash Flows From Investing Activities		
Capital expenditures	(22.8)	(20.6)
Purchases of intangibles	(9.6)	(9.4)
Proceeds from sale of available for sale securities	2.1	
Acquisitions, net of cash acquired	(72.4)	(293.3)
Net cash flows used in investing activities of continuing operations	(102.7)	(323.3)
Cash Flows From Financing Activities		
Proceeds from Short-term borrowings		240.0
Proceeds from issuance of Long-term debt	490.0	
Payments on Short-term borrowings	(400.0)	
Payments on Long-term debt	(50.0)	
Dividends paid	(58.2)	(56.4)
Proceeds from exercise of stock options	37.1	26.5
Purchases of Treasury stock	(35.8)	(202.8)
Other financing transactions	(2.6)	1.0

Excess tax benefits from the issuance of stock-based compensation awards	1.9	0.5
Cost related to issuance of Long-term debt	(2.9)	
Net cash flows (used in) provided by financing activities of continuing operations	(20.5)	8.8
Cash flows from discontinued operations:		
Cash flows (used in) provided by operating activities	(1.3)	15.1
Cash flows used in financing activities		(7.2)
Net cash (used in) provided by discontinued operations	(1.3)	7.9
Effect of exchange rate changes on Cash and cash equivalents	(2.1)	6.4
Net change in Cash and cash equivalents	(22.7)	(261.3)
Cash and cash equivalents, beginning of period	241.5	412.6
Cash and cash equivalents of discontinued operations, beginning of period		
Cash and cash equivalents, end of period	218.8	151.3
Less Cash and cash equivalents from discontinued operations, end of period		
Cash and cash equivalents of continuing operations, end of period	$ 218.8	$ 151.3
Supplemental disclosure of cash flow information:		
Cash payments made for interest	$ 8.3	$ 5.2
Cash payments made for income taxes	$ 61.8	$ 31.4

See Notes to Condensed Consolidated Financial Statements.

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Broadridge Financial Solutions, Inc.

Notes to Condensed Consolidated Financial Statements

(Tabular dollars in millions, except per share amounts)

(Unaudited)

NOTE 1. BASIS OF PRESENTATION

A. Description of Business. Broadridge Financial Solutions, Inc. (Broadridge® or the Company), a Delaware corporation, is a leading global provider of investor communication solutions and securities processing and operations outsourcing solutions to the financial services industry. The Company classifies its continuing operations into the following two reportable segments:

Investor Communication Solutions A large portion of Broadridge s 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®, its innovative electronic proxy delivery and voting solution for institutional investors, helps ensure the participation of the largest stockholders of many companies. Broadridge also provides the distribution of regulatory reports and corporate action/reorganization event information, as well as tax reporting solutions that help its clients meet their regulatory compliance needs. In addition, Broadridge provides 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 its clients communications with investors. All of these communications are delivered in paper or electronic form. In fiscal year 2009, Broadridge introduced several new investor communication solutions. They are The Investor Network, Shareholder Forum and Virtual Shareholder Meeting solutions, and the Company s data aggregation and data management solutions. In fiscal year 2010, Broadridge entered the transfer agency business through its acquisition of StockTrans®, Inc. (recently renamed Broadridge Corporate Issuer Solutions, Inc.), a leading provider of registrar, stock transfer and record-keeping services. In August 2010, Broadridge acquired NewRiver®, Inc., a leader in mutual fund electronic investor disclosure solutions. In December 2010, Broadridge acquired Forefield®, Inc., a leading provider of real-time sales, education, and client communication solutions for financial institutions and their advisors. In January 2011, Broadridge acquired Matrix Financial Solutions, Inc., an independent provider of mutual fund processing solutions for the defined contribution market.

Securities Processing Solutions Broadridge offers 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. Broadridge s 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, its Global Processing Solution supports real-time global trading of equity, option, mutual fund and fixed income securities in established and emerging markets. In addition, its operations outsourcing solutions allow broker-dealers to outsource 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 businesses. In June 2010, the Company acquired City Networks Ltd, a leading software and services provider of reconciliation, multi-asset process automation and operational risk management solutions to the global financial services industry. In September 2011, Broadridge acquired Paladyne Systems, Inc., a provider of buy-side technology solutions for the global investment management industry.

B. Basis of Presentation. The Condensed Consolidated Financial Statements have been prepared in accordance with United States (U.S.) generally accepted accounting principles (GAAP). These financial statements present the condensed consolidated position of the Company. 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 both the cost and equity methods of accounting. All material intercompany balances and transactions have been eliminated. The results of operations reported for interim periods are not necessarily indicative of the results of operations for the entire year or any subsequent interim period. These Condensed Consolidated Financial Statements should be read in conjunction with the Company s consolidated financial statements in the Company s Annual Report on Form 10-K for the fiscal year ended June 30, 2011 (the 2011 Annual Report) filed on August 12, 2011 with the Securities and Exchange Commission (the SEC). These Condensed Consolidated Financial Statements include all normal and recurring adjustments necessary for a fair presentation in accordance with U.S. GAAP of the Company s

financial position at March 31, 2012 and June 30, 2011, the results of its operations for the three and nine months ended March 31, 2012 and 2011 and its cash flows for the nine months ended March 31, 2012 and 2011.

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The preparation of these financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the Condensed Consolidated Financial Statements and accompanying notes. Actual results could differ from these estimates.

On the Condensed Consolidated Statements of Cash Flows, the Company has separately disclosed Amortization of acquired intangibles which was previously included in Amortization of other assets for the nine months ended March 31, 2011.

C. Cash and Cash Equivalents. Investment securities with an original maturity of 90 days or less are considered cash equivalents.

D. Financial Instruments. Substantially all of the financial instruments of the Company other than Long-term debt are carried at fair values, or at carrying amounts that approximate fair values because of the short maturity of the instruments. The carrying value of the Company s long-term variable-rate term loan facility approximates fair value because these instruments reflect market changes to interest rates. The carrying value of the Company s long-term fixed-rate senior notes represents the face value of the long-term fixed-rate senior notes net of the unamortized discount. The fair value of the Company s long-term fixed-rate senior notes is based on quoted market prices. See Note 10, Borrowings, for a further discussion of the Company s long-term fixed-rate senior notes.

E. Subsequent Events. In preparing the accompanying Condensed Consolidated Financial Statements, in accordance with Accounting Standards Codification Topic (ASC) No. 855, Subsequent Events, the Company has reviewed events that have occurred after March 31, 2012, through the date of issuance of the Condensed Consolidated Financial Statements. During this period, the Company did not have any material subsequent events.

NOTE 2. NEW ACCOUNTING PRONOUNCEMENTS

In September 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2011-08, Intangibles Goodwill and Other (ASC Topic 350): Testing Goodwill for Impairment (ASU No. 2011-08), which amends guidance for goodwill impairment testing. The amendment allows for entities to first assess qualitative factors in determining whether or not the fair value of a reporting unit exceeds its carrying value. If an entity concludes from this qualitative assessment that it is more likely than not that the fair value of a reporting unit exceeds its carrying value, then performing a two-step impairment test is unnecessary. ASU No. 2011-08 will be effective for public companies for fiscal years beginning after December 15, 2011. The Company does not expect that the adoption of ASU 2011-08 will have an impact on its consolidated results of operations, financial condition or cash flows.

In June 2011, the FASB issued ASU No. 2011-05, Comprehensive Income (ASC Topic 220): Presentation of Comprehensive Income (ASU No. 2011-05), which amends current comprehensive income guidance. This accounting update eliminates the option to present the components of other comprehensive income as part of the statement of stockholders equity. Instead, the Company must report comprehensive income in either a single continuous statement of comprehensive income which contains two sections, net income and other comprehensive income, or in two separate but consecutive statements. ASU 2011-05 will be effective for public companies for fiscal years beginning after December 15, 2011, with early adoption permitted. In December 2011, the FASB issued an update to ASU No. 2011-05. The update, ASU No. 2011 -12, Deferral of the Effective Date for Amendments to the Presentation of Reclassification of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05 (ASU No. 2011-12), defers the effective date of certain presentation requirements within ASU No. 2011-05. The Company does not expect that the adoption of ASU 2011-05 will have an impact on its consolidated results of operations, financial condition or cash flows as it only requires a change in the format of the Company s current presentation.

In December 2010, the FASB issued ASU No. 2010-29, Disclosure of Supplementary Pro Forma Information for Business Combinations. This standard requires an entity to disclose revenue and earnings of the combined entity as though the business combination(s) that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period. ASU No. 2010-29 is effective prospectively for business combinations that occur on or after the beginning of the first annual reporting period beginning after December 15, 2010. ASU No. 2010-29 became effective for the Company in the first quarter of fiscal year 2012 and did not have a material impact on the Company s consolidated results of operations, cash flows or financial condition.

In October 2009, the FASB issued ASU No. 2009-13, Multiple-Deliverable Revenue Arrangements a consensus of the FASB Emerging Issues Task Force, an amendment of ASC No. 605-25, Revenue Recognition (formerly EITF Issue No. 08-01, Revenue Arrangements with Multiple Deliverables). This standard provides principles for allocation of consideration among its multiple elements, allowing more flexibility in identifying and accounting for separate deliverables under an arrangement. The ASU introduces an estimated selling price method for valuing the elements of a bundled arrangement if vendor-specific objective evidence or third-party evidence of selling price is not available, and significantly expands related disclosure requirements. It is effective on a prospective basis for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. ASU No. 2009-13 became effective for the Company in the first fiscal quarter of

fiscal year 2011 and did not have a material impact on the Company s consolidated results of operations, cash flows or financial condition.

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NOTE 3. EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing the Company s Net earnings by the basic Weighted-average shares outstanding for the periods presented.

Diluted EPS reflects the potential dilution that could occur if outstanding stock options at the presented date are exercised and shares of restricted stock units have vested.

The computation of diluted EPS did not include 1.6 million and 1.4 million options to purchase Broadridge common stock for the three months ended March 31, 2012 and 2011, respectively, and 2.7 million and 2.9 million options to purchase Broadridge common stock for the nine months ended March 31, 2012 and 2011, respectively, as the effect of their inclusion would have been anti-dilutive.

The following table sets forth the denominators of the basic and diluted EPS computations (in millions):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2012	2011	2012	2011
Weighted-average shares outstanding:				
Basic	124.0	124.2	123.8	125.3
Common stock equivalents	4.4	4.0	3.6	3.5
Diluted	128.4	128.2	127.4	128.8

NOTE 4. OTHER EXPENSES, NET

Other expenses, net consisted of the following:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2012	2011	2012	2011
	($ in millions)			
Interest expense on borrowings	$ 3.6	$ 2.5	$ 9.9	$ 7.3
Interest income	(0.6)	(0.6)	(1.6)	(1.5)
Foreign currency exchange loss	0.8	0.4	0.8	0.9
Other, net	23.0	0.2	33.5	0.5
Other expenses, net	$ 26.8	$ 2.5	$ 42.6	$ 7.2

Other, net for the three and nine months ended March 31, 2012, includes an impairment of marketable securities relating to the Company s investment in the common stock of Penson Worldwide, Inc. (PWI) provided to the Company as part of the purchase price for the sale of substantially all of its securities clearing contracts in June 2010. Based on an analysis of the other-than-temporary impairment factors, the Company has recorded a pre-tax impairment charge during the three and nine months ended March 31, 2012 of $1.1 million and $10.8 million, respectively (see Note 8, Other Non-current Assets). Other, net also includes an impairment charge of $21.4 million for the three and nine months ended March 31, 2012, respectively, related to the impairment of a five-year subordinated note from PWI in the principal amount of $20.6 million provided to the Company as part of the purchase price for the sale of substantially all of its securities clearing contracts in June 2010, as the Company has agreed to cancel this note receivable in exchange for additional shares of PWI s common stock in connection with the restructuring of PWI s outstanding indebtedness, the value of which are immaterial to the condensed consolidated financial statements (see Note 8, Other Non-current Assets). These impairment charges are included in the Other segment (see Note 15, Interim Financial Data by Segment).

NOTE 5. ACQUISITIONS

Assets acquired and liabilities assumed in business combinations were recorded 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 earnings since their respective dates of acquisition. The excess of the purchase prices over the respective estimated fair values of the underlying assets acquired and liabilities assumed was allocated to Goodwill.

During the three months ended March 31, 2012, there were no significant acquisitions. During the nine months ended March 31, 2012, the Company acquired one business in the Securities Processing Solutions segment:

Paladyne Systems, Inc.

In September 2011, the Company acquired Paladyne Systems, Inc., a provider of buy-side technology solutions for the global investment management industry. The purchase price was $72.4 million, net of cash acquired of $8.3 million. Net liabilities assumed were $15.4 million. This acquisition resulted in $64.0 million of goodwill. Intangible assets acquired, which totaled $23.8 million, consist primarily of acquired software technology and customer relationships, which are being amortized over a seven-year life and ten-year life, respectively. This acquisition was not material to the Company s consolidated operations, financial position, or cash flows.

NOTE 6. FAIR VALUE OF FINANCIAL INSTRUMENTS

Accounting guidance on fair value measurements for certain financial assets and liabilities requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1 Inputs that are based upon unadjusted quoted prices for identical instruments traded in active markets.

Level 2 Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly. These instruments include money market funds.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

In valuing assets and liabilities, the Company is required to maximize the use of quoted market prices and minimize the use of unobservable inputs. The Company calculates the fair value of its Level 1 and Level 2 instruments based on the exchange traded price of similar or identical instruments where available or based on other observable instruments. These calculations take into consideration the credit risk of both the Company and its counterparties. The Company has not changed its valuation techniques in measuring the fair value of any financial assets and liabilities during the period.

The following table sets forth the Company s financial assets and liabilities at March 31, 2012 that are measured at fair value on a recurring basis during the period, segregated by level within the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
		($ in millions)		
Assets				
Cash and cash equivalents:				
Money market funds	$ 96.5	$	$	$ 96.5
Other current assets:				
Available-for-sale equity securities				
Other non-current assets:				
Available-for-sale equity securities	8.9			8.9
Total	$ 105.4	$	$	$ 105.4

The following table sets forth the Company s financial assets and liabilities at June 30, 2011 that are measured at fair value on a recurring basis during the period, segregated by level within the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
		($ in millions)		
Assets				
Cash and cash equivalents:				
Money market funds	$ 150.4	$	$	$ 150.4
Other current assets:				
Available-for-sale equity securities	2.0			2.0
Other non-current assets:				
Available-for-sale equity securities	14.0			14.0
Total	$ 166.4	$	$	$ 166.4

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NOTE 7. DISCONTINUED OPERATIONS

In November 2009, the Company and its wholly owned subsidiary Ridge Clearing & Outsourcing Solutions, Inc. (Ridge) entered into an asset purchase agreement (the Asset Purchase Agreement) with PWI and Penson Financial Services, Inc., a wholly owned subsidiary of PWI (PFSI, referred to together with PWI as Penson), to sell substantially all contracts of the securities clearing clients of Ridge to PFSI.

On June 25, 2010, the Company completed the sale of the contracts of substantially all of the securities clearing clients of Ridge to PFSI for an aggregate purchase price of $35.2 million. The purchase price paid to Broadridge consisted of (i) a five-year subordinated note from PWI (the Seller Note) in the principal amount of $20.6 million bearing interest at an annual rate equal to the London Inter-Bank Offer Rate (LIBOR) plus 550 basis points, and (ii) 2,455,627 shares of PWI s common stock (representing 9.5% of PWI s outstanding common stock as of May 31, 2010), at the June 25, 2010 closing price of PWI s common stock of $5.95 per share (the Seller Shares). The Company has discontinued its securities clearing services business but will continue to provide operations outsourcing solutions aligned with the Securities Processing Solutions business.

Concurrent with entering into the Asset Purchase Agreement, the Company entered into a master services agreement with PWI (the Outsourcing Services Agreement) for an eleven-year term expiring in December 2022. Under the Outsourcing Services Agreement, Ridge provides securities processing and back-office support services to PFSI, including services for the clients acquired from Ridge and PWI s existing clients. As of January 2012, the Company completed the conversion of PWI s U.S. and Canadian businesses and projected annual revenues under the original terms of the Outsourcing Services Agreement are approximately $50 million. On October 11, 2011, Broadridge entered into an amendment agreement with PWI (the Amendment Agreement) to expand the scope of outsourcing support services that Ridge provides to PWI under the Outsourcing Services Agreement. The expanded services are expected to result in additional annual revenues to Broadridge of $8.0 million over the remaining term of the Outsourcing Services Agreement. The Company expects to commence providing the expanded services to PWI at various dates, and expects these services to be completely transitioned by July 1, 2013. Under the Amendment Agreement, in October 2011, Broadridge provided PWI with $7.0 million in consideration of the additional services and other amendments contemplated by the Amendment Agreement, and to defray the costs of PWI associated with the conversion to the Broadridge platform. To the extent that the expanded services provide less than $8.0 million of annualized fees to Broadridge by July 1, 2013, PWI will be obligated to pay Broadridge an amount equal to the shortfall of such fees below $7.0 million by August 1, 2013. In addition, on October 11, 2011, PWI and Broadridge entered into an Amended and Restated Seller Note which converted the quarterly interest payment terms under the original Seller Note to the payment of interest on the maturity date of the Seller Note effective July 1, 2011.

On March 13, 2012, Broadridge and Ridge entered into a restructuring support agreement (the Restructuring Support Agreement) with Penson and certain holders of Penson s outstanding indebtedness, which provides for proposed transactions related to the restructuring of Penson s outstanding indebtedness (the Restructuring), including the Seller Note held by Broadridge. The consummation of the Restructuring is subject to the approval and acceptance of Penson s debt holders, among other parties, and other conditions.

The Restructuring Support Agreement provides that Penson will offer to exchange the Seller Note for newly issued shares of Penson common stock which will represent, together with Broadridge s existing holdings in the Seller Shares, 9.9% of the outstanding common stock of Penson upon consummation of the Restructuring Support Agreement. See Note 8, Other Non-current Assets, for a discussion on the Seller Shares and the Seller Note. The value of these additional shares is immaterial to the condensed consolidated financial statements.

In addition, in connection with the Restructuring, Broadridge and Penson have agreed to enter into an amendment to the Outsourcing Services Agreement, which otherwise remains in place, to clarify or modify, as applicable, certain terms of the Outsourcing Services Agreement. The terms of this amendment are subject to the consummation of the Restructuring and the execution of a definitive amendment to the Outsourcing Services Agreement, and the reasonable acceptance of the terms of such amendment by the holders of a majority in principal amount of Penson s outstanding indebtedness.

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For a period of time in fiscal year 2011, the Company continued to generate cash flows and reported income statement activity in Loss from discontinued operations, net of taxes, associated with the securities clearing business. The activities that gave rise to these cash flows and income statement activities were transitional in nature.

The following summarized financial information related to the securities clearing business has been segregated from continuing operations and reported as discontinued operations:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2012	2011	2012	2011
	($ in millions)			
Revenues	$	$ 0.3	$	$ 1.3
Loss from discontinued operations, before tax benefit				(0.3)
Income tax benefit				0.1
Net loss from discontinued operations, before impairment of assets				(0.2)
Net loss on impairment of assets of discontinued operations net of tax benefit in the three and nine months ended March 31, 2012 of $1.0 and $1.0, respectively, and the three and nine months ended March 31, 2011 of $1.8 and $1.8, respectively	(1.4)	(2.9)	(1.4)	(2.9)
Loss from discontinued operations, net of tax benefit	$ (1.4)	$ (2.9)	$ (1.4)	$ (3.1)

Regulatory Requirements

As a registered broker-dealer and member of the New York Stock Exchange (NYSE) and the Financial Industry Regulatory Authority (FINRA), Ridge is subject to the Uniform Net Capital Rule 15c3-1 of the Securities Exchange Act of 1934, as amended (Rule 15c3-1). Ridge computes its net capital under the alternative method permitted by Rule 15c3-1, which requires Ridge to maintain minimum net capital equal to the greater of $250,000 or 2% of aggregate debit items arising from customer transactions. The NYSE and FINRA may require a member firm to reduce its business if its net capital is less than 4% of aggregate debit items, or may prohibit a member firm from expanding its business or paying cash dividends if resulting net capital would be less than 5% of aggregate debit items. At March 31, 2012, Ridge had net capital of $4.7 million, and exceeded the minimum requirements by $4.4 million.

NOTE 8. OTHER NON-CURRENT ASSETS

Other non-current assets consisted of the following:

	March 31, 2012	June 30, 2011
	($ in millions)	
Deferred client conversion and start-up costs	$ 158.1	$ 125.8
Capitalized data center migration costs	43.8	5.7
Note receivable		20.6
Long-term investments	12.9	18.1
Long-term broker fees	11.9	13.6
Other	16.2	2.9
Total	$ 242.9	$ 186.7

Deferred Client Conversion and Start-up Costs

Included in Deferred client conversion and start-up costs at March 31, 2012 are $47.0 million of deferred client conversion and start-up costs associated with the Outsourcing Services Agreement with Penson (see Note 7, Discontinued Operations). In reviewing these assets for impairment, management considered: (1) the terms and conditions of the Outsourcing Services Agreement, (2) PWI s progress toward its stated financial improvement plan and the anticipated improvement to its overall financial condition, (3) the outlook for PWI s business, and (4) the payment status of

our trade account receivables with Penson. In addition, the Company used its best efforts to calculate the probability of the Company realizing potential weighted undiscounted cash flows related to the Outsourcing Services Agreement based on the occurrence of a number of various scenarios. The Company has concluded that the weighted average of the undiscounted cash flows anticipated to be generated under the various probability combinations are expected to be more than sufficient to recover the carrying value of these assets. Therefore, the Company does not consider these assets to be impaired as of March 31, 2012. The Company continues to monitor these assets for impairment. Should conditions change, including Penson s financial and operating condition, the Company may determine as early as the fourth quarter of fiscal year 2012 to take an impairment charge on the deferred client conversion and start-up costs in part or in their entirety.

Note Receivable

The Note receivable refers to the Seller Note in the principal amount of $20.6 million issued by PWI to Broadridge as part of the consideration in the sale of the Ridge clearing contracts to Penson (see Note 7, Discontinued Operations). On March 13, 2012, Broadridge and Ridge entered into a Restructuring Support Agreement with PWI and certain of its subsidiaries, which provides for proposed transactions related to the restructuring of Penson s outstanding indebtedness, including the Seller Note. As part of PWI s debt restructuring, Broadridge has agreed to cancel this note receivable in exchange for additional shares of PWI s common stock, and the Company has recorded a $21.4 million charge as of March 31, 2012, which includes $0.8 million of accrued interest on the Seller Note. The value of these additional shares is immaterial to the condensed consolidated financial statements.

Long-term Investments

Included in Long-term investments at March 31, 2012 is the Company s investment of 2,455,627 shares in the common stock of PWI of $1.6 million (see Note 7, Discontinued Operations). In estimating other-than-temporary impairment losses, management s policy considers, but is not limited to, the following: (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. Based on the Company s review, factoring in the level of decline in the fair value of the PWI common stock, management determined that the market value of the PWI common stock may not equal or exceed the cost basis of our investment within a reasonable period of time. After consideration of the severity and duration of this decline in fair value, as well as the reasons for the decline in value, the Company determined that there was an other-than-temporary impairment (OTTI) related to the Company s investment in PWI common stock, for which the Company recorded a $9.7 million charge at December 31, 2011. In addition, during the three months ended March 31, 2012, the Company recorded a further $1.1 million OTTI charge based on the continued decline in the price of PWI s common stock. The OTTI charge related to the Company s investment in the PWI common stock was $10.8 million for the nine months ended March 31, 2012. These OTTI charges were included in Other expenses, net on the Condensed Consolidated Statements of Earnings for the three months and nine months ended March 31, 2012, respectively, and the Company established a new cost basis for this investment.

NOTE 9. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consisted of the following:

	March 31, 2012	June 30, 2011
	($ in millions)	
Employee compensation and benefits	$ 101.4	$ 102.1
Accrued broker fees	28.3	40.6
Accrued income tax liability	1.0	23.7
Accrued dividend payable	19.8	18.2
Other	44.0	45.7
Total	$ 194.5	$ 230.3

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NOTE 10. BORROWINGS

Outstanding borrowings and available capacity under the Company s borrowing arrangements were as follows:

	Expiration Date	March 31, 2012	June 30, 2011 ($ in millions)	Unused Available Capacity at March 31, 2012
Short-term borrowings				
Term loan facility	(a)	$	$ 200.0	$
Revolving credit facility	(a)		200.0	
Total Short-term borrowings			400.0	
Long-term debt				
Term loan facility	September 2016	440.0		
Revolving credit facility	September 2016			500.0
Senior notes	June 2017	124.3	124.3	
Total debt		$ 564.3	$ 524.3	$ 500.0

(a) The outstanding borrowings of $200.0 million on the five-year term loan facility and $200.0 million on the five-year revolving credit facility that were entered into on March 29, 2007 (collectively the 2007 Credit Facilities) were repaid with proceeds from the $490.0 million five-year term loan facility entered into on September 22, 2011.

Revolving Credit and Term Loan Facilities: On September 22, 2011, the Company entered into a $990.0 million senior unsecured credit facility, consisting of a $490.0 million five-year term loan facility and a $500.0 million five-year revolving credit facility (collectively the 2011 Credit Facilities). Borrowings under the five-year term loan facility and five-year revolving credit facility bear interest at LIBOR plus 125 basis points. The five-year revolving credit facility also has an annual facility fee equal to 15 basis points, on the unused portion of the facility. The Company incurred $3.0 million in debt issuance costs to establish these credit facilities, of which $0.1 million of these costs were expensed as incurred and $2.9 million of these costs have been capitalized in Other non-current assets in the Condensed Consolidated Balance Sheets and will be amortized to interest expense on a straight-line basis, which approximates the effective interest method, over the terms of these facilities. At March 31, 2012, $0.3 million had been amortized related to these credit facilities.

The Company used a portion of the 2011 Credit Facilities proceeds to repay $200.0 million of outstanding borrowing under the previous five-year term loan and $200.0 million of outstanding borrowing under the previous five-year revolving credit facility. The previous five-year term loan facility and the previous five-year revolving credit facility both had expiration dates of March 2012 and were cancelled upon repayment.

The $490.0 million five-year term loan contains a repayment schedule that requires the Company to make minimum principal repayments on the loan of $12.3 million, on a quarterly basis, commencing with the first payment due by March 31, 2013, and the final payment due by June 30, 2016, for a total repayment of $171.5 million before the balance of the loan becomes due in September 2016. During the three months ended March 31, 2012, the Company repaid $30.0 million of the $490.0 million of borrowings under the five-year term loan facility, and has repaid a total of $50.0 million through March 31, 2012. Under the terms of the $490.0 million five-year term loan agreement, any prepayment of a term borrowing shall be applied to reduce the subsequent scheduled repayment, in direct order of maturity, with no prepayment penalty.

The 2011 Credit Facilities are subject to covenants, including financial covenants consisting of a leverage ratio and an interest coverage ratio. At March 31, 2012, the Company is not aware of any instances of any non-compliance with the financial covenants of these credit facilities. The 2007 Credit Facilities were subject to covenants, including financial covenants consisting of a leverage ratio and an interest coverage ratio. At June 30, 2011, the Company was not aware of any instances of any non-compliance with the financial covenants of these credit facilities.

The fair value of the fixed-rate senior notes at March 31, 2012 was $135.5 million based on quoted market prices. The carrying value of the variable-rate term loan facility approximates fair value. Amounts are due on the expiration dates listed above.

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NOTE 11. STOCK-BASED COMPENSATION

The activity related to the Company s incentive equity awards for the three months ended March 31, 2012 consisted of the following:

	Stock Options		Time-based Restricted Stock Units		Performance-based Restricted Stock Units	
	Number of Options (c)	Weighted-Average Exercise Price	Number of Shares	Weighted-Average Grant Date Fair Value	Number of Shares	Weighted-Average Grant Date Fair Value
Balances at December 31, 2011	12,637,649	$ 18.95	2,943,485	$ 19.31	1,051,352	$ 19.87
Granted	970,551	24.25	31,587	22.82		
Exercise of stock options (a)	(872,169)	18.47				
Vesting of restricted stock units			(51,905)	18.70	(1,640)	18.59
Expired/forfeited	(39,530)	18.67	(52,300)	19.72	(71,584)	18.73
Balances at March 31, 2012 (b)	12,696,501	$ 19.39	2,870,867	$ 19.33	978,128	$ 19.96

(a) Stock options exercised during the period of January 1, 2012 through March 31, 2012 had an intrinsic value of $4.9 million.

(b) As of March 31, 2012, the Company s outstanding in the money stock options using the March 31, 2012 closing share price of $23.91 (approximately 11.3 million shares) had an aggregate intrinsic value of $58.4 million.

(c) Stock options outstanding as of March 31, 2012 have a weighted-average remaining contractual life of 5.1 years and 10.6 million options are exercisable.

The activity related to the Company s incentive equity awards for the nine months ended March 31, 2012 consisted of the following:

	Stock Options		Time-based Restricted Stock Units		Performance-based Restricted Stock Units	
	Number of Options	Weighted-Average Price	Number of Shares	Weighted-Average Grant Date Fair Value	Number of Shares	Weighted-Average Grant Date Fair Value
Balances at June 30, 2011	13,774,726	$ 18.94	1,932,003	$ 20.19	708,724	$ 20.18
Granted	970,551	24.25	1,107,445	18.30	342,628	17.61
Exercise of stock options (a)	(1,843,217)	18.53				
Vesting of restricted stock units			(52,305)	18.69	(1,640)	18.59
Expired/forfeited	(205,559)	19.95	(116,276)	19.87	(71,584)	18.73
Balances at March 31, 2012	12,696,501	$ 19.39	2,870,867	$ 19.33	978,128	$ 19.96

(a) Stock options exercised during the period of July 1, 2011 through March 31, 2012 had an intrinsic value of $8.5 million.

The Company has stock-based compensation plans under which the Company annually grants stock option and restricted stock unit awards. Exercise prices on options granted have been and continue to be set at the market price of the underlying shares on the date of the grant (except special stock option grants which have a premium strike price), with the measurement of stock-based compensation expense recognized in Net earnings based on the fair value of the award on the date of grant. Stock-based compensation expense of $7.8 million and $8.3 million, respectively, as well as related tax benefits of $2.9 million and $3.1 million, respectively, were recognized in Earnings from continuing operations for the three months ended March 31, 2012 and 2011. Stock-based compensation expense of $21.6 million and $23.2 million, respectively, as well as related tax benefits of $8.0 million and $8.7 million, respectively, were recognized in Earnings from continuing

operations for the nine months ended March 31, 2012 and 2011.

As of March 31, 2012, the total remaining unrecognized compensation cost related to non-vested stock options and restricted stock unit awards amounted to $6.5 million and $33.0 million, respectively, which will be amortized over the weighted-average remaining requisite service periods of 3.4 years and 1.7 years, respectively.

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For stock options issued, the fair value of each stock option was estimated on the date of grant using a binomial option pricing model. The binomial model considers a range of assumptions related to volatility, risk-free interest rate and employee exercise behavior. Expected volatilities utilized in the binomial model are based on a combination of implied market volatilities, historical volatility of the Company s 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 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.

NOTE 12. INCOME TAXES

The Company s Provision for income taxes and effective tax rates for the three and nine months ended March 31, 2012 were $10.7 million and 37.2%, and $24.0 million and 36.6%, respectively, compared to $18.5 million and 36.2%, and $32.0 million and 36.2%, for the three and nine months ended March 31, 2011, respectively. The change in the Company s effective tax rates was primarily due to changes in the geographical mix of income.

NOTE 13. CONTRACTUAL COMMITMENTS, CONTINGENCIES AND OFF-BALANCE SHEET ARRANGEMENTS

The Company entered into a data center outsourcing services agreement with Automatic Data Processing, Inc. (ADP) before its spin-off from ADP in March 2007 under which ADP provides the Company with data center services consistent with the services provided to the Company immediately before the spin-off, 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 and the Company is currently negotiating a short-term extension of the term. The Company expects to incur less than $10 million in costs in connection with the services to be provided during this term extension. For the three months ended March 31, 2012 and 2011, the Company recorded $28.0 million and $27.6 million, respectively, of expenses in the Condensed Consolidated Statements of Earnings related to these services. For the nine months ended March 31, 2012 and 2011, the Company recorded $84.4 million and $82.1 million, respectively, of expenses in the Condensed Consolidated Statements of Earnings related to these services.

In March 2010, the Company and International Business Machines Corporation (IBM) entered into an Information Technology Services Agreement (the IT Services Agreement), under which IBM will provide certain aspects of the Company s information technology infrastructure that are currently provided under a data center outsourcing services agreement with ADP. Under the IT Services Agreement, IBM will provide a broad range of technology services to the Company including supporting its mainframe, midrange, server, network and data center operations, as well as providing disaster recovery services. The Company has the option of incorporating additional services into the agreement over time. The Company expects that the migration of its data center processing from ADP to IBM will be substantially completed by June 2012. The IT Services Agreement expires on June 30, 2022. The Company has the right to renew the initial term of the IT Services Agreement for up to one additional 12-month term. Commitments remaining under this agreement are $563.1 million through fiscal year 2022, the final year of the contract. For the three and nine months ended March 31, 2012, the Company recorded $5.7 million and $12.6 million, respectively, of expenses in the Condensed Consolidated Statements of Earnings related to these services. At March 31, 2012, the Company has capitalized $43.8 million of costs related to the build out of the IBM data center in Other non-current assets.

In the normal course of business, the Company is subject to various claims and litigation. While the outcome of any claim or litigation is inherently unpredictable, the Company believes that the ultimate resolution of these matters will not, individually or in the aggregate, result in a material adverse impact on its financial condition, results of operations or cash flows.

On January 28, 2010, the Company filed a declaratory action in the U.S. District Court for the District of Delaware (the Delaware District Court) against Inveshare, Inc. (the Defendant) seeking a declaration by the court that Broadridge does not infringe two U.S. patents owned by the Defendant that included claims related to the delivery and distribution of an electronic solicitation. The Company s complaint also alleged that the Defendant s patents are invalid and/or are unenforceable due to inequitable conduct. On March 22, 2010, the Defendant answered the Company s complaint and filed a counterclaim against the Company alleging that Broadridge uses a process that infringes one of the patents in the action. In its counterclaim, Defendant is seeking injunctive relief and unspecified damages. This lawsuit is in an early procedural stage, with the Delaware District Court recently issuing its claim construction ruling on April 11, 2012; however, due to the limited scope of this matter, the Company believes that the outcome of this litigation would not result in a material adverse impact on its consolidated financial condition, results of operations, or cash flows.

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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 may use derivative financial instruments as risk management tools and not for trading purposes. The Company was not a party to any derivative financial instruments as of March 31, 2012 and June 30, 2011, respectively. 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.

In June 2010, the Company completed the sale of the contracts of substantially all of Ridge s securities clearing clients and Ridge no longer performs securities clearing services for correspondent broker-dealers. However, Ridge remains a registered broker-dealer to perform operations outsourcing services. In January 2011, the Company acquired Matrix, a provider of mutual fund processing services for third party administrators, financial advisors, banks and wealth management professionals. As registered broker-dealers and members of FINRA, Ridge and Matrix are subject to regulations concerning many aspects of their business, including trade practices, capital requirements, record retention, money laundering prevention, and the supervision of the conduct of directors, officers and employees. For Ridge, these regulations include the SEC s customer protection rule, which protects both the customer funds and customer securities; the SEC s hypothecation Rules 8c-1 and 15c2-1 regarding the borrowing and lending of customer securities; Regulation T, which regulates the borrowing and lending of securities by broker-dealers; and Regulation SHO, which prohibits short sales in certain instances. Matrix does not hold customer funds or securities so it is not therefore subject to the full requirements of the SEC s customer protection rule. A failure by Ridge or Matrix 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 or FINRA authorization granted to allow the operation of their business or disqualification of their directors, officers or employees. In addition, as registered broker-dealers, Ridge and Matrix are required to participate in the Securities Investor Protection Corporation (SIPC) for the benefit of customers. Matrix s subsidiary, MG Trust Company, LLC (MG Trust), is a Colorado State non-depository trust company whose primary business is to provide cash agent, custodial and directed or non-discretionary trust services to institutional customers. MG Trust operates pursuant to the rules and regulations of the Colorado Division of Banking.

NOTE 14. COMPREHENSIVE INCOME

Comprehensive income consisted of the following:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2012	2011	2012	2011
	($ in millions)			
Net earnings	$ 16.7	$ 29.7	$ 40.2	$ 53.4
Foreign currency translation adjustments	4.8	5.5	(7.0)	18.3
Net unrealized gain (loss) on available-for-sale securities, net of taxes of $0.1 and $2.5 for the three and nine months ended March 31, 2012, respectively, and $(2.0) and $(1.3) for the three and nine months ended March 31, 2011, respectively	(0.1)	3.3	(4.3)	2.1
Reclassification adjustment for other-than-temporary impairment included in net income, net of taxes of $(0.5) and $(4.0) for the three and nine months ended March 31, 2012, respectively	0.6		6.8	
Comprehensive income	$ 22.0	$ 38.5	$ 35.7	$ 73.8

Reclassification adjustment relates to the unrealized losses on the Company s investment in the shares of PWI common stock which are available-for-sale securities that were reclassified into net income as a result of the $9.7 million Penson OTTI charge for the three months ended December 31, 2011 and $1.1 million Penson OTTI charge for the three months ended March 31, 2012 (see Note 8, Other Non-current Assets).

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NOTE 15. INTERIM FINANCIAL DATA BY SEGMENT

The Company classifies its operations into the following two reportable segments: Investor Communication Solutions and Securities Processing Solutions.

The primary components of Other are the elimination of intersegment revenues and profits as well as certain unallocated expenses. Foreign currency exchange is a reconciling item between the actual foreign currency exchange rates and fiscal year 2012 budgeted foreign currency exchange rates.

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

Segment results:

	Revenues			
	Three Months Ended March 31,		Nine Months Ended March 31,	
	2012	2011	2012	2011
	($ in millions)			
Investor Communication Solutions	$ 374.0	$ 368.9	$ 1,003.8	$ 942.5
Securities Processing Solutions	169.3	153.9	488.8	441.7
Other	0.4		0.5	0.1
Foreign currency exchange	3.3	4.3	10.1	6.5
Total	$ 547.0	$ 527.1	$ 1,503.2	$ 1,390.8

	Earnings (Loss) from Continuing Operations before Income Taxes			
	Three Months Ended March 31,		Nine Months Ended March 31,	
	2012	2011	2012	2011
	($ in millions)			
Investor Communication Solutions	$ 36.9	$ 30.1	$ 55.9	$ 39.1
Securities Processing Solutions	24.8	27.1	72.8	67.3
Other	(36.6)	(9.1)	(72.2)	(24.3)
Foreign currency exchange	3.7			