



**Broadridge®**

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Proxy Process

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BR University

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ICS

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## Objective of the Course

The objective of the course is to give an overview of Proxy Processing carried out by ICS. The course is intended to help associates who join the ICS Business Unit in understanding the day-to-day activities of the Business Unit. At the end of the course the participants should be able to:

- Understand the basics of Proxy Business
- Understand various steps involved in proxy process
- Understand Proxy terminologies like Beneficial, Registered, OBO, NOBO, Notice & Access etc.

## The Proxy Process

The proxy process or proxy voting is the term which is used to describe the means for shareholders to participate in a company's annual shareholders' meeting, without attending the meeting. This way, shareholders who do not attend a meeting may vote on the matters to be considered at the meeting. This voting is typically held once a year in connection with the company's annual shareholders' meeting.

- Shareholders may vote in person by attending the shareholder meeting (Legal proxy)
- Shareholders may also vote online, by mail or by telephone.

A proxy also refers to the authority or instrument that permits another individual to vote on a shareholder's behalf at an annual or special shareholder meeting.

For example, Fidelity Investments mutual funds are shareholders in numerous corporations. As such, Fidelity casts proxy votes on behalf of its mutual fund unit holders.

## Why Proxy

Most of the shareholders cannot or do not want to attend the annual and special shareholder's meetings at which voting occurs. Management often encourages shareholders to vote by proxy so that ownership interests are fully represented even if shareholders are unable to attend the company's annual meetings in person. Corporations provide these shareholders an option to cast a proxy vote. Issues commonly decided by proxy vote include election of directors to the board, approving a merger or acquisition, and approving a stock compensation plan.

## SEC Rules

The SEC mandates that all publicly traded companies registered with it should hold an annual general meeting of shareholders to elect the Board of Directors and to transact other businesses that require shareholder approval. It is required that the shareholders must receive adequate notice about the date, time, and place of the Annual General Meeting [AGM]. This notice must be in writing and released in advance, typically there's a 10-day minimum requirement and a 60-day maximum.

In 2007, the Securities and Exchange Commission proposed a new rule, known as the "**e-proxy**" rule, which requires all public companies to post their proxy materials on a publicly accessible website at the time of their mailing. This rule allows two methods for companies to deliver their proxy materials,

- The "notice only" option or
- The "full set" option

Under the notice only option, the issuer can send shareholders a notice that the materials are available online. This notice must be mailed at least 40 calendar days before the shareholder meeting.

Using the full set option, which is also called full package, the issuer sends the complete set of proxy materials to the shareholders.

In an AGM generally decisions are taken regarding the below issues

- Appointment or Election of Directors
- Approval of the Audited Accounts
- Approval of the Annual Budget
- Ratification of Auditors or Public Accounting Firms
- Company's Executive Compensation [Say on Pay]
- Frequency of Say on Pay Proposals

However, meetings can also address anything that's of concern to the board of directors and is within shareholder control like

- Amendments to bylaws or Articles of Incorporation
- A merger or reorganization of the corporation
- Sale or transfer of corporation assets
- Dissolution of the corporation
- Adoption of stock option plans
- Mortgaging or Selling of Property

## ICS Overview

Broadridge is a leading provider of investor communications solutions to banks, broker-dealers, mutual funds, and corporations globally. With 50 years of experience, Broadridge provides financial services firms with advanced, dependable, scalable and cost-effective integrated services to help run their businesses. Broadridge serves 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, clearing firms and also corporate issuers. Broadridge delivers a broad range of solutions that help clients better serve their retail and institutional customers across the entire investment lifecycle, including pre-trade, trade, and post-trade processing.

The Investor Communication Solutions business was started in the 1980's and in the first year of operations, proxy services were provided to 31 major clients. The ICS business helps the corporations and their nominees (Banks/Brokers) to adhere to Corporate Governance. It also helps the Investors in enforcing their rights like having a share in the company's profits, voting on certain issues related to the company etc. Broadridge ICS Proxy Business mainly deals with the processing and distribution of proxy materials to investors in equity securities and mutual funds, as well as the facilitation of related vote processing. The services offered by ICS are utilized by more than 800 banks and brokerage firms, over 400 mutual fund families and 14,000 public corporations. In fiscal year 2011, Broadridge distributed over one billion investor communications, including proxy materials, investor account statements, trade confirmations, tax statements and prospectuses; and processed trillions of dollars of fixed income and equity trades per day on average.

## Proxy Plus

Proxy Plus is the flagship product of ICS. It deals with processing and distribution of proxy materials to investors in equity securities and mutual funds, as well as the facilitation of related vote processing. Proxy Plus system manage the process of Meeting Setup, Agenda Creation, Coordination with third-party entities to ordering, inventory maintenance, Creation of VIF, Printing, Mailing, Tracking, Voting, Vote Processing and Vote Reporting. Communication to shareholders is through both electronic and traditional paper delivery mechanisms.

## Common Words used in Proxy Terminology

### Issuer

An issuer is a corporation, government, agency or investment trust that issues securities to investors. Issuers may offer securities through public offerings and private placements.

### Beneficial Shareholder

Beneficial owner is defined as a shareholder who holds securities in street name. It means the shares are registered in the name of the broker or bank. However, the share holder is the beneficial, or true, owner of the securities and will benefit from all of the privileges associated with owning stock.

### Registered Shareholder

A registered owner, or record holder, is the name of the individual or firm recorded on a company's books as the owner of securities. The registered owner may or may not be the beneficial, or true, owner of securities. Dividends and all other distributions are paid in the name of the registered owner.

### OBO

Objecting Beneficial Owner (OBO) of securities purchase shares through a broker or bank and object to releasing their name to issuing companies. OBOs hold their securities in street name and receive all shareholder communications through their broker.

### NOBO

Non-Objecting Beneficial Owner (NOBO) of securities purchase shares through a broker or bank and do not object to releasing their name to requesting issuers. NOBOs hold their securities in street name, but receive all shareholder communications directly from the issuer.

### Proxy Card

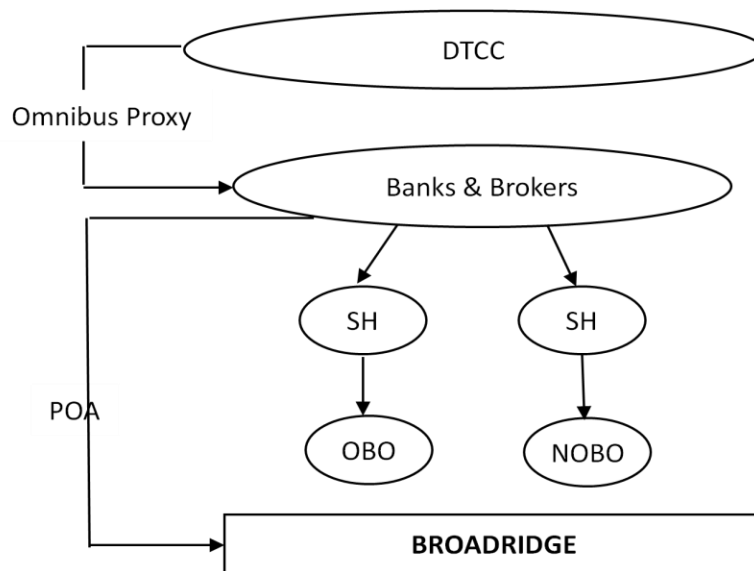
A proxy card is a ballot on which registered owners of shares may vote for management and shareholder proposals. Proxy cards are made available with the company's proxy materials and allow shareholders to vote by proxy, instead of attending the meeting in person to cast their vote. Shareholders may also vote by proxy online or over the telephone.

### VIF

A Vote Instruction Form (VIF) is contained in the set of proxy materials made available to beneficial shareholders in advance of annual and special meetings. Shareholders may vote by proxy on all management and shareholder proposals up for a vote by completing and submitting a VIF in advance of a meeting. Shareholders may also vote by proxy online or over the telephone.

## Participant's Involved

- **Issuer** - An issuer is a corporation, government, agency or investment trust that issues securities to investors. Issuers may offer securities through public offerings and private placements.
- **Transfer Agent** - A transfer agent is responsible for keeping records of who owns a company's stock and bonds, and how those securities are held — whether in street name, in the name of the investor through direct registration, or by issuance of a certificate. Today, most shares are registered electronically, though transfer agents will issue stock certificates upon request. Transfer agents also receive returned certificates from investors who hold physical certificates and want to sell their shares.
- **Solicitor** - A proxy solicitor is a firm hired by a corporation or Issuer to solicit and collect proxies on its behalf. Proxy solicitors help ensure confidentiality and protect integrity in the voting process. A proxy solicitor may disclose information contained on a proxy ballot in the matter of a proxy contest, or as otherwise required by law.
- **DTCC** - The Depository Trust & Clearing Corporation (DTCC) is the world's largest financial services post-trade infrastructure organization. It was set up to provide an efficient and safe way for buyers and sellers of securities to make their exchange, and thus "clear and settle" transactions. It also provides central custody of securities. The DTCC holds shares of its participant banks and brokers in the name "Cede & Co."
- **Banks/Brokers** - A broker is a general term meaning either a brokerage firm or an individual stockbroker who will buy and sell securities for their clients. Even banks and bank holding companies can trade securities like a broker/dealer. Brokerage firms, or broker-dealers, are registered with the Securities and Exchange Commission (SEC) to buy and sell securities on behalf of clients of the firm as well as for the firm's own accounts.
- **Institutional Investors** - An institutional investor is an organization, such as a mutual fund, pension fund, insurance company or university endowment funds that buys and sells stocks or other securities in large-block trades. Institutional investors account for the majority of daily transactions on the New York Stock Exchange and the NASDAQ Stock Markets
- **Shareholders** - A shareholder is an individual or institution who owns stock in a company.
- **Broadridge** - Broadridge supports financial organizations and public companies with the complex data management related to shareholder communications, transaction processing and securities clearing.
- **Omnibus Proxy** - Omnibus Proxy is the list of security positions held by the banks and brokers/dealers, as on Record Date, provided by the DTC to the Issuers and Transfer Agents. At the same time that the omnibus proxy is created, banks and brokers/dealers are notified by DTC of their voting position. Through the Omnibus Proxy, DTC transfers the ownership rights and voting authority to the banks and brokers.
- **Power of Attorney [POA]** - The bank and brokers receive the authority to mail the proxy materials to the beneficial owners, from the DTC, in the form of Omnibus Proxy. They formally transfer to Broadridge the authority to communicate with the beneficial owners, via written Powers of Attorney. Broadridge then distributes the proxy materials and voting instruction forms [known as VIF's] to the ultimate beneficial owners and receives the voting instructions from them.



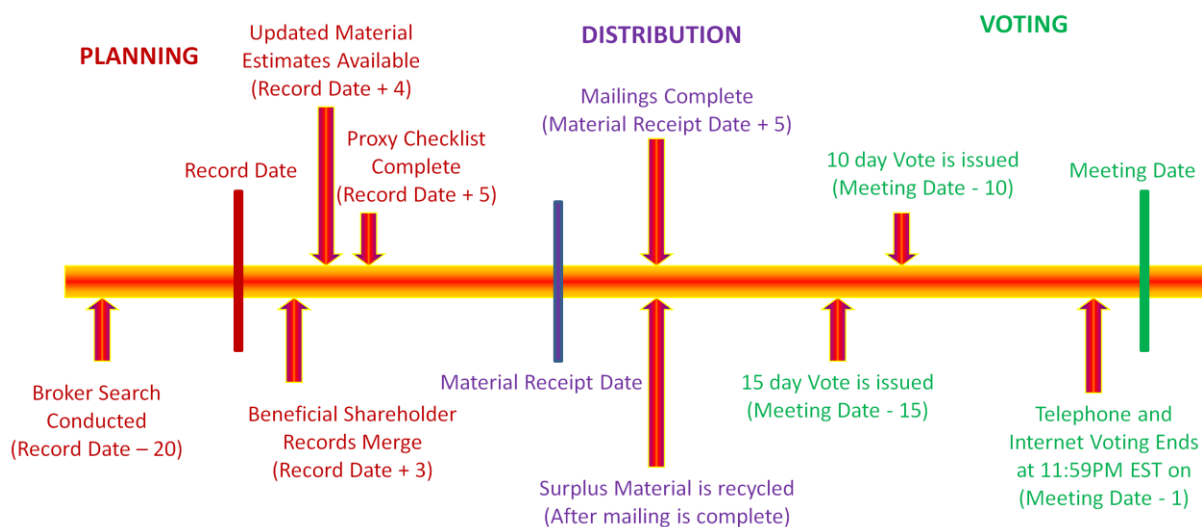
Pictorial Representation of Omnibus Proxy and POA

## Proxy Process Timeline

The major dates or timelines involved in the proxy process flow are shown in the below diagram.

- **Record Date** - The Date established by the Issuer to determine which shareholders must be included in the mailing.
- **Material Receipt Date** - The day on which Broadridge receives the Proxy material to be mailed to the shareholders, from the Issuer. Mailing will be complete within 5 days after receiving the Materials.
- **Meeting Date** - The date on which the Meeting for which the material is mailed to the shareholders takes place.

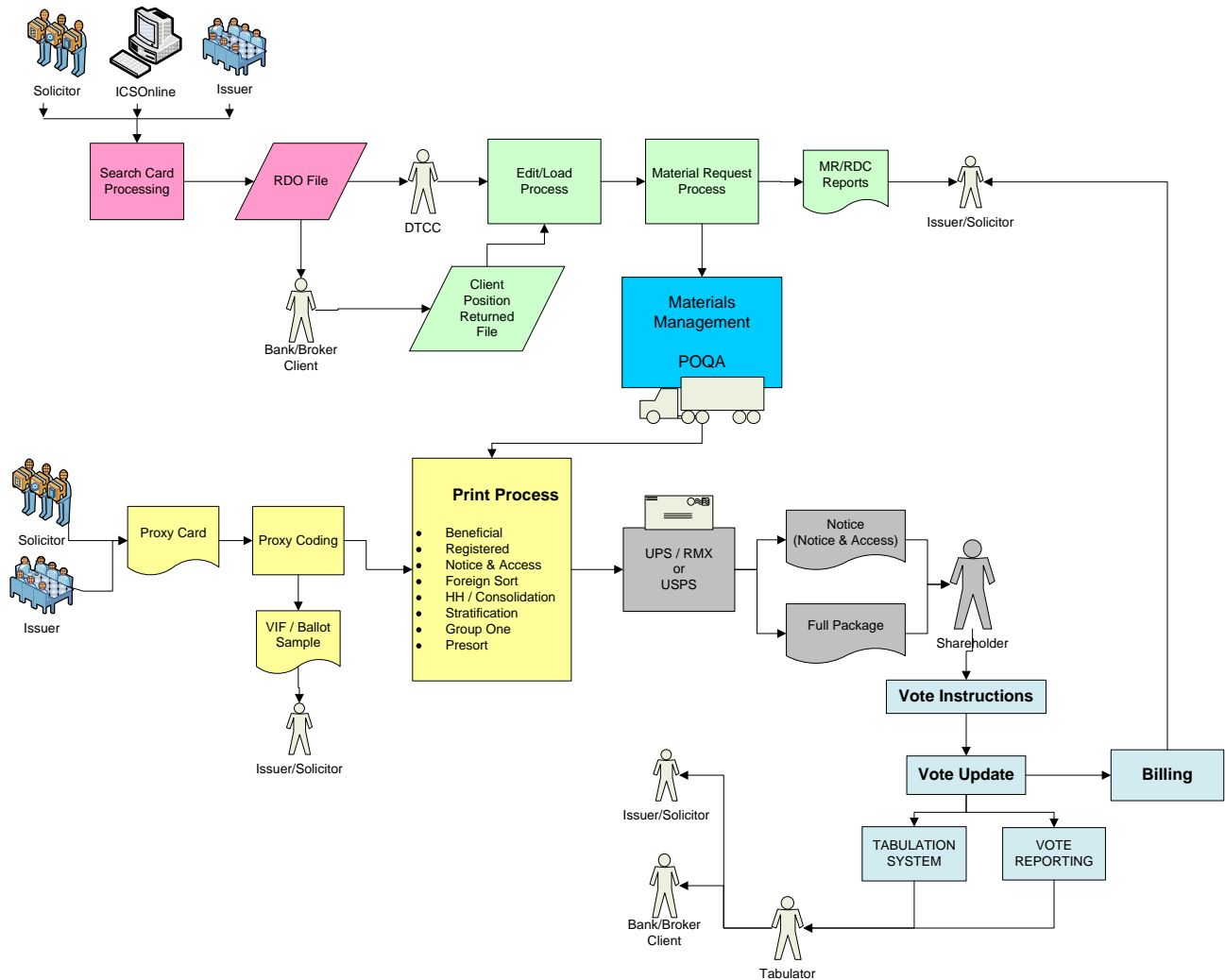
### PROXY TIMELINE





## Overview of Proxy Process Flow

The main steps involved in the Proxy Process are shown below. They are explained in detail as we progress.



Proxy Process Flow

## Search Card Processing

The Process/Activity of entering meeting information and creation of Proxy Job on the Proxy Plus System whenever a request or Search Card is received is called Search Card Processing. The Search Card is received from Solicitor, ICSONline or the Issuer

### Search Card

Search card is a notification mail containing information on the meeting/mailling that will be done by Broadridge. It contains information like

- CUSIP(9 digit)
- Record Date

- Meeting Date
- Type of Meeting
  - ✓ Annual General Meeting, Special Meeting etc for which Proxy mailings have to be done
  - ✓ Quarterly Mailing, Semi Annual Mailing, and Newsletters etc for which Interim mailings are done

## Meeting /Job creation

Based on the information from the Search Card, a meeting/job is created using the Proxy Plus application. Each meeting/job has a unique Job Number. It is 6 bytes in length. The first byte is alphabetic and the last 5 bytes are numbers. Based on the type of meeting, the first byte (alphabet) varies. Any Job Type  $\geq$  P is considered as a Proxy Job and any Job Type  $<$  P is considered as an Interim Job. The job/meeting details are stored in the Job Master files. When a job is created it is in 'PR' (Pending Release) status. The status of the job will change throughout the process as and when a step is processed.

## Types of Jobs

Below are the different types of Jobs in Proxy Plus context:

- **Interim Job** - A Job created for Information Only Mailings i.e., which does not require Voting process such as Quarterly Mailings, Newsletters, Annual Report or Prospectus Mailing is known as Interim Job. They have Job Type  $<$  'P' [Except 'E'].
- **Proxy Job** - Any Job which involves Voting like Annual Meeting, Special Meeting and Consent etc is known as Proxy Job. They have Job Type  $\geq$  'P'.
- **Contest Job** - A Contest Job is a meeting for which there is a group in opposition to the proposals presented by the management of the company. As per SEC Rules, a shareholder or group of shareholders must have at least 3 percent of the company's shares continuously for at least the prior three years, for setting up Contest Jobs. Those who run a proxy contest have to bear the costs themselves. The Contest Jobs will have Job Type = 'Q'.
- **Reorg Job** - A Reorg Job is created to distribute information concerning Corporate Re-Organization action events like Stock Splits, Cash Mergers, Bankruptcy details, Name Change, Tender Offers, Exchange Offers, Rights Offerings, Warrants with Conversion, Convertible Bonds, Re-Capitalization, Re-Classification etc. The Job Type of Reorg Jobs is 'E'.

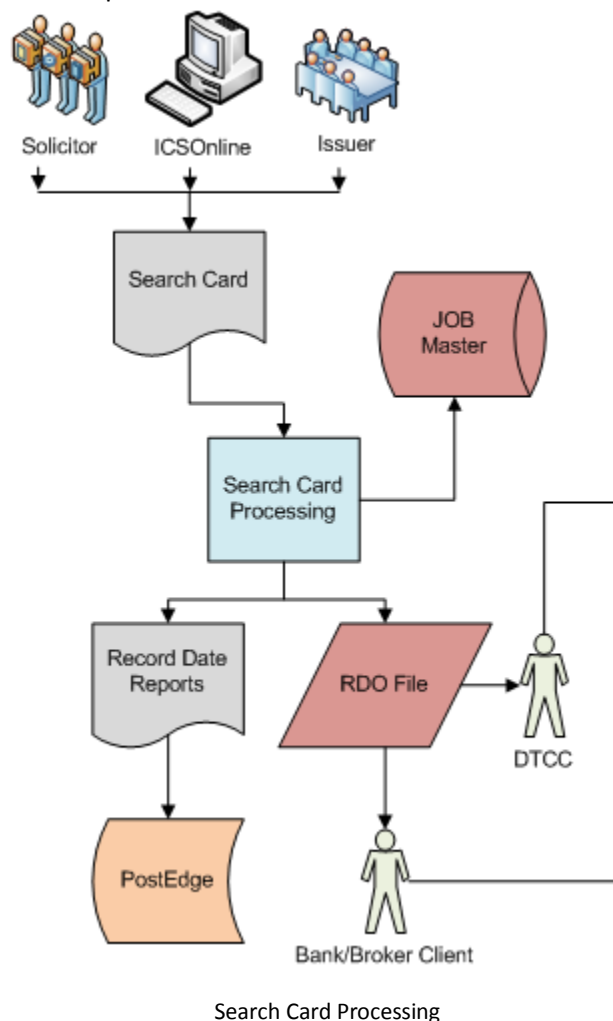
## Material Estimate (X job)

Based on the shareholder positions of last year's meeting for the same nine-digit CUSIP, a rough material estimate is created. This material estimate is sent to the solicitor/issuer and is also available in ICSONline. It gives them a rough idea as to how many copies of proxy materials is required

**Example:** Suppose an annual general meeting for Disney is being conducted in the year 2012. Based on the client positions of annual general meeting held in the year 2011, a material estimate is created.

On the Record date day, based on the new meeting / job information, Record Date reports and RDO file (Record Date Out File) is created. In the RDO file, all the Meeting/Job information is available. There can be thousand or more CUSIPs going out on a particular RDO file. The RDO file is sent to Bank/Broker

clients. It is also sent to DTCC. The Record Date reports are sent to PostEdge. The Clients can login using their unique IDs and access the reports



## Edit Load Process

The process of gathering the shareholder information for the meeting from various sources like Banks/Brokers/TAs and loading into the Proxy Plus system is called EDIT LOAD.

### Bank/Broker Client

The Banks and Brokers will receive the RDO File with CUSIP, Record Date information. They create a response file (Client position returned file/560 File) with the stock record that is sent back to Broadridge. The response file contains the following information:

- Names and addresses of the particular shareholder of the particular stock
- How many shares are owned by them on Record Date
- Whether they are OBO [beneficial owners who object to sharing their details with the Issuer] or NOBO [beneficial owners who do not object to sharing their details with the Issuer]

## DTCC Over Reporting Prevention Service

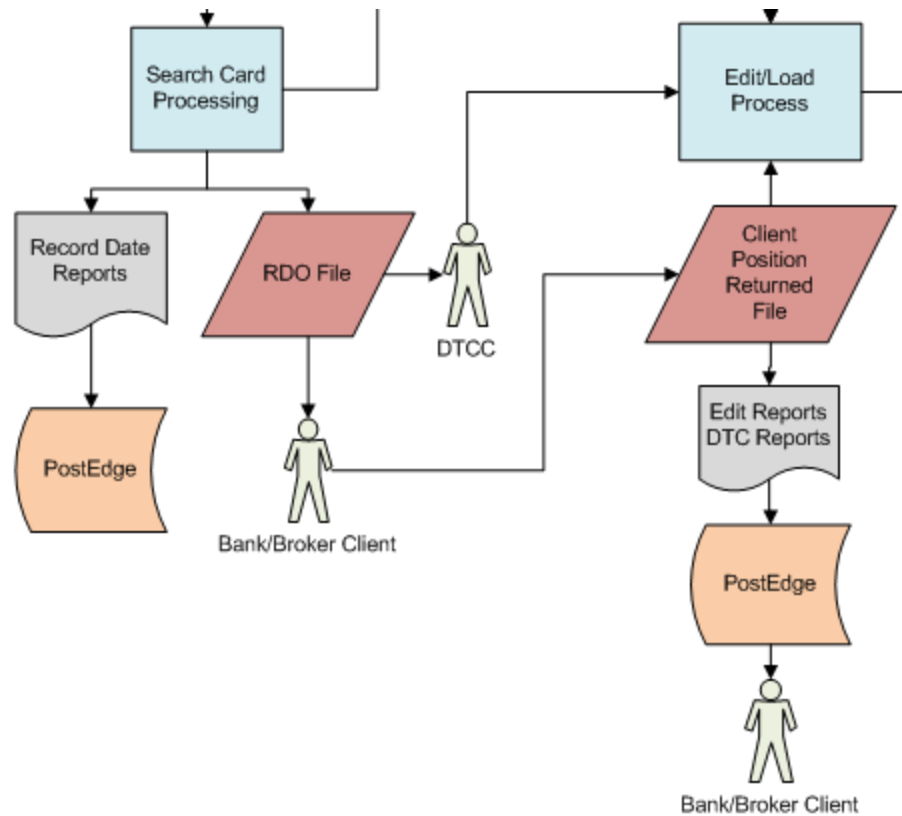
In the Registered world, the shares are recorded in the name of the Transfer agents. In the Beneficial world, DTCC maintains details of how many shares each nominee has on Record Date. So DTCC is like a name clearing house for all Banks, Brokers and Clients.

After receiving the RDO File from Broadridge, DTCC sends the omnibus positions for all participants, who have authorized such data to be sent. Record Holder Banks have positions applied from their omnibus accounts to the Respondent Banks identified in their response file. Votable positions are created and compared against the CUSIP level data reported in the response file. Any votes received which will create an over vote situation are pended until resolution. Any such discrepancies are highlighted in the reports generated by DTCC. There are certain clients who avail the DTCC Over Reporting prevention service. The various reports created by DTCC are as follows:

- **DTCC Record Date Comparison Report** - Generated within 48 hours of record date, it reflects the firm's position versus DTCC's position for each security. There is an indication on the report of whether the position reported is under or over DTCC. These are the items requiring reconciliation
- **DTCC Position Missing Position Report** - Generated the same time as the Comparison Report, this report identifies those securities where the firm responded with a position but DTCC did not. DTCC should be contacted in these situations.
- **DTCC Over Vote Pending Report** - This report is generated when Broadridge receives vote instructions that exceed the DTCC record date position. It reflects the accounts that are in a pending vote status until the positions are adjusted. If any voting comes after that is sent in a pending file, the corresponding broker is notified. No votes will be issued for these accounts until the discrepancy is resolved.

## Edit Load Shareholder Information to Proxy Plus

The Bank/Broker clients respond to the RDO File from Broadridge, by sending the Client Position Returned File for each CUSIP. Broadridge also receives the response file from DTCC with Omnibus Positions. The data from both the files is merged and loaded into the Shareholder information files on the Mainframe (CPP/CIP master files). During this process only, records are added to the VTT (Voting) files also. While loading the client positions returned information into Proxy Plus, Edit Reports and DTC reports are generated. All these reports are sent to PostEdge where the Bank/Broker clients can view them.



Various Steps involved during Edit Load Process

## Reconciliation

After the Edit Load process, the Bank/Broker clients can update the account information through ICSONline. If the clients don't respond, the data is loaded into the Proxy Plus. 90% of the clients respond in the given window. There is a list of top 20-30 Banks and Brokers. If these Banks/Brokers don't respond within in two days (because of technical issue), then the next process i.e. Material Request process is put on hold (because it could impact the material requirement).

## Databases referred during Edit Load Processing

During the Edit Load process the below three main databases are referred

### The Exception Processing Database

In the Exception processing database, certain status codes are associated with each account. These status codes determine whether some special processing needs to be done with the accounts or general proxy processing will be done. There are two ways for the Exceptions to get populated. They are as follows:

- The data entry department enters the exception instructions directly through the online screen.
- The clients in addition to the Record Date response file send an Exception processing file, that is merged into the Exception Processing database

**Example:** The Exception Processing Database will have information about specific group of accounts which will be redirected to the Money Manager. So the accounts will be rolled up instead of being mailed to five people. The five accounts will be taken and the share amount will be aggregated into a

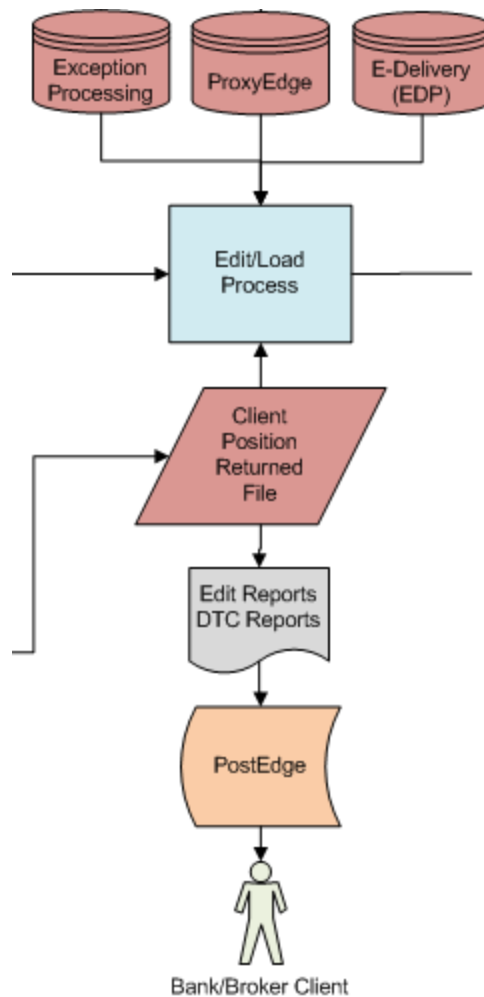
proxy. It will then be mailed to the money manager who will have voting rights on behalf of the five people.

### **The ProxyEdge database**

ProxyEdge is a product developed by Broadridge, which is used to provide proxy information in electronic format for institutional investors. Prior to receiving any electronic ballots in ProxyEdge, accounts must be setup with Broadridge. Once an account is setup with Broadridge, each time the custodian passes votable positions for that account, they will be passed electronically via ProxyEdge. In an effort to ease the account setup process, Broadridge has implemented a process called 'Group Code Processing' that virtually eliminates the account setup process. With Group Code Processing, the custodian simply passes a code to Broadridge with each electronic position, which indicates the ProxyEdge user for which the ballot should be directed to. All accounts with one Group Code are automatically added to the corresponding Account Table.

### **The E-Delivery database (EDP database)**

The EDP database has E-delivery consents, House holding consents and also Notice and Access consents. The E-Delivery Database is based on the Account Number match with the Client Incoming file. There is a field in each record in the database saying which shareholder wants full package, when the mailing is being done. These fields in CPP are populated when the data is being loaded from the RD response file.



Databases, Files and Reports referred and created during Edit Load

## Data Conversion Process

The data conversion process is primarily for the Registered World. The Client Positions Returned report comes from clients in various formats like tape or spreadsheet or notepad etc. These files are then converted into standard 560 formats [defined by Broadridge] and uploaded into the Proxy Plus System. It is very important to have a correct syntax for the Account Number and other fields as it is matched to different databases. If the data returned by the clients is not in the Broadridge standard format, it must be converted and all the required fields of the 560 format must be populated before the Edit Load Process. The process is carried out by the Data Conversion Team in India.

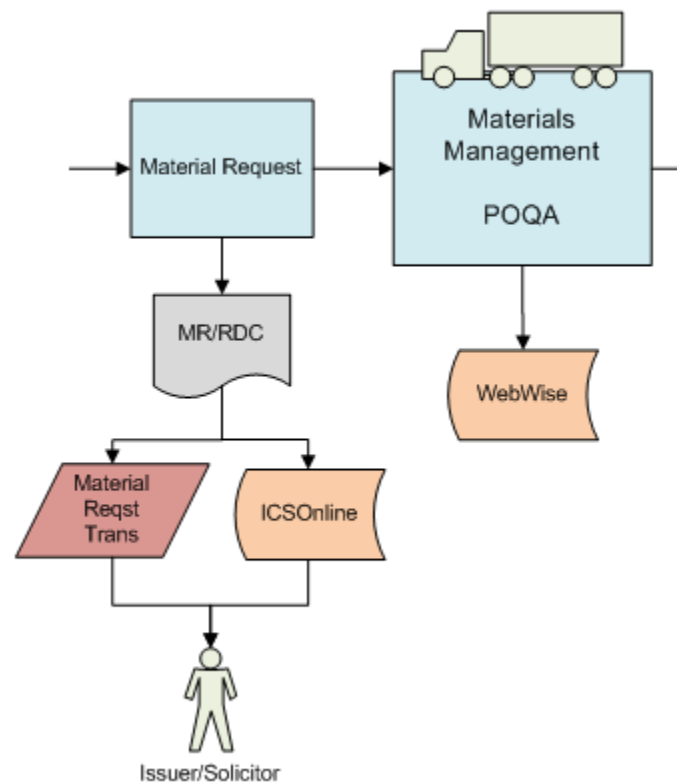
## Material Request Process

Once Record Date is released, the Job/Meeting goes to 'PM' (Pending Merge) status. After the Record Date release, 48 hrs is given for the clients to respond with the client position returned file. At the end of the 3rd business day, Material Request is triggered. The Job status then changes to 'WM' (Waiting Material) in the Job Master. Broadridge sends to the Issuers, Solicitors or Material Agents, the material requirements. A Material Request (MR) and Record Date Confirm (RDC) as of Record Date are sent to

the issuers, solicitors and material agents. The Material Request contains information as to how many copies are required.

- Total count = No. of copies after mail suppressions (House holding, E-delivery, ProxyEdge suppressions) + Spoilage Rate (1.5% to 10%)

The Record Date Confirm contains information on nominee level i.e. who responded when and with how many shares. The nominees can compare and see what they responded. The Tabulator and the Issuer don't know the shareholder information in the beneficial world. They only know that a nominee has so many shares. The Record Date Confirm also contains breakup nominee wise, how many materials, how many shares etc. Those many copies are sent to the nominees by the material request agent. This information is also available in ICS Online.



Material Request Process

## Materials Management - POQA

There is a Material Management team, POQA which uses an web based application to track the materials status such that

- Where it is in the warehouse?
- What place it is in?
- What is the status?
- In which Broadridge building it is?
- In which rack and in the building it is there in Broadridge?

The POQA team operates from the below two locations:

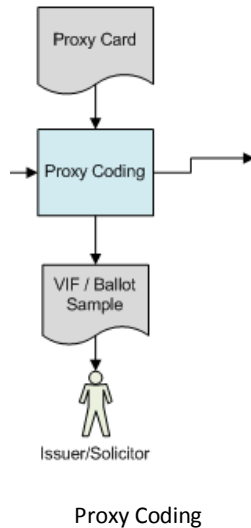
- Edgewood I - Material Management for ICS is performed from there



- Edgewood II - All pre-sale and post sale fulfillments, transaction based mailings for mutual funds are handled from this location

## Proxy Coding

- Coding the meeting agenda items/proposals/resolutions on to Proxy Plus System is termed as Proxy Coding.
- Proxy Card is received from the Issuer that has the agenda for the meeting.
- It is entered in the Proxy Plus system through Proxy Coding.
- Once proxy coded, the agenda for the meeting can be generated on different media like VIF, Ballot etc.
- VIF is pinkish white and is available in scannable format.
- Customized ballots can also be created through different layouts through Broadridge's print process.
- If there are more than twenty proposals, then Broadridge switches to customized type media i.e. the Ballot and the proposals are printed on it.
- The unique thing about VIFs or Ballots is that they are customized to a certain extent for each individual Bank, Broker client.
- After Proxy Coding is done, a sample print media (may be VIF or Ballot) is generated. It is then sent to the issuer for approval. Once approved by the Issuer, the job is put for printing.
- In case of Client Reorg, there is a lot of legal liability. In this case a disclosure notice is mailed along with few master ballots.



## Sample Proxy Card

A sample of Proxy Card can be seen at the following URL  
<https://www.shareholdereducation.com/proxy.html>

## Printing

Once enough material is received for a particular job, the job is put to print and the VIFs get printed. Once the job is put to print, Mail Suppressions and E-mail generations happen along with printing. There

Example: The issuer may choose to send full package to shareholders who have more than 10,000 shares. For others, Notice may be sent.

Below is a snapshot of a Sample VIF

<p>EMC CORPORATION ANNUAL MEETING TO BE HELD ON 05/06/09 AT 10:00 A.M. EDT FOR HOLDERS AS OF 03/05/09 106194 37-0420</p>		<p>YOU MAY ENTER YOUR VOTING INSTRUCTIONS AT 1-800-454-8663, OR WWW.PROXYVOTE.COM UP UNTIL 11:59 PM EASTERN TIME THE DAY BEFORE THE CUT-OFF OR MEETING DATE.</p>	
<p>268648102</p>		<p><b>DIRECTORS</b></p>	
<p><b>PROPOSAL(S)</b></p>		<p><b>DIRECTORS RECOMMEND</b></p>	
<p>1A - ELECTION OF DIRECTOR: MICHAEL W. BROWN</p>		<p>FOR</p>	
<p>1B - ELECTION OF DIRECTOR: RANDOLPH L. COWEN</p>		<p>FOR</p>	
<p>1C - ELECTION OF DIRECTOR: MICHAEL J. CRONIN</p>		<p>FOR</p>	
<p>1D - ELECTION OF DIRECTOR: GAIL DEEGAN</p>		<p>FOR</p>	
<p>1E - ELECTION OF DIRECTOR: JOHN R. EGAN</p>		<p>FOR</p>	
<p>1F - ELECTION OF DIRECTOR: W. PAUL FITZGERALD</p>		<p>FOR</p>	
<p>1G - ELECTION OF DIRECTOR: EDMUND F. KELLY</p>		<p>FOR</p>	
<p>1H - ELECTION OF DIRECTOR: WINDLE B. PRIEM</p>		<p>FOR</p>	
<p>1I - ELECTION OF DIRECTOR: PAUL SAGAN</p>		<p>FOR</p>	
<p>1J - ELECTION OF DIRECTOR: DAVID N. STROHM</p>		<p>FOR</p>	
<p>1K - ELECTION OF DIRECTOR: JOSEPH M. TUCCI</p>		<p>FOR</p>	
<p>2 - TO RATIFY SELECTION BY AUDIT COMMITTEE OF PRICEWATERHOUSECOOPERS LLP AS EMC'S INDEPENDENT AUDITORS.</p>		<p>FOR</p>	
<p>3 - TO APPROVE AN AMENDMENT TO EMC'S EMPLOYEE STOCK PURCHASE PLAN TO INCREASE SHARES AVAILABLE BY 30 MILLION.</p>		<p>FOR</p>	
<p>4 - TO APPROVE AN AMENDMENT TO EMC'S BYLAWS TO REDUCE THE PERCENTAGE OF SHARES REQUIRED FOR SHAREHOLDERS TO CALL A SPECIAL MEETING.</p>		<p>FOR</p>	
<p>5 - TO ACT UPON A SHAREHOLDER PROPOSAL RELATING TO AN ADVISORY VOTE ON EXECUTIVE COMPENSATION.</p>		<p>AGAINST</p>	

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDER MEETING TO BE HELD ON 05/06/09 FOR EMC CORPORATION  
THE FOLLOWING MATERIAL IS AVAILABLE AT WWW.PROXYVOTE.COM  
- ANNUAL REPORT  
- SHAREHOLDER LETTER  
- PROXY STATEMENT

**DIRECTORS**  
(MARK "X" FOR ONLY ONE BOX)  
THIS SPACE INTENTIONALLY LEFT BLANK

PLEASE INDICATE YOUR VOTING INSTRUCTIONS FOR EACH PROPOSAL

USE NUMBER ONLY

FOR	AGAINST	ABSTAIN
1A	X	X
1B	X	X
1C	X	X
FOR	AGAINST	ABSTAIN
1D	X	X
1E	X	X
1F	X	X
FOR	AGAINST	ABSTAIN
1G	X	X
1H	X	X
1I	X	X
FOR	AGAINST	ABSTAIN
1J	X	X
1K	X	X
2	X	X
FOR	AGAINST	ABSTAIN
3	X	X
4	X	X
AGAINST	X	X

PLEASE INDICATE YOUR PROPOSAL SELECTION BY FIRMLY PLACING AN "X" IN THE APPROPRIATE NUMBERED BOX WITH BLUE OR BLACK INK

SEE VOTING INSTRUCTION NO. 2 ON REVERSE

AIC: 00000000268648102

268648102

106

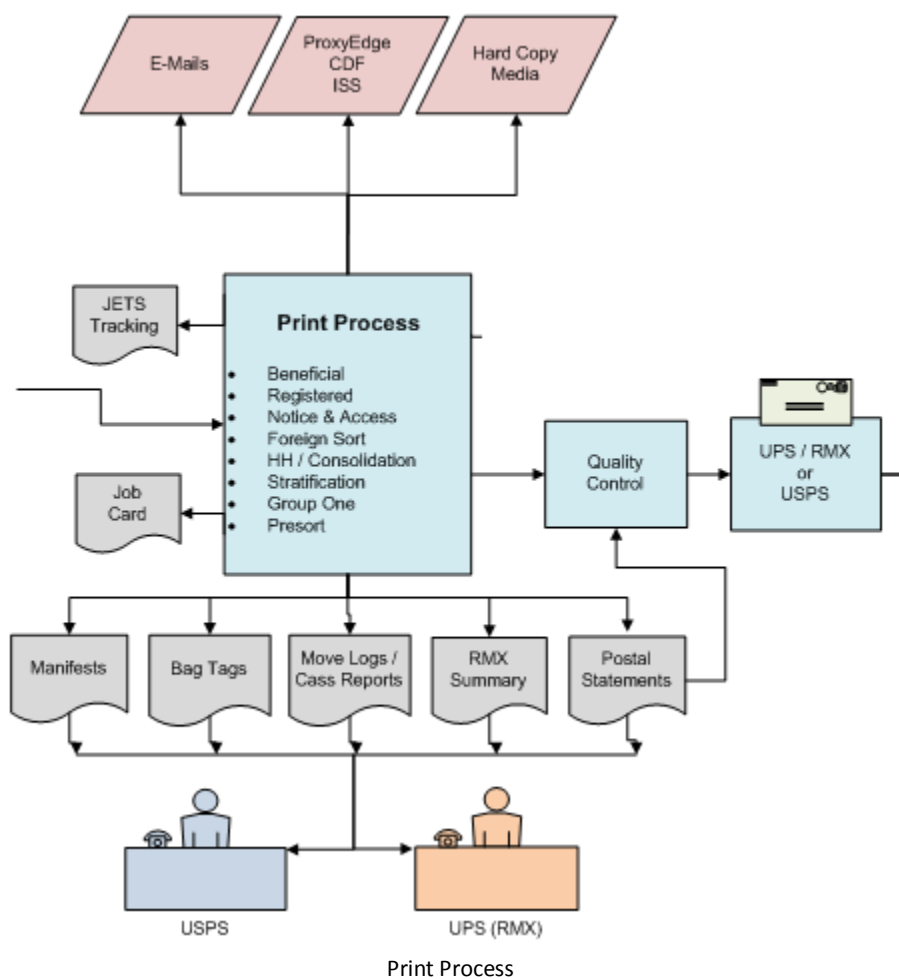
PLACE "X" HERE IF YOU PLAN TO ATTEND AND VOTE YOUR SHARES AT THE MEETING

The ISSUER Name and Address would be printed here

\*\*\*\*\*AUTO\*\*\*\*\* 3-DIGIT 117

- **Electronic Delivery:** Electronic Delivery is a method in which shareholders receive notification of annual meeting material, or other shareowner material, via e-mail instead of hard-copy postal delivery.

- **Consolidation:** Consolidation is the process of eliminating duplicate mailings going to the same individual. A shareowner holding multiple accounts may receive a separate Voting Instruction Form for each account and only one set of proxy material.
- **House holding:** When two or more shareholders reside at the same address with the same last name, house holding allows for a single package to be sent to the household containing separate VIFs for each shareowner and only one set of proxy material.
- **ProxyEdge®:** Accounts controlled by the same money manager across nominees are grouped together and one set of material is sent to the manager. This eliminates the need to send paper material to the individual accounts.
- **Exception Processing:** Exception Processing eliminates the shareowner accounts that are exempt from receiving mailed documents and VIF's for a number of reasons from the "complete" list of shareholders transmitted by the brokers.



## House holding

- House holding is based on the Last Name and Address match.
- For House holding consent of the Shareholders is required
- House holding cannot be done across meetings
- For Foreign Addresses, there is no House holding

- **Example:** There are three people in a household and they have consented for House holding. Based on the Last Name and Address, House holding is done and one set of material is sent for all the three people along with three Proxy Cards. If only two people have consented for House holding, then two people will get one set of material and two proxy cards and the third person will receive another set of material and his proxy card.

## Consolidation

- Consolidation happens on a 100% Name and Address match.
- Consolidation happens at Client Level and Account Level.
- Consolidation can be done across meetings.
- There is no Consolidation for Foreign Addresses
- For consolidation there is no consent required.
- **Example:** If a shareholder has three accounts and the Name and Full Address are same for all the three accounts, then the three sets of packages are consolidated into one set of material. But three Proxy Cards are sent along with the set for the three accounts. This reduces the number of sets of materials going out.

## Emails

- Apart from printing, E-mail files are created for the accounts that have opted for E-Delivery
- Our standard email (Approved by Issuer) contains everything a shareowner needs to cast an informed vote.
- Included in each email is the meeting information, hyperlinks to the relevant documents and voting instructions.
- When using e-delivery, several attempts will be made to deliver material electronically for those shareholders who have elected the service.
- If Broadridge is unable to successfully deliver the information electronically, an electronic delivery failure notification [E-Fail notification] will be produced and mailed to the shareowner.
- The E-Fail Letter will contain all the necessary information for a shareowner to vote their shares, view electronic versions of the proxy material and update the electronic delivery enrollment information file.

## ProxyEdge

- ProxyEdge is the electronic voting and recordkeeping platform used primarily by money managers and Institutional Investors.
- In addition to Email, PE ballots are released to ProxyEdge
- Accounts controlled by the same money manager across nominees are grouped together and one set of material is sent to the manager; thus, eliminating the need to send paper material to the individual accounts.
- **Example:** An institution can have hundreds of accounts across different brokers/banks. In PE, the banks/brokers, can view all the accounts by Meeting ID and vote for them.

## Exception Processing

- Brokers transmit their shareowner record base to Broadridge for mail processing.
- Contained within that list are shareowner accounts that are exempt from receiving mailed documents and VIF's for a number of reasons.
- Since Broadridge receives a "complete" list of shareholders from the broker, Broadridge must process that database and eliminate these exception accounts.
- Exception Processing eliminates these accounts from the mailing base.
- For this process Broadridge charges a regulated fee.

## Consolidated Data Feed (CDF)

- ProxyEdge provides vote recommendations from vote recommendation institutes like ISS, Glass Lewis, Proxy Governance, Proxy Monitor etc.
- Broadridge sends Consolidated Data Feeds (PE Ballots and Control Numbers that have to be voted) to these vote recommendation institutes
- The vote recommendation institutes transmit the PE ballots back to Broadridge via the CDF
- To receive the CDF, the vote recommendation institutes have to be clients of ProxyEdge

## Hardcopy Media

Apart from Emails and PE ballots, the usual hardcopy mailings is available for the Shareholders

## JETS Tracking System

- JETS tracking system, a third party tool, tracks the different jobs that are
  - ✓ in the print queue, or
  - ✓ that are being printed or
  - ✓ that have already being printed
- It keeps track of the status of each job
- It takes a snapshot of each single package that goes through the instruction machine
- There is 2D barcode on the media for print process tracking
- On login into the JETS tracking system, an overview can be obtained of the entire Broadridge warehouse
  - ✓ The status of a particular job at a given point of time
  - ✓ Which machine is being used
  - ✓ If any machine is down, then which machine it is
  - ✓ In which machine, for which job printing is being done

## Mailing

- Once printing is completed, mailing starts.
- Once the material has been received, the mailing has to be done within five business days. This is a regulatory mandate and has to be followed by Broadridge.
- The average number of days required for mailing is  $2 - x$  days where  $x < 5$ .
- When a shareholder receives a package, it appears as it has been sent by the broker. Broadridge is not written anywhere in the Package.

- The mailings can be stratified
  - ✓ **Example:** The issuer can decide to choose first class mail for shareholders who have more than 10,000 shares. For others RMX or Bulk mail can be used

## Notice, Full Package and Fulfillment

The SEC Notice and Access Model or “e-proxy” rule which took effect on July 1, 2007, provides Issuers with new choices. The rule’s intent is to provide Issuers with the opportunity to leverage technology and reduce the cost associated with the shareholder meeting process. Corporate Issuers can mail a Notice to shareholders instead of a traditional proxy package. The Notice will direct them to a website to Access shareholder materials, vote their shares and request paper copies. Notice or Traditional Full Package of Proxy Materials will be mailed to the shareholder based on Shareholder/Issuer preference. The shareholders who initially received the Notice can request for the complete set of proxy material. Subsequent Mailing of hard-copy material or electronic material according to such requests is called Fulfillment. The request for Full Material can be placed up to one year after the meeting date. The shareholder can also provide consent, whether he/she wants Notice or Full Package or E-Delivery in future using [www.investordelivery.com](http://www.investordelivery.com) and [www.icsdelivery.com](http://www.icsdelivery.com)

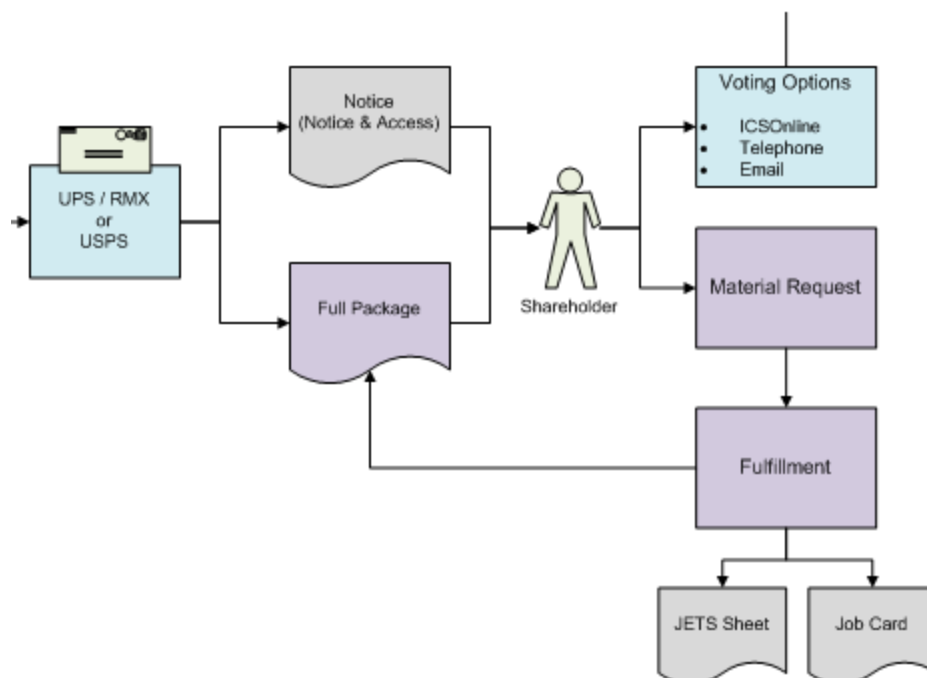
## Postal

There are two main types of Postal Service Providers in U.S.

- USPS (United States Postal Service)
- UPS (United Parcel Service)

There are three types of mailings

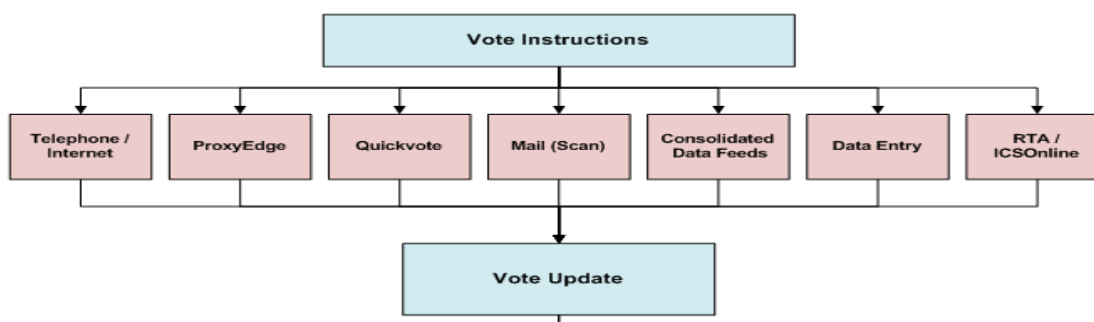
- First Class
- Bulk Mailing
- **RMX:** It is the most preferred type of mailing. It is a special service from UPS. It is a combination of First Class and Bulk Mailings.
- **Example:** Suppose for a particular mailing, using first class mail it will take 3-4 days, using bulk it will take 12-14 days. Then using RMX it will take 7-8 days. So RMX is faster than Bulk but slower than first class. In case of RMX, from UPS center to Post Office, the mail is sent using first class mail, from the post office to destination address it is sent by bulk mail
- **Overnight Mailing:** In some special cases when the material is received very late and the mailing has to be done without delay, then overnight mailing is used but it is very expensive



Different Mailing Methods

## Voting

Once the shareholder receives the Full Package, he/she can start voting in the below ways



Various ways in which shareholder can Vote

## Telephone/Internet

- The shareholders can vote using telephone by calling the custom numbers for Voting, where they can give their Control Number and enter their Voting Preferences on each proposal.
- Shareholders can also vote through the Internet using the ProxyVote.com site.
- **www.proxyvote.com** is a site developed by Broadridge which is used by the shareholders to cast their vote, view the proxy material online, place a request for proxy voting material if they received the notice or sign up to receive further communications thru email.
- This site is driven by control numbers. Based on the control number, the system knows whether this is an E-Delivery account or hardcopy account. In case of an E-Delivery account, the shareholder has to enter the four-digit PIN they received with the E-Mail.

Proxy Vote : Welcome to online voting system - Windows Internet Explorer provided by Broadridge Financial Solutions.

https://qa-online-proxyvote.com/pv/web.do

Proxy Vote : Welcome to online voting system

Voting Recommendations:  
Click on the button below to vote as recommended in the information circular.  
See below or refer to the information circular for the detailed recommendations. Please read them carefully.  
Please be advised that this electronic ballot contains an item for you to record your preference on how often you would like to vote on Executive Compensation.

Vote as recommended in the information circular

	Item	Voting Recommendation	Vote Options
01	TO APPROVE AN AMENDMENT TO ARTICLE III, SECTION 3.2(A), OF THE BANK'S BYLAWS TO DECREASE THE AUTHORIZED RANGE OF D A RANGE OF 7 TO 13 TO A RANGE OF 6 TO 1	For	<input checked="" type="radio"/> For <input type="radio"/> Against <input type="radio"/> Abstain
02	TO AUTHORIZE THE BANK TO PAY DIVIDENDS ON THE SHARES OF PREFERRED STOCK ISSUED TO THE UNITED STATES DEPARTMENT OF THE TREASURY OUT OF THE BANK'S CONTRIBUTED CAPITAL FOR A	For	<input type="radio"/> For <input checked="" type="radio"/> Against <input type="radio"/> Abstain
03	QA SOP 029413 123 MR/ NR* DR2 W/ PROPOSAL NO DIRECTOR	2 Years	<input checked="" type="radio"/> For <input type="radio"/> Against
04	QA SOP 029413 123 MR/ NR* DR2 W/ PROPOSAL NO DIRECTOR	No Voting Recommendation	<input checked="" type="radio"/> 1 Year <input type="radio"/> 2 Years <input type="radio"/> 3 Years <input type="radio"/> Abstain

Click to see: "Important information about voting"  
[Back to top](#)

Vote my shares as per the above selections [Reset](#)

Download Adobe Reader [Privacy Statement](#)

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Proxy Vote : Vote Confirmation - Windows Internet Explorer provided by Broadridge Financial Solutions.

https://qa-online-proxyvote.com/pv/web.do

Proxy Vote : Vote Confirmation

Your selection(s) will be recorded as follows:

	Item	Voting Recommendation	You Voted
01	TO APPROVE AN AMENDMENT TO ARTICLE III, SECTION 3.2(A), OF THE BANK'S BYLAWS TO DECREASE THE AUTHORIZED RANGE OF D A RANGE OF 7 TO 13 TO A RANGE OF 6 TO 1	For	For
02	TO AUTHORIZE THE BANK TO PAY DIVIDENDS ON THE SHARES OF PREFERRED STOCK ISSUED TO THE UNITED STATES DEPARTMENT OF THE TREASURY OUT OF THE BANK'S CONTRIBUTED CAPITAL FOR A	For	Against
03	QA SOP 029413 123 MR/ NR* DR2 W/ PROPOSAL NO DIRECTOR	2 Years	For
04	QA SOP 029413 123 MR/ NR* DR2 W/ PROPOSAL NO DIRECTOR	No Voting Recommendation	1 Year

If all of the above information is correct, click on the **Final Submission** button below to submit your vote.

If any of the above information is incorrect, return to the Electronic Ballot by using the **Back** button below.

If you are voting on or after the voting out-off date stated in the information circular, please note, your vote will not be submitted to the issuer until the next business day.

If you would like to receive an electronic confirmation of the voting instructions submitted enter your e-mail address here:

[Final Submission](#) [Back](#)

Download Adobe Reader [Privacy Statement](#)

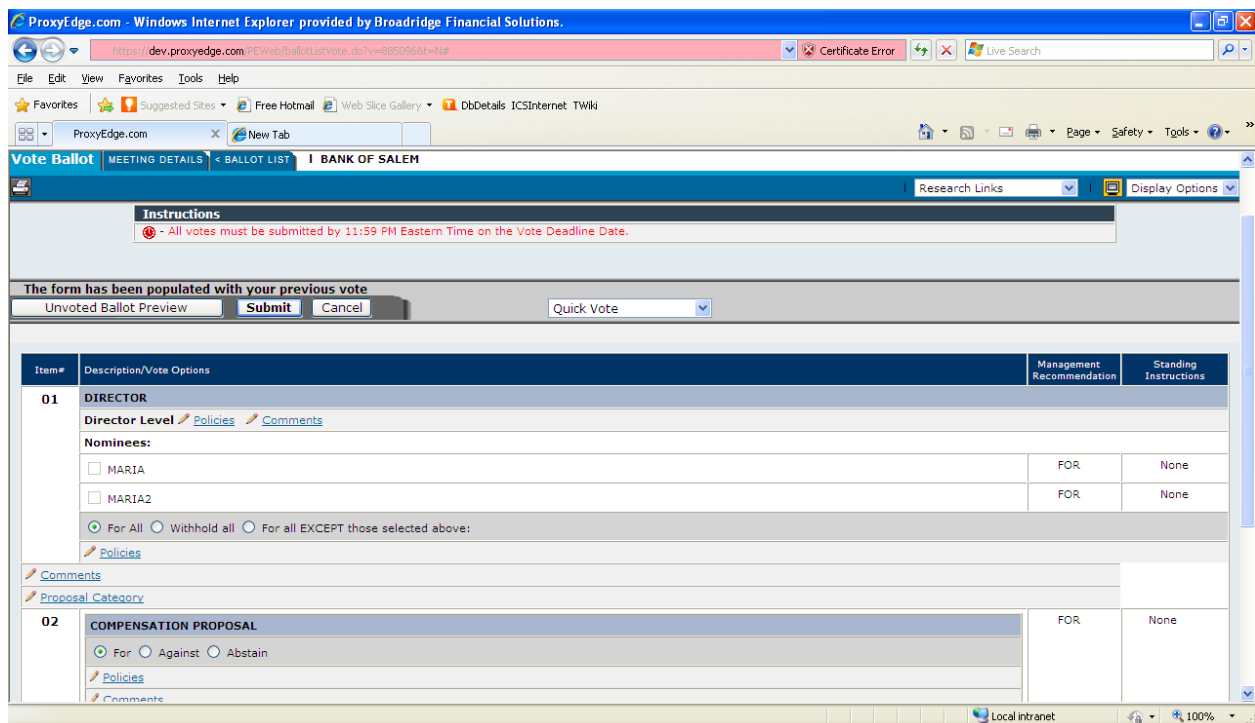
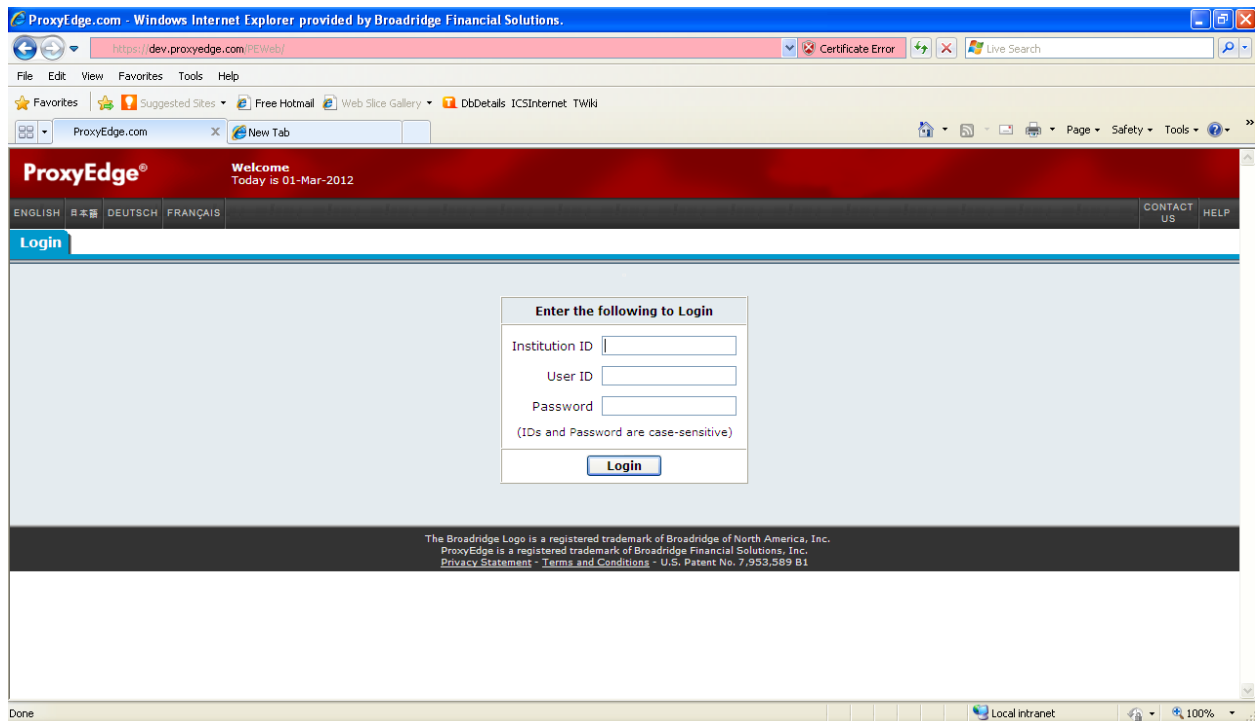
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Voting thru ProxyVote

## ProxyEdge

- ProxyEdge is the application developed by Broadridge that helps money managers and Institutional Investors as a platform for electronic voting and recordkeeping.
- Institutional Investors and Money Managers can log in to Proxy Edge using their Institution ID, User ID and Password and vote on the proposals for all the control numbers at one go.
- Below is a snapshot of Voting Screen in ProxyEdge.





Voting using ProxyEdge

## Quick Vote

- If the issuer wants some specific resolution to be passed, Proxy Solicitation is carried out. The unvoted NOBO list is obtained and the shareholders are called, the information on how they would

like to vote a particular proposal is obtained and translated into the quick vote file. The quick vote files are updated into the system three times a week.

- Proxy Agent Services are the ones who get approval from the corporate secretary of the issuer, saying that ABC co. will carry out the Proxy Solicitation for the issuer. The NOBO list can be issued to them. It is one of the services provided by Broadridge.

### **Mail (Scan)**

- The shareholder can give his/her voting instructions on the Proxy Card [hard copy] and mail it back to Broadridge.
- These proxy cards are scanned and the voting details are accumulated into the Proxy Plus system for vote tabulation.

### **Consolidated Data Feed**

- There are a few Clients or Institutional Investors who vote on behalf of their shareholders.
- They send the Consolidated Data Feed with the Voting Instructions to Broadridge which will be uploaded into Proxy Plus System for vote tabulation.

### **Data Entry**

- Sometimes the vote instructions from the shareholders are received in a sheet. In that case the data entry representatives enter the details into the Proxy Plus Application.
- In case some voting instructions are not clear, they get sent to the data entry representatives and they get it confirmed from the Banks/Brokers.

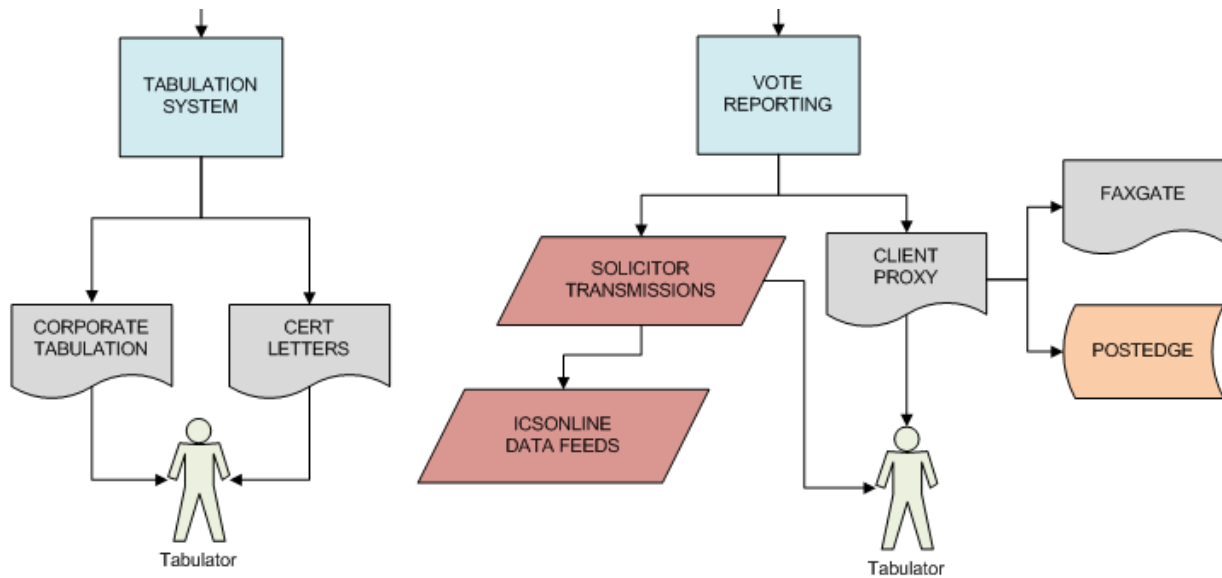
### **Remote Terminal Access (RTA)/ICSOnline**

- Using RTA, Banks/Brokers can access Mainframe Proxy Plus application and complete their voting.
- In case the shareholder does not vote or request the Bank/Broker to vote, then they can login to ICSOnline and vote

Voting using RTA

## Vote Tabulation

- Vote Tabulation is the process of accumulating the votes received thru different ways of voting and reporting the vote statistics.
- Issuers and Solicitors can hire Broadridge for distribution and other companies like Computershare, Georgeson for tabulation i.e. the tabulator and the distribution agent can be different. This generally happens in the beneficial world.
- In the registered world, the voting comes from the registered shareholders
- In the beneficial world, it can come from the beneficial shareholders or banks/brokers clients
- So different votes come in from different sources using different media
- The beneficial and registered votes are processed and different reports like 15-Day Vote Report, 10-Day Vote Report, Daily Vote Reports, Day before Meeting Report and Voting Report on the Day of Meeting are delivered to tabulating agent
- The final vote is the combined result of both the beneficial world and the registered world
- On the day of the meeting a preliminary vote report is available
- The final vote report is available 2-3 days after the meeting date
- In the beneficial world, the entire proxy process is automated
- In case it is not automated, a proxy planner has to be used



Vote Tabulation and Vote Reporting Processes

## Billing

USPS decides or reviews the mailing rates and envelope costs every year, which is provided as input to Billing System through which Invoice gets generated. There are 3 types of Invoice Billing

- **Beneficial Billing** - Invoice generated for a beneficial job. Beneficial jobs are identified by their service type. Any job with service type other than FR, EC, SL, and FC is a beneficial job.
- **Registered Billing** - Invoice generated for a registered job. Registered jobs hold only FR, EC, SL or FC service types.
- **DC Billing** - DC jobs were part of beneficial billing but are separated recently. DC jobs start with either I or O as their first character in their job name and hold DC as their service type.

## Processing Invoice

The processing invoice will be mailed to the Issuer approximately two weeks after initial mailing has been completed. This invoice includes:

- **Processing Fee (regulated by NYSE)** - This fee relates to Broadridge's efforts to obtain all beneficial shareholder information, receive materials to be mailed, coordinate timing and method of mailing, mail material, tabulate votes, and issue votes.
- **Paper and Postage Elimination Fee (regulated by NYSE)** - This fee is charged for each instance in which the mailing of physical material to a beneficial shareholder is eliminated
- **Intermediary Nominee Coordination Fee (regulated by NYSE)** - This fee relates to the coordination and consolidation of processes like search card processing, a single material request, a single record date confirmation, one shipment of material, postage discounts including Standard postage savings, consolidated vote reporting and issuance of one consolidated invoice on behalf of multiple nominees.
- **Postage** - These charges represent rates for the distribution of your proxy material based on the mailing option of your choice.

- **Envelope/Forms** - This represents Broadridge's cost for the type and quantity of envelopes and forms used to process your mailing
- **Notice and Access Processing Fee** - This fee relates to services Broadridge must provide on behalf of banks and brokers to support an issuer choosing the Notice and Access delivery option for beneficial shareowners.
- **Notice and Access Optional Services** - These fees relate to the issuer having chosen Broadridge to provide certain additional services as a result of the issuer choosing the SEC Notice and Access delivery option for beneficial shareowners.

## Vote Return Billing

The voting invoice will be mailed to the Issuer approximately two weeks after the meeting date. This invoice includes the below costs

- Processing votes thru different methods like Internet, Telephone, VIF Mail, ProxyEdge etc
- Mailing reminders to the shareholders to cast their votes
- Notice and Access mailings that include expenses related to previous year's fulfillment (from 15 days after previous year's meeting) and current year's fulfillment (up to 14 days after current meeting)

## Other Products involved in Investor Communication

**Investor Network** - Broadridge also provides an online platform called [www.theinvestornetwork.com](http://www.theinvestornetwork.com) where valid shareholders can communicate with the corporate issuers. Also, shareholders can utilize the Shareholder Forum, which is supported by [www.theinvestornetwork.com](http://www.theinvestornetwork.com) to participate in discussions, submit questions, answer surveys, and share ideas with other authenticated shareholders.

**ProxyEdge** - ProxyEdge is a paid service/product developed by Broadridge that institutions subscribe to for voting. For small banks that are not institutions, that use ProxyEdge, standing instructions are set up. Standing Instructions are vote instructions set for specific proposal categories to automate some of the voting process. Standing Instructions can be setup by both Premier and Standard level users. The difference between the two service offerings is the level of detail enabled for the Standing Instructions. A Standing Instruction vote can be submitted either upon Ballot receipt [if all proposals for a meeting have Standing Instructions] or thru Vote Ballot Screen [if some proposals for the meeting have Standing Instructions] based on the proposals for the meeting.

**ProxyVote** - [www.proxyvote.com](http://www.proxyvote.com) is a site developed by Broadridge which is used by the shareholders to cast their vote, view the proxy material online, place a request for proxy voting material if they received the notice or signup to receive further communications thru email.

**PostEdge** - PostEdge® is a cost-efficient, web-based platform for electronic document storage, self-service delivery and customized presentation developed by Broadridge in 2001. PostEdge® is developed to meet the need for electronic distribution and archiving of all investor communications. PostEdge® e-Delivery solution puts just about any correspondence in the users reach quickly, efficiently and securely while offering comprehensive report mining capabilities.

## Glossary

### Record Date

Record Date is a Set date, established by a corporation's board of directors, used to determine which shareholders are to be included in information or proxy mailing.

### **Solicitor**

A proxy solicitor is a firm hired by a corporation to solicit and collect proxies on its behalf. Proxy solicitors help ensure confidentiality and protect integrity in the voting process. A proxy solicitor may disclose information contained on a proxy ballot in the matter of a proxy contest, or as otherwise required by law.

### **ICS Online**

ICS Online application provides Bank and Broker clients with a real time view into domestic proxy data. Features include account adjustments, voting, and DTC over vote reconciliation.

### **Nominee**

A Nominee is a person or firm who holds securities on behalf of an investor, though the investor remains the actual, or beneficial, owner of the securities. Holding stocks in nominee, or street, name may facilitate the transfer of ownership when securities are traded.

### **E-Delivery**

Electronic delivery (e-delivery) is a means for shareholders to receive electronic copy of proxy materials, or other shareholder materials, instead of hard copy by mail. The information may be voting information or Interim/Regulatory information which he/she is entitled to from a given issuer.

### **House holding**

When different members of the same family own securities in multiple accounts at the same address, they may receive duplicate copies of a company's proxy materials, annual report or other documents. As a result, the Securities and Exchange Commission (SEC) permits the option of House holding to companies and mutual funds. Should a corporation decide to household, only one set of materials is mailed to any given address. Corporations must send a notice to the affected investors at least 60 days before House holding the accounts. Investors can refuse to allow this practice at any time by notifying the corporation of their wishes.

### **Notice & Access**

The Securities and Exchange Commission (SEC) proposed the Notice and Access Model of proxy materials in 2007, to reduce the printing and mailing costs associated with sending proxy materials to shareholders. This rule requires issuers to post their proxy materials on an Internet website. Issuers now have the option to mail a Notice of Internet Availability of Proxy Materials (Notice) to all shareholders with information about how to access the materials online, in lieu of mailing a full set of proxy materials to shareholders.

### **Routine Proposal**

Routine proposals are generally defined as those that don't change the rights and privileges of a stock such as, Company Name change, Appointment of auditors, stock splits, Increase of authorized shares etc. If the shareholders did not vote until 10 days prior to the shareholder meeting, brokers can vote for routine proposals.

## Non-Routine Proposal

Non-routine proposals generally include any contested matter or those matters that would significantly affect the rights and privileges of a stock, such as the issuance of additional stock, mergers, acquisitions, sales, mortgages. Brokers can vote on non-routine proposals only if the beneficial owners have provided them with the instructions to vote.

## Ballot

Ballots should be made available at the Meeting to accommodate shareholders wishing to vote their shares directly instead of by proxy. A ballot lists each proposal – however it does not include text assigning power of proxy to the named proxy committee.

## Legal Proxy

Legal proxy is a document that assigns voting rights from the record owner of a security to another person or entity who wishes to vote in person at a meeting. In other words, Legal Proxy is a document which allows shareholders to vote at the meeting.

## Omnibus Proxy

The Omnibus Proxy is a signed statement from a depository (DTC) or bank, releasing voting authority for shares held in its nominee name. Each Depository Proxy provides a list of all the banks/brokers which hold shares under its nominee name (Security Position Report). The Proxy authorizes the tabulator to accept the votes for the shares directly from the underlying participants. The company will authorize the Depository to transmit this list electronically to the authorized tabulator.

## Stratified Mailing

Broadridge has the ability to stratify shareholders into two populations by a given share amount. This allows the Issuer to specify a different mail class for each population. By stratifying a mailing, Issuers can achieve substantial postage savings while expediting mailing to the largest shareholders. As a general rule, 80% of the shares in beneficial ownership are held by 20% of the shareholders.

## DTCC

DTCC, through its subsidiaries, provides clearing, settlement and information services for equities, corporate and municipal bonds, government and mortgage-backed securities, money market instruments and over-the-counter derivatives. In addition, DTCC is a leading processor of mutual funds and insurance transactions, linking funds and carriers with their distribution networks. DTCC operates through six subsidiaries—each of which serves a specific segment and risk profile within the securities industry:

- National Securities Clearing Corporation (NSCC)
- The Depository Trust Company (DTC)
- Fixed Income Clearing Corporation (FICC)
- DTCC Deriv/SERV LLC
- DTCC Solutions LLC
- European Central Counterparty Limited(EuroCCP)

## DTC

DTC is the world's largest central securities depository. It accepts deposits of equity and debt securities issues for custody, executes book-entry deliveries, records book-entry pledges of those securities, and processes related income distributions Federal Reserve System and is owned by DTCC, which is in turn owned primarily by most of the major banks, broker-dealers, and exchanges on Wall Street.

### **Money Manager**

Money Manager is like a financial advisor or ISS who does the voting for shareholder(s). So for the shareholder, the proxy will be redirected to the money manager who will take care of voting. The accounts will be rolled up for the money manager.

### **Proportional Voting**

Proportional Voting is defined as a method of voting for routine proposals in which a broker will vote uninstructed shares in the same proportion as the instructed shares voted

### **Plurality Voting**

A Plurality Vote means that the winning candidate only needs to get more votes than a competing candidate. In plurality voting, the nominees who receive the highest number of affirmative votes cast are elected irrespective of how small the number of affirmative votes is in comparison to the total number of shares voted (i.e., all affirmative votes and withheld votes). Theoretically, a nominee could be elected as a director with one affirmative vote and several million withheld votes under the plurality voting system, assuming there is no opposition candidate. And where there is an opposition candidate, the candidate receiving the most votes' wins, without regard to whether those votes constitute a majority of the votes at the meeting.

### **Majority Voting**

A Majority Vote means that directors are elected only if they receive the affirmative vote of a majority of the total votes cast for and against such nominee in the election. Following the SEC proposal that the Election of Directors should be based on Majority Voting as opposed to the Plurality Voting which was in practice, many of the companies in U.S. are adopting Majority Voting for electing the Directors. Some proposals for majority voting exclude from the majority voting requirement situations in which (i) cumulative voting is permitted or (ii) the number of nominees exceeds the number of vacant directorships, and proxies are solicited by an individual other than the corporation.

### **Discretionary Voting**

In general, Brokers can vote on behalf of the beneficial owners of a stock, if they do not return the VIFs at least 10 days prior to the meeting. This is sometimes known as Discretionary Voting or Broker Voting. However, brokers do not have the discretion to vote their customers' shares for some proposals like an election of directors of companies without receiving instructions from those customers. If the beneficial owners vote after the broker applies discretionary voting, the shareholder votes will override the brokers discretionary voting.

### **Partial Voting / Split Voting**



A shareholder can cast his/her vote for a particular proposal by selecting more than one of the available choices for voting [like FOR/AGAINST/ABSTAIN/WITHHOLD] by voting part of the shares in favor of each option. This is known as Partial Voting or Split Voting.

## **Institutions**

An Institutional Investor is an organization, such as a mutual fund, pension fund, insurance company or university endowment funds that buys and sells stocks or other securities in large-block trades. Institutional investors account for the majority of daily transactions on the New York Stock Exchange and the NASDAQ Stock Markets

## **Money Manager - WRAP Account**

"WRAP" Processing is the consolidation of shareholder accounts to a designated financial advisor or money manager. The shareholders will authorize these individuals [financial advisor or money manager] to receive their proxy materials, and in most cases, grant them voting authority over their beneficially owned shares. The consolidation of accounts reduces the number of sets of material an Issuer has to print and mail, thereby reducing their costs.

## **Exception Processing Status Codes**

In the Exception processing database, certain status codes are associated with each account. These status codes determine whether some special processing needs to be done with the accounts or general proxy processing will be done. All the account status codes are specific to Broadridge and are identified using the Exception Table, when Broadridge gets data from banks & brokers. Below are some of the most commonly used status codes

- Status '1' Account: An information copy gets mailed to the underlying holder
- Status '2' Account: Nothing gets mailed to the underlying holder
- Status '6' Account: For status '1' and '2' accounts, there is a corresponding status '6' account which is votable by the Money Manager.
- Status '8' Accounts: These accounts are for suppressions. These are unvotable and are not mailed
- Status '7' Accounts: These are accounts that have made a request for Legal Proxy
- Status 'D' and 'E' Accounts : These are accounts which have made a request for Omnibus Proxy

## **ProxyEdge**

ProxyEdge is a paid service/product developed by Broadridge that institutions subscribe to for voting. For small banks that are not institutions, that use ProxyEdge, Standing Instructions are set up. Standing Instructions are vote instructions set for specific proposal categories to automate some of the voting process. Standing Instructions can be setup by both Premier and Standard level users. The difference between the two service offerings is the level of detail enabled for the Standing Instructions. A Standing Instruction vote can be submitted either upon Ballot receipt [if all proposals for a meeting have Standing Instructions] or thru Vote Ballot Screen [if some proposals for the meeting have Standing Instructions] based on the proposals for the meeting.

## **E-Delivery Database (EDP Database)**

The E-Delivery Database is based on the Account Number and contains E-delivery consents, House holding consents and also Notice and Access consents or Full Packages. This data is referred to while populating these fields in CPP. An Investor can be enrolled for E-delivery using either of the below ways:

- Clients can send instructions to Broadridge that all/some the shareholders for that client must be enrolled for e-delivery.
- [www.investordelivery.com](http://www.investordelivery.com) - It is a generic website provided by Broadridge where investors, using a control/enrollment number provided to them via hard copy mail, can enroll for the service on an account level.
- [www.icsdelivery.com](http://www.icsdelivery.com) - It is a secure, customized, broker-branded Open enrollment website provided by Broadridge where customers of the Brokers/Dealers enroll for the service on an account level.

### **Account Number**

In the Proxy Plus Application a nineteen digit account number is used to identify each shareholder uniquely for a particular Bank, Broker Client. Account Number is not unique. There is no SEC regulation for an account number and they are non-regulated by NYSE or DTCC. The account number field can have certain positions that are reserved by the banks and brokers.

### **Open Enrollment and Core Account Processing**

Core Account is the Account number of the shareholder with the Bank/Broker. Account number varies from client to client. Some information specific to the client and the shareholders account processing is appended to the core account. Open Enrollment requires a core account process. The shareholders use their core account number when they enroll for e-delivery.

### **CUSIP**

CUSIP stands for Committee on Uniform Securities Identification Procedures. A CUSIP number identifies most securities, including stocks of all registered U.S. and Canadian companies, and U.S. government and municipal bonds. The CUSIP system owned by the American Bankers Association and operated by Standard & Poor's facilitates the clearing and settlement process of securities. The number consists of nine characters (including letters and numbers) that uniquely identify a company or issuer and the type of security.