

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2017
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
(State or Other Jurisdiction of
Incorporation or Organization)

5 Dakota Drive
Lake Success, NY
(Address of principal executive offices)

33-1151291
(I.R.S. Employer
Identification No.)

11042
(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 ☒ No ☐

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

Indicate by check mark 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 ☒ Accelerated filer ☐

Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

Emerging growth company ☐ If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

The number of shares outstanding of the registrant's common stock, \$0.01 par value, as of April 28, 2017, was 117,578,067 shares.

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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,	
	2017	2016	2017	2016
Revenues	\$ 1,008.9	\$ 688.8	\$ 2,796.8	\$ 1,922.5
Operating expenses:				
Cost of revenues	773.7	486.5	2,199.5	1,389.6
Selling, general and administrative expenses	125.5	101.7	362.8	303.0
Total operating expenses	899.2	588.2	2,562.3	1,692.6
Operating income	109.7	100.6	234.6	229.9
Interest expense, net	10.8	6.5	31.8	19.2
Other non-operating (income) expenses, net	(7.4)	0.7	(0.8)	4.4
Earnings before income taxes	106.3	93.4	203.5	206.4
Provision for income taxes	30.4	29.7	63.8	68.9
Net earnings	\$ 75.9	\$ 63.7	\$ 139.7	\$ 137.4
Basic earnings per share	\$ 0.64	\$ 0.54	\$ 1.18	\$ 1.16
Diluted earnings per share	\$ 0.63	\$ 0.52	\$ 1.15	\$ 1.13
Weighted-average shares outstanding:				
Basic	117.8	118.2	118.3	118.3
Diluted	120.7	121.7	121.3	121.8
Dividends declared per common share	\$ 0.33	\$ 0.30	\$ 0.99	\$ 0.90

Amounts may not sum due to rounding.

See Notes to Condensed Consolidated Financial Statements.

Broadridge Financial Solutions, Inc.
Condensed Consolidated Statements of Comprehensive Income
(In millions)
(Unaudited)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2017	2016	2017	2016
Net earnings	\$ 75.9	\$ 63.7	\$ 139.7	\$ 137.4
Other comprehensive income (loss), net:				
Foreign currency translation adjustments	—	(9.4)	(23.2)	(26.3)
Net unrealized gains (losses) on available-for-sale securities, net of taxes of \$(0.2) and \$1.4 for the three months ended March 31, 2017 and 2016, respectively; and \$(0.3) and \$1.6 for the nine months ended March 31, 2017 and 2016, respectively	0.3	(0.4)	0.5	(0.7)
Pension and post-retirement liability adjustment, net of taxes of \$(0.1) and \$(0.1) for the three months ended March 31, 2017 and 2016, respectively; and \$(0.3) and \$(0.2) for the nine months ended March 31, 2017 and 2016, respectively	0.1	0.1	0.4	0.2
Total other comprehensive income (loss), net	0.4	(9.7)	(22.3)	(26.8)
Comprehensive income	\$ 76.3	\$ 54.0	\$ 117.4	\$ 110.7

Amounts may not sum due to rounding.

See Notes to Condensed Consolidated Financial Statements.

Broadridge Financial Solutions, Inc.
Condensed Consolidated Balance Sheets
(In millions, except per share amounts)
(Unaudited)

	March 31, 2017	June 30, 2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 269.5	\$ 727.7
Accounts receivable, net of allowance for doubtful accounts of \$3.1 and \$2.3, respectively	661.2	453.4
Other current assets	187.5	108.0
Total current assets	1,118.2	1,289.1
Property, plant and equipment, net	169.5	112.2
Goodwill	1,161.5	999.3
Intangible assets, net	483.9	210.3
Other non-current assets	308.8	261.8
Total assets	\$ 3,242.0	\$ 2,872.7
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of long-term debt	\$ 125.0	\$ 124.8
Accounts payable	191.9	133.2
Accrued expenses and other current liabilities	364.0	352.2
Deferred revenues	205.0	82.7
Total current liabilities	885.9	692.9
Long-term debt, excluding current portion	1,141.6	890.7
Deferred taxes	70.7	61.6
Deferred revenues	75.0	70.3
Other non-current liabilities	126.4	111.8
Total liabilities	2,299.7	1,827.3
Commitments and contingencies (Note 13)		
Stockholders' equity:		
Preferred stock: Authorized, 25.0 shares; issued and outstanding, none	—	—
Common stock, \$0.01 par value: 650.0 shares authorized; 154.5 and 154.5 shares issued, respectively; and 117.1 and 118.3 shares outstanding, respectively	1.6	1.6
Additional paid-in capital	972.3	901.2
Retained earnings	1,320.8	1,297.8
Treasury stock, at cost: 37.4 and 36.2 shares, respectively	(1,291.8)	(1,116.9)
Accumulated other comprehensive loss	(60.5)	(38.2)
Total stockholders' equity	942.3	1,045.5
Total liabilities and stockholders' equity	\$ 3,242.0	\$ 2,872.7

Amounts may not sum due to rounding.

See Notes to Condensed Consolidated Financial Statements.

Broadridge Financial Solutions, Inc.
Condensed Consolidated Statements of Cash Flows
(In millions)
(Unaudited)

	Nine Months Ended March 31,	
	2017	2016
Cash Flows From Operating Activities		
Net earnings	\$ 139.7	\$ 137.4
Adjustments to reconcile Net earnings to Net cash flows (used in) provided by operating activities:		
Depreciation and amortization	51.2	39.2
Amortization of acquired intangibles and purchased intellectual property	52.8	24.0
Amortization of other assets	22.9	19.5
Stock-based compensation expense	34.7	34.5
Deferred income taxes	(16.1)	(20.6)
Excess tax benefits from stock-based compensation awards	(29.0)	(11.1)
Other	(0.4)	1.6
Changes in operating assets and liabilities, net of assets and liabilities acquired:		
Current assets and liabilities:		
Increase in Accounts receivable, net	(114.6)	(56.0)
Increase in Other current assets	(60.0)	(51.9)
Increase in Accounts payable	42.5	6.8
Decrease in Accrued expenses and other current liabilities	(23.8)	(13.9)
Increase in Deferred revenues	118.3	90.9
Non-current assets and liabilities:		
Increase in Other non-current assets	(76.8)	(44.3)
Increase in Other non-current liabilities	20.7	5.0
Net cash flows provided by operating activities	162.1	161.1
Cash Flows From Investing Activities		
Capital expenditures	(51.7)	(43.1)
Software purchases and capitalized internal use software	(17.8)	(13.0)
Acquisitions, net of cash acquired	(448.1)	(15.4)
Purchase of intellectual property	(90.0)	—
Equity method investment	(4.5)	(3.3)
Other investing activities	(0.9)	(3.4)
Net cash flows used in investing activities	(613.0)	(78.2)
Cash Flows From Financing Activities		
Proceeds from Long-term debt	355.0	210.0
Repayments on Long-term debt	(105.0)	(80.0)
Excess tax benefits from stock-based compensation awards	29.0	11.1
Dividends paid	(113.6)	(103.0)
Purchases of Treasury stock	(212.6)	(97.0)
Proceeds from exercise of stock options	45.4	21.0
Payment of contingent consideration liabilities	(0.7)	(1.0)
Costs related to amendment of revolving credit facility	(1.8)	—
Costs related to issuance of bonds	(0.7)	—
Net cash flows used in financing activities	(4.9)	(38.9)
Effect of exchange rate changes on Cash and cash equivalents	(2.4)	(13.7)
Net change in Cash and cash equivalents	(458.2)	30.4
Cash and cash equivalents, beginning of period	727.7	324.1
Cash and cash equivalents, end of period	\$ 269.5	\$ 354.4
Supplemental disclosure of cash flow information:		
Cash payments made for interest	\$ 29.5	\$ 22.1
Cash payments made for income taxes, net of refunds	\$ 87.7	\$ 89.2
Non-cash investing and financing activities:		

Accrual of unpaid property, plant and equipment and software	\$	7.5	\$	1.8
Acquisition related obligations	\$	6.5	\$	2.6
Obligations related to the purchase of intellectual property	\$	5.0	\$	—

Amounts may not sum due to rounding.

See Notes to Condensed Consolidated Financial Statements.

Broadridge Financial Solutions, Inc.
Notes to Condensed Consolidated Financial Statements
(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 communications and technology-driven solutions to banks, broker-dealers, mutual funds and corporate issuers. Our services include investor and customer communications, securities processing, and data and analytics solutions. In short, we provide the infrastructure that helps the financial services industry operate. With over 50 years of experience, we provide financial services firms with advanced, dependable, scalable and cost-effective integrated systems. Our systems help reduce the need for clients to make significant capital investments in operations infrastructure, thereby allowing them to increase their focus on core business activities. We deliver a broad range of solutions that help our clients better serve their retail and institutional customers across the entire investment lifecycle, including pre-trade, trade, and post-trade processing functionality.

The Company operates in two reportable segments: Investor Communication Solutions and Global Technology and Operations. Broadridge serves a large and diverse client base across four client groups: capital markets, asset management, wealth management and corporations.

- **Investor Communication Solutions** —Broadridge offers Bank/Broker-Dealer Investor Communication Solutions, Customer Communication Solutions, Corporate Issuer Solutions, Advisor Solutions and Mutual Fund and Retirement Solutions in this segment. 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®, Broadridge’s innovative electronic proxy delivery and voting solution for institutional investors and financial advisors, 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.

Broadridge also provides customer communications, financial information distribution and transaction reporting services to financial services firms, corporations and mutual funds. 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 Broadridge’s clients’ communications with investors and customers. All of these communications are delivered through print, electronic or digital channels. In addition, Broadridge provides corporations with registered proxy services as well as registrar, stock transfer and record-keeping services.

Broadridge’s advisor solutions enable firms, financial advisors, wealth managers, and insurance agents to better engage with customers through cloud-based marketing and customer communication tools. Broadridge’s marketing ecosystem integrates data, content and technology to drive new client acquisition and cross-sell opportunities through the creation of sales and educational content, including seminars and a library of financial planning topics as well as customizable advisor websites, search engine marketing and electronic and print newsletters. Broadridge’s advisor solutions also help advisors optimize their practice management through customer and account data aggregation and reporting.

Broadridge’s mutual fund and retirement solutions are a full range of tools for mutual funds, exchange traded fund (“ETF”) providers, and asset management firms. They include data-driven technology solutions for data management, analytics, investment accounting, marketing and customer communications. In addition, Broadridge provides mutual fund trade processing services for retirement providers, third party administrators, financial advisors, banks and wealth management professionals through its subsidiary, Matrix Financial Solutions, Inc.

In July 2016, Broadridge acquired the North American Customer Communications (“NACC”) business of DST Systems, Inc. NACC is a leading provider of customer communication services including print and digital communication solutions, content management, postal optimization, and fulfillment. The NACC business will be integrated into the existing customer communications business and is now known as Broadridge Customer Communications.

In September 2016, Broadridge acquired intellectual property assets from Inveshare, Inc. (“Inveshare”) and concurrently entered into a development agreement with an affiliate of Inveshare to use these assets to develop

blockchain technology applications for Broadridge's proxy business. Broadridge also granted Inveshare a perpetual license to the acquired technology assets, and Inveshare will remain an independent provider of proxy communication services.

- **Global Technology and Operations** —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, reference data, reconciliations and accounting. Broadridge's services help financial institutions and investment managers efficiently and cost-effectively consolidate their books and records, gather and service assets under management, focus on their core businesses, and manage risk. Broadridge's multi-currency solutions support real-time global trading of equity, fixed income, mutual fund, foreign exchange and exchange traded derivative securities in established and emerging markets. In addition, Broadridge's Managed Services solution supports the operations of our clients' businesses including their securities clearing, record-keeping, and custody-related functions.

In November 2016, Broadridge acquired M&O Systems, Inc. ("M&O"). M&O is a provider of SaaS-based compensation management and related solutions for broker-dealers and registered investment advisors.

In March 2017, Broadridge acquired Message Automation Limited ("MAL"). MAL is a specialist provider of post-trade control solutions for sell-side and buy-side firms. The Company previously owned 25% of MAL, and purchased the remaining 75% .

B. Consolidation and Basis of Presentation . The Condensed Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles ("GAAP") in the United States of America ("U.S."). These financial statements present the condensed consolidated position of the Company and include the entities in which the Company directly or indirectly has a controlling financial interest as well as various entities in which the Company has investments recorded under either the cost or equity methods of accounting. Intercompany balances and transactions have been eliminated. Amounts presented may not sum due to rounding. 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, 2016 (the "2016 Annual Report") filed on August 9, 2016 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 GAAP of the Company's financial position at March 31, 2017 and June 30, 2016 , the results of its operations for the three and nine months ended March 31, 2017 and 2016 , and its cash flows for the nine months ended March 31, 2017 and 2016 .

Effective in the first quarter of fiscal year 2017, the Company revised the presentation in the Condensed Consolidated Statements of Earnings to separately present Interest expense, net. Previously, Interest expense, net, was reported as part of Non-operating expenses, net, and was not separately presented in the Condensed Consolidated Statements of Earnings. All prior period information has been conformed to the current period presentation. See Note 4, "Interest Expense, Net," for details of the Company's Interest expense, net, and Note 5, "Other Non-Operating (Income) Expenses, Net," for details of the Company's Other non-operating (income) expenses, net.

Effective in the first quarter of fiscal year 2017, the Company adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2015-03, "Simplifying the Presentation of Debt Issuance Costs" ("ASU No. 2015-03"), which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The Company has applied this guidance on a retrospective basis and accordingly, the Condensed Consolidated Balance Sheet as of June 30, 2016 has been updated to reflect this new classification, which resulted in a decrease in Other non-current assets of \$7.1 million , a decrease in Long-term debt, excluding current portion of \$7.0 million and a decrease of \$0.1 million in Current portion of long-term debt at June 30, 2016 .

C. Use of Estimates . The preparation of these financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the Condensed Consolidated Financial Statements and accompanying notes thereto. These estimates are based on management's best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other assumptions and judgment that are believed to be reasonable under the circumstances. Accordingly, actual results could differ from those estimates.

D. Cash and Cash Equivalents . Investment securities with an original maturity of 90 days or less are considered cash equivalents. The fair value of the Company's Cash and cash equivalents approximates carrying value due to their short term nature.

E. 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 fixed-rate senior notes represents the face value of the long-term fixed-rate senior notes net of the unamortized discount and net of the associated unamortized debt issuance cost. The fair value of the Company's long-term fixed-rate senior notes is based on quoted market prices. Refer to Note 10, "Borrowings," for a further discussion of the Company's long-term fixed-rate senior notes.

F. Subsequent Events . In preparing the accompanying Condensed Consolidated Financial Statements, the Company has reviewed events that have occurred after March 31, 2017 , through the date of issuance of the Condensed Consolidated Financial Statements. During this period, the Company did not have any subsequent events for disclosure.

NOTE 2. NEW ACCOUNTING PRONOUNCEMENTS

In January 2017, the FASB issued ASU No. 2017-04, "Simplifying the Accounting for Goodwill Impairment" ("ASU No. 2017-04"). ASU No. 2017-04 removes Step 2 of the current goodwill impairment test, which currently requires a hypothetical purchase price allocation if the fair value of a reporting unit were to be less than its book value, for purposes of determining the amount of goodwill impaired. Under ASU No. 2017-04, the Company would now recognize an impairment charge for the amount by which the carrying amount of a reporting unit exceeds the fair value of the reporting unit; however, the loss recognized would not exceed the total amount of goodwill allocated to that reporting unit. ASU No. 2017-04 will be effective for the Company beginning in the first quarter of fiscal 2021, to be applied on a prospective basis. The pending adoption of this guidance is not expected to have a material impact on the Company's Condensed Consolidated Financial Statements.

In January 2017, the FASB issued ASU No. 2017-01, "Clarifying the Definition of a Business" ("ASU No. 2017-01"). ASU No. 2017-01 narrows the definition of a business, in part by concluding that an integrated set of assets and activities (referred to as a "set") is not a business when substantially all of the fair value of the gross assets acquired (or disposed of) is concentrated in a single identifiable asset or group of similar identifiable assets. ASU No. 2017-01 is effective for the Company beginning in the first quarter of fiscal year 2019, to be applied on a prospective basis. The pending adoption of this guidance is not expected to have a material impact on the Company's Condensed Consolidated Financial Statements.

In March 2016, the FASB issued ASU No. 2016-09, "Improvements to Employee Share-Based Payment Accounting" ("ASU No. 2016-09"). ASU No. 2016-09 identifies areas for simplification involving several aspects of accounting for share-based payment transactions, including presenting the excess tax benefit or deficit from the exercise or vesting of share-based payments in the income statement, a revision to the criteria for classifying an award as equity or liability, an option to recognize gross stock compensation expense with actual forfeitures recognized as they occur, as well as certain classifications on the statement of cash flows. In addition, ASU No. 2016-09 eliminates the excess tax benefit from the assumed proceeds calculation under the treasury stock method for purposes of calculating diluted shares. ASU No. 2016-09 is effective for the Company beginning in the first quarter of fiscal year 2018, with early adoption permitted. Certain provisions of ASU No. 2016-09 are required to be adopted prospectively, most notably the requirement to recognize the excess tax benefit or deficit in the income statement, while other provisions of ASU No. 2016-09 require modified retrospective application or in some cases full retrospective application. The most significant impact of the pending adoption of this guidance on the Company's Condensed Consolidated Financial Statements, specifically the Company's Condensed Consolidated Statements of Earnings, will largely be dependent upon the intrinsic value of the Company's share-based compensation awards at the time of exercise or vesting and may result in more variability in the Company's effective tax rates and Net earnings, and may also impact the dilution of common stock equivalents. During the three and nine months ended March 31, 2017 and 2016 , the Company recorded \$7.0 million and \$5.6 million , respectively, and \$29.0 million and \$11.1 million , respectively, to consolidated equity as excess tax benefits from share-based compensation awards. In addition, upon adoption of ASU No. 2016-09, the Company will classify the excess tax benefit or deficit as an operating activity in the Condensed Consolidated Statements of Cash Flows rather than as a financing activity.

In February 2016, the FASB issued ASU No. 2016-02, "Leases" ("ASU No. 2016-02"). Under ASU No. 2016-02, all lease arrangements, with certain limited exceptions, exceeding a twelve month term must now be recognized as assets and liabilities on the balance sheet of the lessee by recording a right-of-use asset and corresponding lease obligation generally equal to the present value of the future lease payments over the lease term. Further, the income statement will reflect lease

expense for leases classified as operating and amortization/interest expense for leases classified as financing, determined using classification criteria substantially similar to the current lease guidance for distinguishing between an operating and capital lease. ASU No. 2016-02 also contains certain additional qualitative and quantitative disclosures to supplement the amounts recorded in the financial statements so that users can understand more about the nature of an entity's leasing activities, including significant judgments and changes in judgments. ASU No. 2016-02 is effective for the Company in the first quarter of fiscal year 2020 and will be adopted on a modified retrospective basis, which will require adjustment to all comparative periods presented in the consolidated financial statements. The Company is currently evaluating the impact of the pending adoption of ASU No. 2016-02 on the Company's Condensed Consolidated Financial Statements.

In January 2016, the FASB issued ASU No. 2016-01, "Recognition and Measurement of Financial Assets and Financial Liabilities" ("ASU No. 2016-01"), which provides guidance for the recognition, measurement, presentation, and disclosure of financial assets and liabilities. ASU No. 2016-01 is effective for the Company beginning in the first quarter of fiscal year 2019. The pending adoption of this guidance is not expected to have a material impact on the Company's Condensed Consolidated Financial Statements.

In November 2015, the FASB issued ASU No. 2015-17, "Balance Sheet Classification of Deferred Taxes" ("ASU No. 2015-17"). The amendments in ASU No. 2015-17 require entities that present a classified balance sheet to classify all deferred tax liabilities and assets as a noncurrent amount. The amendments in ASU No. 2015-17 are effective for the Company in the first quarter of fiscal year 2018, applied either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. The pending adoption of this guidance is not expected to have a material impact on the Company's Condensed Consolidated Financial Statements.

In April 2015, the FASB issued ASU No. 2015-05, "Customer's Accounting for Fees Paid in a Cloud Computing Arrangement" ("ASU No. 2015-05"). ASU No. 2015-05 provides guidance to customers about whether a cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license, then the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. ASU No. 2015-05 does not change the accounting for a customer's accounting for service contracts. Following adoption of ASU No. 2015-05, all software licenses within its scope are accounted for consistent with other licenses of intangible assets. The Company adopted No. 2015-05 effective in the first quarter of fiscal year 2017 prospectively to all arrangements entered into or materially modified after the effective date. The adoption of this guidance did not have a material impact on the Company's Condensed Consolidated Financial Statements.

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers" ("ASU No. 2014-9"), to supersede nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU No. 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. ASU No. 2014-09 defines a five step process to achieve this core principle and, in doing so, it is possible more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. ASU No. 2014-09 also requires certain enhanced disclosures, including disclosures on the nature, amount, timing and uncertainty of revenues and cash flows from contracts with customers. In August 2015, the FASB issued ASU No. 2015-14, "Revenue from Contracts with Customers - Deferral of the Effective Date," which defers the effective date of ASU No. 2014-09 by one year, with an option that would permit companies to adopt the standard as early as the original effective date. As a result, ASU No. 2014-09 will be effective for the Company as of the first quarter of fiscal year 2019 using either of two methods: (i) retrospective to each prior reporting period presented with the option to elect certain practical expedients as defined within ASU No. 2014-09; or (ii) retrospective with the cumulative effect of initially applying ASU No. 2014-09 recognized at the date of initial application and providing certain additional disclosures as defined per ASU No. 2014-09.

In March 2016, the FASB issued ASU No. 2016-08, "Principal versus Agent Considerations (Reporting Revenue Gross versus Net)" ("ASU No. 2016-08"), which provides clarifying implementation guidance to the principal versus agent provisions of ASU No. 2014-09.

In April 2016, the FASB issued ASU No. 2016-10 "Identifying Performance Obligations and Licensing" ("ASU No. 2016-10"), which provides clarifying implementation guidance for applying ASU No. 2014-09 with respect to identifying performance obligations and the accounting for licensing arrangements.

In May 2016, the FASB issued ASU No. 2016-12 “Narrow-Scope Improvements and Practical Expedients” (“ASU No. 2016-12”), which provides certain clarifying guidance for ASU No. 2014-09 relative to treatment of sales taxes, noncash consideration, collectibility and certain aspects of transitional guidance.

In December 2016, the FASB issued ASU No. 2016-20 “Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers”, which provides certain technical corrections for ASU No. 2014-09 including the impairment testing of capitalized contract costs, disclosure of remaining performance obligations, and certain other matters.

Each of ASU No. 2016-08, ASU No. 2016-10, ASU No. 2016-12 and ASU No. 2016-20 have the same effective date as ASU No. 2014-09. The Company has not yet elected a transition method. While the Company is still in the process of evaluating the full impact of the pending adoption of ASU No. 2014-09 and related amendments on its Condensed Consolidated Financial Statements and related disclosures, including assessing the need for system or process changes or enhancements, to date the Company has identified certain expected impacts of the new standard on its Condensed Consolidated Financial Statements. Specifically, the Company expects to capitalize certain sales commissions as well as capitalize certain additional costs that are part of setting up or converting a client’s systems to function with the Company’s technology, both of which are currently expensed. Additionally, the Company expects to recognize proxy revenue predominantly at the time of proxy distribution to the client’s shareholders rather than on the date of the client’s shareholder meeting, which is typically 30 days after the proxy distribution. Other expected changes to the timing of revenue recognition include deferral of revenue from certain transaction processing platform enhancements as well as acceleration of revenue from certain multi-year software license arrangements that are currently recognized over the term of the software subscription.

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. The Company calculates diluted EPS using the treasury stock method, which reflects the potential dilution that could occur if outstanding stock options at the presented date are exercised and restricted stock unit awards have vested.

The computation of diluted EPS did not include 0.5 million and 0.7 million options to purchase Broadridge common stock for the three months ended March 31, 2017, and 2016, respectively, and 0.6 million and 1.6 million options to purchase Broadridge common stock for the nine months ended March 31, 2017, and 2016, 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,	
	2017	2016	2017	2016
Weighted-average shares outstanding:				
Basic	117.8	118.2	118.3	118.3
Common stock equivalents	2.9	3.5	2.9	3.5
Diluted	120.7	121.7	121.3	121.8

NOTE 4. INTEREST EXPENSE, NET

Interest expense, net consisted of the following:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2017	2016	2017	2016
	(in millions)			
Interest expense on borrowings	\$ 11.7	\$ 7.4	\$ 33.4	\$ 21.1
Interest income	(0.9)	(0.9)	(1.5)	(1.9)
Interest expense, net	\$ 10.8	\$ 6.5	\$ 31.8	\$ 19.2

NOTE 5. OTHER NON-OPERATING (INCOME) EXPENSES, NET

Other non-operating (income) expenses, net consisted of the following:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2017	2016	2017	2016
	(in millions)			
Losses from equity method investments	\$ 1.5	\$ 1.4	\$ 5.3	\$ 5.1
Foreign currency transaction (gain) loss	0.4	(0.7)	3.3	(0.7)
Other (gains) losses	(9.3)	—	(9.3)	—
Other non-operating (income) expenses, net	\$ (7.4)	\$ 0.7	\$ (0.8)	\$ 4.4

NOTE 6. ACQUISITIONS
BUSINESS COMBINATIONS

Assets acquired and liabilities assumed in business combinations are recorded on the Company's Condensed Consolidated Balance Sheets as of the respective acquisition date based upon the estimated fair values at such date. The results of operations of the business acquired by the Company are included in the Company's Condensed Consolidated Statements of Earnings since the respective date of acquisition. The excess of the purchase price over the estimated fair values of the underlying assets acquired and liabilities assumed is allocated to Goodwill.

During the first quarter of fiscal year 2017, the Company acquired one business in the Investor Communication Solutions segment:

NACC

In July 2016, the Company acquired the net assets of NACC, a leading provider of customer communication services including print and digital communication solutions, content management, postal optimization, and fulfillment. This acquisition will expand the Company's existing customer communications business.

The aggregate purchase price was \$410.0 million in cash, or \$406.2 million net of cash acquired and other closing adjustments. Net tangible assets acquired in the transaction were \$58.8 million. This acquisition resulted in \$129.2 million of Goodwill, which is primarily tax deductible. Intangible assets acquired, which totaled \$218.2 million, consist primarily of customer relationships and software technology. The results of NACC's operations were included in the Company's Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q from the date of acquisition. As of March 31, 2017, the NACC purchase price allocation has not yet been finalized, primarily the fair values and the useful lives of the acquired intangible assets.

The following summarizes the preliminary allocation of purchase price for the NACC acquisition (in millions):

	NACC
Accounts receivable, net	\$ 89.2
Other current assets	19.5
Property, plant and equipment	45.1
Intangible assets	218.2
Goodwill	129.2
Other non-current assets	1.6
Accounts payable	(14.4)
Accrued expenses and other current liabilities	(59.1)
Deferred taxes	(22.2)
Deferred revenue	(1.1)
Consideration paid, net of cash acquired	\$ 406.2

Unaudited Pro Forma Financial Information

The unaudited pro forma condensed consolidated results of operations in the table below are provided for illustrative purposes only and summarize the combined results of operations of Broadridge and NACC. For purposes of this pro forma presentation, the acquisition of NACC is assumed to have occurred on July 1, 2015. The pro forma financial information for all periods presented also includes the estimated business combination accounting effects resulting from this acquisition, notably amortization expense from the acquired intangible assets (of which the purchase accounting allocation has not yet been finalized), interest expense from a recent bond offering, the proceeds of which were used to fund the acquisition, and certain integration related expenses.

This unaudited pro forma financial information should not be relied upon as being indicative of the historical results that would have been obtained if the acquisition had actually occurred on July 1, 2015, nor of the results of operations that may be obtained in the future.

	Three Months Ended March 31, 2017		Nine Months Ended March 31, 2017	
	2017	2016	2017	2016
	(in millions, except per share data)			
Revenues	\$ 1,008.9	\$ 1,003.4	\$ 2,796.8	\$ 2,804.0
Net earnings	\$ 77.8	\$ 69.0	\$ 143.5	\$ 146.0
Basic earnings per share	\$ 0.66	\$ 0.58	\$ 1.21	\$ 1.23
Diluted earnings per share	\$ 0.64	\$ 0.57	\$ 1.18	\$ 1.20

During the second quarter of fiscal year 2017, the Company acquired one business in the Global Technology and Operations segment:

M&O

In November 2016, the Company's Global Technology and Operations segment acquired M&O. M&O is a provider of SaaS-based compensation management and related solutions for broker-dealers and registered investment advisors. The aggregate purchase price was \$24.8 million in cash, consisting of \$22.3 million of cash payments as well as a \$2.5 million note payable to the sellers that will be settled in the future. Net tangible liabilities assumed in the transaction were \$3.5 million. This acquisition resulted in \$17.1 million of Goodwill. Intangible assets acquired, which totaled \$11.2 million, consist primarily of customer relationships and acquired software technology, which are being amortized over a seven-year life and six-year life, respectively. The allocation of the purchase price will be finalized upon completion of the analysis of

the fair values of the acquired business' assets and liabilities, which is still subject to a working capital adjustment.

During the third quarter of fiscal year 2017, the Company acquired one business in the Global Technology and Operations segment:

MAL

In March 2017, the Company's Global Technology and Operations segment acquired MAL, which is a specialist provider of post-trade control solutions for sell-side and buy-side firms. The Company previously owned 25% of MAL, and purchased the remaining 75% for an aggregate purchase price of \$23.7 million in cash, consisting of \$19.7 million of cash payments net of cash acquired, a \$3.1 million note payable to the sellers that will be settled in the future, and a contingent consideration liability with an initial estimated acquisition date preliminary fair value of \$0.9 million. The contingent consideration liability is payable over the next four years upon the achievement by the acquired business of certain revenue and earnings targets. The contingent consideration liability has a maximum potential pay-out of \$2.8 million upon the achievement in full of the defined financial targets by the acquired business. The fair value of the Company's 25% pre-existing investment in MAL was determined to be \$9.6 million, implied by the aggregate purchase price of the remaining 75% purchased, which resulted in a non-cash, nontaxable gain on investment of \$9.3 million ("MAL investment gain"), included as part of Other non-operating (income) expenses, net. Net tangible liabilities assumed in the transaction were \$0.7 million. This acquisition preliminarily resulted in \$34.0 million of Goodwill. The allocation of the purchase price will be finalized upon completion of the fair values of the acquired business' assets and liabilities, including the fair value of acquired intangible assets, and which is still subject to a working capital adjustment.

ASSET ACQUISITIONS

Purchase of Intellectual Property

In September 2016, the Company's Investor Communication Solutions segment acquired intellectual property assets from Inveshare and concurrently entered into a development agreement with an affiliate of Inveshare to use these assets to develop blockchain technology applications for Broadridge's proxy business. The purchase price was \$95.0 million, which consisted of a \$90.0 million cash payment upon closing of the acquisition and a \$5.0 million obligation payable which the Company expects to pay by September 2017, plus an additional deferred payment of \$40.0 million to an affiliate of Inveshare upon delivery of the new blockchain technology applications, which the Company expects to pay by September 2018.

NOTE 7. 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 | Quoted market prices in active markets for identical assets and liabilities. |
| Level 2 | Observable market-based inputs other than quoted prices in active markets for identical assets and liabilities. |
| 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 Company holds available-for-sale securities issued by a non-public entity for which the lowest level of significant inputs is unobservable. On a recurring basis, the Company uses pricing models and similar techniques for which the determination of fair value requires significant judgment by management. Accordingly, the Company classifies the available-for-sale securities as Level 3 in the table below.

The fair value of the contingent consideration obligations are based on a probability weighted approach derived from

the estimates of earn-out criteria and the probability assessment with respect to the likelihood of achieving those criteria. The measurement is based on significant inputs that are not observable in the market, therefore, the Company classifies this liability as Level 3 in the table below.

The following tables set forth the Company's financial assets and liabilities at March 31, 2017 and June 30, 2016, respectively, 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 (1)	\$ 77.2	\$ —	\$ —	\$ 77.2
Other current assets:				
Available-for-sale securities	0.1	—	—	0.1
Other non-current assets:				
Available-for-sale securities	48.7	—	1.1	49.8
Total assets as of March 31, 2017	<u>\$ 126.0</u>	<u>\$ —</u>	<u>\$ 1.1</u>	<u>\$ 127.1</u>
Liabilities				
Contingent consideration obligations:	—	—	6.0	6.0
Total liabilities as of March 31, 2017	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 6.0</u>	<u>\$ 6.0</u>

	Level 1	Level 2	Level 3	Total
	(in millions)			
Assets:				
Cash and cash equivalents:				
Money market funds (1)	\$ 121.0	\$ —	\$ —	\$ 121.0
Other current assets:				
Available-for-sale securities	0.1	—	—	0.1
Other non-current assets:				
Available-for-sale securities	34.4	—	1.1	35.5
Total assets as of June 30, 2016	<u>\$ 155.5</u>	<u>\$ —</u>	<u>\$ 1.1</u>	<u>\$ 156.6</u>
Liabilities				
Contingent consideration obligations:	—	—	5.5	5.5
Total liabilities as of June 30, 2016	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 5.5</u>	<u>\$ 5.5</u>

(1) Money market funds include money market deposit account balances of \$22.3 million and \$91.0 million as of March 31, 2017 and June 30, 2016, respectively.

The following table sets forth an analysis of changes during the nine months ended March 31, 2017 and 2016, in Level 3 financial assets of the Company:

	March 31, 2017	March 31, 2016
	(in millions)	
Beginning balance	\$ 1.1	\$ 1.1
Net realized/unrealized gains (losses)	—	—
Purchases	—	—
Transfers in (out) of Level 3	—	—
Ending balance	\$ 1.1	\$ 1.1

The Company did not incur any Level 3 fair value asset impairments during the nine months ended March 31, 2017 and 2016 .

The following table sets forth an analysis of changes during the nine months ended March 31, 2017 and 2016 , in Level 3 financial liabilities of the Company:

	March 31, 2017	March 31, 2016
	(in millions)	
Beginning balance	\$ 5.5	\$ 15.7
Additional contingent consideration incurred	0.9	0.7
Increase (decrease) in contingent consideration liability	0.3	(1.0)
Payments	(0.7)	(1.0)
Ending balance	<u>\$ 6.0</u>	<u>\$ 14.4</u>

Changes in economic conditions or model based valuation techniques may require the transfer of financial instruments between levels. The Company's policy is to record transfers between levels if any, as of the beginning of the fiscal year.

NOTE 8. OTHER NON-CURRENT ASSETS

Other non-current assets consisted of the following:

	March 31, 2017	June 30, 2016
	(in millions)	
Deferred client conversion and start-up costs	\$ 155.2	\$ 139.4
Deferred data center costs	41.2	43.1
Long-term investments	60.5	48.5
Long-term broker fees	26.2	12.4
Other (a)	25.9	18.4
Total	<u>\$ 308.8</u>	<u>\$ 261.8</u>

(a) On July 1, 2016, the Company adopted ASU 2015-03 on a retrospective basis and accordingly, the Condensed Consolidated Balance Sheets as of June 30, 2016 has been updated to reflect this new classification, which resulted in a decrease in Other non-current assets of \$7.1 million , a decrease in Long-term debt, excluding current portion of \$7.0 million and a decrease of \$0.1 million in Current portion of long-term debt at June 30, 2016 .

NOTE 9. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consisted of the following:

	March 31, 2017	June 30, 2016
	(in millions)	
Employee compensation and benefits	\$ 178.7	\$ 181.2
Accrued broker fees	54.2	65.4
Accrued taxes	27.9	49.9
Accrued dividend payable	38.1	34.9
Customer deposits	38.8	—
Other	26.4	20.7
Total	<u>\$ 364.0</u>	<u>\$ 352.2</u>

NOTE 10. BORROWINGS

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

	Expiration Date	Par value at March 31, 2017	Carrying value at March 31, 2017	Carrying value at June 30, 2016 (a)	Unused Available Capacity	Fair Value at March 31, 2017
(in millions)						
Current portion of long-term debt						
Fiscal 2007 Senior Notes	June 2017	\$ 125.0	\$ 125.0	\$ 124.8	\$ —	\$ 125.8
		<u>\$ 125.0</u>	<u>\$ 125.0</u>	<u>\$ 124.8</u>	<u>\$ —</u>	<u>\$ 125.8</u>
Long-term debt, excluding current portion						
Fiscal 2017 Revolving Credit Facility	February 2022	\$ —	\$ 250.0	\$ —	\$ 750.0	\$ 250.0
Fiscal 2014 Senior Notes	September 2020	400.0	397.7	397.2	—	418.1
Fiscal 2016 Senior Notes	June 2026	500.0	493.9	493.5	—	489.3
		<u>\$ 900.0</u>	<u>\$ 1,141.6</u>	<u>\$ 890.7</u>	<u>\$ 750.0</u>	<u>\$ 1,157.3</u>
Total debt		<u>\$ 1,025.0</u>	<u>\$ 1,266.6</u>	<u>\$ 1,015.5</u>	<u>\$ 750.0</u>	<u>\$ 1,283.1</u>

(a) On July 1, 2016, the Company adopted ASU 2015-03 on a retrospective basis and accordingly, the Condensed Consolidated Balance Sheets as of June 30, 2016 has been updated to reflect this new classification, which resulted in a decrease in Other non-current assets of \$7.1 million, a decrease in Long-term debt, excluding current portion of \$7.0 million and a decrease of \$0.1 million in Current portion of long-term debt at June 30, 2016.

Fiscal 2017 Revolving Credit Facility: On February 6, 2017, the Company entered into an amended and restated \$1.0 billion five-year revolving credit facility (the "Fiscal 2017 Revolving Credit Facility"), which replaced the \$750.0 million five-year revolving credit facility entered into during August 2014 (the "Fiscal 2015 Revolving Credit Facility") (together the "Revolving Credit Facilities"). The Fiscal 2017 Revolving Credit Facility is comprised of a \$900.0 million U.S. dollar tranche and a \$100.0 million multicurrency tranche. At March 31, 2017, the Company had \$ 250.0 million in outstanding borrowings and had unused available capacity of \$ 750.0 million under the Fiscal 2017 Revolving Credit Facility.

The weighted-average interest rate on the Revolving Credit Facilities was 1.77% and 1.65% for the three and nine months ended March 31, 2017, respectively, and 1.40% and 1.26% for the three and nine months ended March 31, 2016, respectively. The fair value of the variable-rate Fiscal 2017 Revolving Credit Facility borrowings at March 31, 2017 approximates carrying value.

Borrowings under the Fiscal 2017 Revolving Credit Facility can be made in tranches up to 360 days and bear interest at LIBOR plus 100 basis points. In addition, the Fiscal 2017 Revolving Credit Facility has an annual facility fee equal to 12.5 basis points on the entire facility, similar to the previous Fiscal 2015 Revolving Credit Facility. The annual facility fees for the Revolving Credit Facilities totaled \$0.3 million and \$0.8 million for the three and nine months ended March 31, 2017, respectively, and \$0.2 million and \$0.7 million for the three and nine months ended March 31, 2016, respectively. The Company incurred \$1.8 million in costs to establish the Fiscal 2017 Revolving Credit Facility. As of March 31, 2017, \$2.8 million of costs remain to be amortized (including \$0.2 million and \$0.9 million of issuance costs from the Fiscal 2012 Revolving Credit Facility and Fiscal 2015 Revolving Credit Facility, respectively). Such costs are capitalized in Other non-current assets in the Condensed Consolidated Balance Sheets and are being amortized to Non-operating expenses, net on a straight-line basis, which approximates the effective interest method, over the term of this facility.

The Company may voluntarily prepay, in whole or in part and without premium or penalty, borrowings under the Fiscal 2017 Revolving Credit Facility at any time. The Fiscal 2017 Revolving Credit Facility is subject to certain covenants, including a leverage ratio. At March 31, 2017, the Company is in compliance with the financial covenants of the Fiscal 2017 Revolving Credit Facility.

Fiscal 2007 Senior Notes : In May 2007, the Company completed an offering of \$250.0 million in aggregate principal amount of senior notes (the “Fiscal 2007 Senior Notes”). The Fiscal 2007 Senior Notes will mature on June 1, 2017 and bear interest at a rate of 6.125% per annum. Interest on the Fiscal 2007 Senior Notes is payable semi-annually in arrears on June 1st and December 1st each year. The Fiscal 2007 Senior Notes were issued at a price of 99.1% (effective yield to maturity of 6.251%). The indenture governing the Fiscal 2007 Senior Notes contains certain covenants including covenants restricting the Company’s ability to create or incur liens securing indebtedness for borrowed money and to enter into certain sale-leaseback transactions. At March 31, 2017 , the Company is in compliance with the covenants of the indenture governing the Fiscal 2007 Senior Notes. The indenture also contains covenants regarding the purchase of the Fiscal 2007 Senior Notes upon a change of control triggering event. The Company may redeem the Fiscal 2007 Senior Notes in whole or in part at any time before their maturity. The Company incurred \$1.9 million in debt issuance costs to establish the Fiscal 2007 Senior Notes. These costs have been capitalized and are being amortized to interest expenses, net on a straight-line basis, over the ten -year term. As of March 31, 2017 and June 30, 2016 , less than \$0.1 million and \$0.1 million , respectively, of debt issuance costs remain to be amortized and have been presented as a direct deduction from the carrying value of the Fiscal 2007 Senior Notes. During the fiscal year ended June 30, 2009, the Company purchased \$125.0 million principal amount of the Fiscal 2007 Senior Notes (including \$1.0 million unamortized bond discount) pursuant to a cash tender offer for such notes. The fair value of the fixed-rate Fiscal 2007 Senior Notes at March 31, 2017 and June 30, 2016 was \$125.8 million and \$129.1 million , respectively, based on quoted market prices and has been classified as a Level 1 financial liability (as defined in Note 7, “Fair Value of Financial Instruments”).

Fiscal 2014 Senior Notes : In August 2013, the Company completed an offering of \$400.0 million in aggregate principal amount of senior notes (the “Fiscal 2014 Senior Notes”). The Fiscal 2014 Senior Notes will mature on September 1, 2020 and bear interest at a rate of 3.95% per annum. Interest on the Fiscal 2014 Senior Notes is payable semi-annually in arrears on March 1st and September 1st each year. The Fiscal 2014 Senior Notes were issued at a price of 99.871% (effective yield to maturity of 3.971%). The indenture governing the Fiscal 2014 Senior Notes contains certain covenants including covenants restricting the Company’s ability to create or incur liens securing indebtedness for borrowed money and to enter into certain sale-leaseback transactions. At March 31, 2017 , the Company is in compliance with the covenants of the indenture governing the Fiscal 2014 Senior Notes. The indenture also contains covenants regarding the purchase of the Fiscal 2014 Senior Notes upon a change of control triggering event. The Company may redeem the Fiscal 2014 Senior Notes in whole or in part at any time before their maturity. The Company incurred \$4.3 million in debt issuance costs to establish the Fiscal 2014 Senior Notes. These costs have been capitalized and are being amortized to interest expenses, net on a straight-line basis, over the seven -year term. As of March 31, 2017 and June 30, 2016 , \$2.0 million and \$2.5 million , respectively, of debt issuance costs remain to be amortized and have been presented as a direct deduction from the carrying value of the Fiscal 2014 Senior Notes. The fair value of the fixed-rate Fiscal 2014 Senior Notes at March 31, 2017 and June 30, 2016 was \$418.1 million and \$427.6 million , respectively, based on quoted market prices and has been classified as a Level 1 financial liability (as defined in Note 7, “Fair Value of Financial Instruments”).

Fiscal 2016 Senior Notes: In June 2016, the Company completed an offering of \$500.0 million in aggregate principal amount of senior notes (the “Fiscal 2016 Senior Notes”). The Fiscal 2016 Senior Notes will mature on June 27, 2026 and bear interest at a rate of 3.40% per annum. Interest on the Fiscal 2016 Senior Notes is payable semi-annually in arrears on June 27 and December 27 of each year. The Fiscal 2016 Senior Notes were issued at a price of 99.589% (effective yield to maturity of 3.449%). The indenture governing the Fiscal 2016 Senior Notes contains certain covenants including covenants restricting the Company’s ability to create or incur liens securing indebtedness for borrowed money, to enter into certain sale-leaseback transactions, and to engage in mergers or consolidations and transfer or lease all or substantially all of our assets. At March 31, 2017 , the Company is in compliance with the covenants of the indenture governing the Fiscal 2016 Senior Notes. The indenture also contains covenants regarding the purchase of the Fiscal 2016 Senior Notes upon a change of control triggering event. The Company may redeem the Fiscal 2016 Senior Notes in whole or in part at any time before their maturity. The Company incurred \$4.5 million in debt issuance costs to establish the Fiscal 2016 Senior Notes. These costs have been capitalized and are being amortized to interest expenses, net on a straight-line basis, which approximates the effective interest method, over the ten -year term. As of March 31, 2017 and June 30, 2016 , \$4.1 million and \$4.5 million , respectively, of debt issuance costs remain to be amortized and have been presented as a direct deduction from the carrying value of the Fiscal 2016 Senior Notes. The fair value of the fixed-rate Fiscal 2016 Senior Notes at March 31, 2017 and June 30, 2016 was \$489.3 million and \$507.9 million , respectively, based on quoted market prices and has been classified as a Level 1 financial liability (as defined in Note 7, “Fair Value of Financial Instruments”).

The Fiscal 2017 Revolving Credit Facility, Fiscal 2007 Senior Notes, Fiscal 2014 Senior Notes, and Fiscal 2016 Senior Notes are senior unsecured obligations of the Company and are ranked equally in right of payment.

In addition, certain of the Company’s subsidiaries established unsecured, uncommitted lines of credit with banks. As of March 31, 2017 and June 30, 2016 , there were no outstanding borrowings under these lines of credit.

NOTE 11. STOCK-BASED COMPENSATION

The activity related to the Company's incentive equity awards for the three months ended March 31, 2017 consisted of the following:

	Stock Options		Time-based Restricted Stock Units		Performance-based Restricted Stock Units	
	Number of Options	Weighted-Average Exercise Price	Number of Shares	Weighted-Average Grant Date Fair Value	Number of Shares	Weighted-Average Grant Date Fair Value
Balances at January 1, 2017	5,600,243	\$ 35.22	1,656,227	\$ 50.02	604,702	\$ 51.56
Granted	528,417	67.32	26,946	64.51	—	—
Exercise of stock options (a)	(489,382)	23.50	—	—	—	—
Vesting of restricted stock units	—	—	—	—	—	—
Expired/forfeited	(37,632)	40.01	(19,251)	51.38	(25,463)	52.32
Balances at March 31, 2017 (b), (c)	<u>5,601,646</u>	<u>\$ 39.24</u>	<u>1,663,922</u>	<u>\$ 50.24</u>	<u>579,239</u>	<u>\$ 51.53</u>

- (a) Stock options exercised during the period of January 1, 2017 through March 31, 2017 had an aggregate intrinsic value of \$22.0 million .
- (b) As of March 31, 2017 , the Company's outstanding vested and currently exercisable stock options using the March 31, 2017 closing stock price of \$67.95 (approximately 3.2 million shares) had an aggregate intrinsic value of \$115.1 million with a weighted-average exercise price of \$31.74 and a weighted-average remaining contractual life of 5.7 years. The total of all stock options outstanding as of March 31, 2017 have a weighted-average remaining contractual life of 6.7 years.
- (c) As of March 31, 2017 , time-based restricted stock units and performance-based restricted stock units expected to vest using the March 31, 2017 closing stock price of \$67.95 (approximately 1.6 million and 0.6 million shares, respectively) had an aggregate intrinsic value of \$107.8 million and \$37.5 million , respectively.

The activity related to the Company's incentive equity awards for the nine months ended March 31, 2017 consisted of the following:

	Stock Options		Time-based Restricted Stock Units		Performance-based Restricted Stock Units	
	Number of Options	Weighted-Average Exercise Price	Number of Shares	Weighted-Average Grant Date Fair Value	Number of Shares	Weighted-Average Grant Date Fair Value
Balances at July 1, 2016	7,059,067	\$ 32.57	1,202,896	\$ 44.34	468,516	\$ 47.15
Granted	568,465	67.15	512,736	64.24	163,026	63.74
Exercise of stock options (a)	(1,948,015)	23.21	—	—	—	—
Vesting of restricted stock units	—	—	(2,460)	55.17	—	—
Expired/forfeited	(77,871)	39.47	(49,250)	51.59	(52,303)	50.38
Balances at March 31, 2017	<u>5,601,646</u>	<u>\$ 39.24</u>	<u>1,663,922</u>	<u>\$ 50.24</u>	<u>579,239</u>	<u>\$ 51.53</u>

- (a) Stock options exercised during the period of July 1, 2016 through March 31, 2017 had an aggregate intrinsic value of \$88.2 million .

The Company has stock-based compensation plans under which the Company annually grants stock option and restricted stock unit awards. Stock options are granted to employees at exercise prices equal to the fair market value of the Company's common stock on the dates of grant, 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 \$11.9 million and \$12.3 million , as well as related tax benefits of \$4.2 million and \$4.6 million were recognized for the three months ended March 31, 2017 and 2016 , respectively. Stock-based compensation expense of \$34.7 million and \$34.5 million , as well as

related tax benefits of \$12.3 million and \$13.0 million were recognized for the nine months ended March 31, 2017 and 2016 , respectively.

As of March 31, 2017 , the total remaining unrecognized compensation cost related to non-vested stock options and restricted stock unit awards amounted to \$13.0 million and \$45.6 million , respectively, which will be amortized over the weighted-average remaining requisite service periods of 2.9 years and 1.7 years , respectively.

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 provision for income taxes for the three and nine months ended March 31, 2017 were \$30.4 million , and \$ 63.8 million , compared to \$29.7 million , and \$ 68.9 million for the three and nine months ended March 31, 2016 , respectively.

The effective tax rate for the three months ended March 31, 2017 and 2016 was 28.6% and 31.8% , respectively. The effective tax rate for the three months ended March 31, 2017 was impacted by the recognition of the non-cash, nontaxable \$9.3 million MAL investment gain. Relative to the prior period, the effective tax rate also declined as a result of a higher number of discrete items recognized in the quarter ended March 31, 2017 .

The effective tax rate for the nine months ended March 31, 2017 and 2016 was 31.4% and 33.4% , respectively. Similar to the decrease in the effective tax rate for the three month period, the effective tax rate for the nine months ended March 31, 2017 was impacted by the recognition of the non-cash, nontaxable \$9.3 million MAL investment gain. Relative to the prior period, the effective tax rate also declined as a result of a higher number of discrete items recognized in the quarter ended March 31, 2017 .

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

Data Center Agreements

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 provides certain aspects of the Company's information technology infrastructure. Under the IT Services Agreement, IBM provides a broad range of technology services to the Company including supporting its mainframe, midrange, open systems, 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 migration of data center processing to IBM was completed in August 2012. The IT Services Agreement would have expired on June 30, 2022. In March 2015, the Company signed a two -year extension to the IT Services Agreement which expires on June 30, 2024 . The Company has the right to renew the term of the IT Services Agreement for up to one additional 12 -month term. Commitments remaining under this agreement at March 31, 2017 are \$408.2 million through fiscal year 2024, the final year of the contract.

In March 2014, the Company and IBM United Kingdom Limited ("IBM UK") entered into an Information Technology Services Agreement (the "EU IT Services Agreement"), under which IBM UK provides data center services supporting the Company's technology outsourcing services for certain clients in Europe and Asia. The EU IT Services Agreement expires in October 2023. The Company has the right to renew the initial term of the EU IT Services Agreement for up to one additional 12 -month term or one additional 24 -month term. Commitments remaining under this agreement at March 31, 2017 are \$26.8 million through fiscal year 2024, the final year of the contract.

Equity Method Investment

The Company contributed \$4.5 million to an equity method investment during the nine months ended March 31, 2017, and has no remaining commitment to fund this investment at March 31, 2017.

Purchase of Intellectual Property

As discussed in Note 6, “Acquisitions,” the Company expects to pay \$40.0 million to an affiliate of Inveshare by September 2018 upon delivery of certain new blockchain technology applications.

Other

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 impact on its financial condition, results of operations or cash flows.

As of March 31, 2017, the Company had an outstanding letter of credit for \$1.6 million. This letter of credit was issued in May 2007 to guarantee certain claim payments to a third-party insurance company in the event the Company does not pay its portion of the claims. No amounts were drawn on this letter of credit.

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 at March 31, 2017 or at June 30, 2016.

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.

Our business process outsourcing and mutual fund processing services are performed by Broadridge Business Process Outsourcing, LLC (“BBPO”), a wholly-owned indirect subsidiary, which is a broker-dealer registered with the Securities and Exchange Commission and a member of the Financial Industry Regulatory Authority, Inc. (“FINRA”). Although BBPO’s FINRA membership agreement allows it to engage in clearing and the retailing of corporate securities in addition to mutual fund retailing on a wire order basis, BBPO does not clear customer transactions or carry customer accounts. As a registered broker-dealer and member of FINRA, BBPO is subject to the Uniform Net Capital Rule 15c3-1 of the Securities Exchange Act of 1934, as amended (“Rule 15c3-1”), which requires BBPO to maintain a minimum amount of net capital. At March 31, 2017, BBPO was in compliance with this capital requirement.

BBPO, as a “Managing Clearing Member” of the Options Clearing Corporation (the “OCC”), is also subject to OCC Rule 309(b) with respect to the business process outsourcing services that it provides to other OCC “Managed Clearing Member” broker-dealers. OCC Rule 309(b) requires that BBPO maintain a minimum amount of net capital. At March 31, 2017, BBPO was in compliance with this capital requirement.

In addition, Matrix Trust Company, a wholly-owned indirect subsidiary, is a Colorado State non-depository trust company and National Securities Clearing Corporation trust member, whose primary business is to provide cash agent, custodial and directed or non-discretionary trust services to institutional customers. As a result, Matrix Trust Company is subject to various regulatory capital requirements administered by the Colorado Division of Banking and other state regulators where it does business, as well as the National Securities Clearing Corporation. Specific capital requirements that involve quantitative measures of assets, liabilities, and certain off-balance sheet items, when applicable, must be met. At March 31, 2017, Matrix Trust Company was in compliance with its capital requirements.

NOTE 14. CHANGES IN ACCUMULATED OTHER COMPREHENSIVE INCOME/(LOSS) BY COMPONENT

The following tables summarize the changes in the accumulated balances for each component of accumulated other comprehensive income/(loss) for the three and nine months ended March 31, 2017, and 2016, respectively:

	Foreign Currency Translation	Available- for-Sale Securities	Pension and Post- Retirement Liabilities	Total
	(in millions)			
Balances at January 1, 2017	\$ (55.1)	\$ 1.5	\$ (7.3)	\$ (60.9)
Other comprehensive income/(loss) before reclassifications	—	0.3	—	0.3
Amounts reclassified from accumulated other comprehensive income/(loss)	—	—	0.1	0.1
Balances at March 31, 2017	<u>\$ (55.1)</u>	<u>\$ 1.8</u>	<u>\$ (7.2)</u>	<u>\$ (60.5)</u>

	Foreign Currency Translation	Available- for-Sale Securities	Pension and Post- Retirement Liabilities	Total
	(in millions)			
Balances at January 1, 2016	\$ (33.5)	\$ 1.7	\$ (6.2)	\$ (38.0)
Other comprehensive income/(loss) before reclassifications	(9.4)	(0.4)	—	(9.8)
Amounts reclassified from accumulated other comprehensive income/(loss)	—	—	0.1	0.1
Balances at March 31, 2016	<u>\$ (42.9)</u>	<u>\$ 1.3</u>	<u>\$ (6.1)</u>	<u>\$ (47.7)</u>

	Foreign Currency Translation	Available- for-Sale Securities	Pension and Post- Retirement Liabilities	Total
	(in millions)			
Balances at July 1, 2016	\$ (31.9)	\$ 1.3	\$ (7.6)	\$ (38.2)
Other comprehensive income/(loss) before reclassifications	(23.2)	0.5	—	(22.7)
Amounts reclassified from accumulated other comprehensive income/(loss)	—	—	0.4	0.4
Balances at March 31, 2017	<u>\$ (55.1)</u>	<u>\$ 1.8</u>	<u>\$ (7.2)</u>	<u>\$ (60.5)</u>

	Foreign Currency Translation	Available- for-Sale Securities	Pension and Post- Retirement Liabilities	Total
	(in millions)			
Balances at July 1, 2015	\$ (16.6)	\$ 2.0	\$ (6.3)	\$ (20.9)
Other comprehensive income/(loss) before reclassifications	(26.3)	(0.7)	—	(27.0)
Amounts reclassified from accumulated other comprehensive income/(loss)	—	—	0.2	0.2
Balances at March 31, 2016	<u>\$ (42.9)</u>	<u>\$ 1.3</u>	<u>\$ (6.1)</u>	<u>\$ (47.7)</u>

The following table summarizes the reclassifications out of accumulated other comprehensive income/(loss):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2017	2016	2017	2016
(in millions)				
Pension and Post-retirement liabilities:				
Amortization of loss reclassified into Selling, general and administrative expenses	\$ 0.2	\$ 0.1	\$ 0.7	\$ 0.4
Tax income	(0.1)	(0.1)	(0.3)	(0.2)
Amortization of loss, net of tax	\$ 0.1	\$ 0.1	\$ 0.4	\$ 0.2

NOTE 15. INTERIM FINANCIAL DATA BY SEGMENT

The Company classifies its operations into the following two reportable segments: Investor Communication Solutions and Global Technology and Operations. See Note 1, “Basis of Presentation” for a further description of the Company’s reportable segments.

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 the constant foreign currency exchange rates used for internal management reporting.

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

Segment results:

	Revenues			
	Three Months Ended March 31,		Nine Months Ended March 31,	
	2017	2016	2017	2016
	(in millions)			
Investor Communication Solutions	\$ 826.4	\$ 515.4	\$ 2,259.3	\$ 1,416.8
Global Technology and Operations	202.7	191.3	592.3	548.3
Foreign currency exchange	(20.1)	(17.8)	(54.8)	(42.6)
Total	\$ 1,008.9	\$ 688.8	\$ 2,796.8	\$ 1,922.5

	Earnings (Loss) before Income Taxes			
	Three Months Ended March 31,		Nine Months Ended March 31,	
	2017	2016	2017	2016
	(in millions)			
Investor Communication Solutions	\$ 73.9	\$ 67.1	\$ 125.0	\$ 147.1
Global Technology and Operations	44.3	40.2	128.9	100.0
Other	(14.4)	(14.8)	(58.0)	(44.3)
Foreign currency exchange	2.5	0.9	7.6	3.6
Total	\$ 106.3	\$ 93.4	\$ 203.5	\$ 206.4

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our Condensed Consolidated Financial Statements and accompanying Notes thereto included elsewhere herein.

Forward-Looking Statements

This Quarterly Report on Form 10-Q may contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Statements that are not historical in nature and which may be identified by the use of words such as “expects,” “assumes,” “projects,” “anticipates,” “estimates,” “we believe,” “could be” and other words of similar meaning, are forward-looking statements. In particular, information appearing under “Business,” “Risk Factors,” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” includes forward-looking statements. These statements are based on management’s expectations and assumptions and are subject to risks and uncertainties that may cause actual results to differ materially from those expressed. Factors that could cause actual results to differ materially from those contemplated by the forward-looking statements include:

- the success of Broadridge Financial Solutions, Inc. (“Broadridge” or the “Company”) in retaining and selling additional services to its existing clients and in obtaining new clients;
- Broadridge’s reliance on a relatively small number of clients, the continued financial health of those clients, and the continued use by such clients of Broadridge’s services with favorable pricing terms;
- changes in laws and regulations affecting Broadridge’s clients or the services provided by Broadridge;
- any material breach of Broadridge security affecting its clients’ customer information;
- declines in participation and activity in the securities markets;
- the failure of our outsourced data center services provider to provide the anticipated levels of service;
- a disaster or other significant slowdown or failure of Broadridge’s systems or error in the performance of Broadridge’s services;
- overall market and economic conditions and their impact on the securities markets;
- Broadridge’s failure to keep pace with changes in technology and demands of its clients;
- the ability to attract and retain key personnel;
- the impact of new acquisitions and divestitures; and
- competitive conditions.

There may be other factors that may cause our actual results to differ materially from the forward-looking statements. Our actual results, performance or achievements could differ materially from those expressed in, or implied by, the forward-looking statements. We can give no assurances that any of the events anticipated by the forward-looking statements will occur or, if any of them do, what impact they will have on our results of operations and financial condition. You should carefully read the factors described in the “Risk Factors” section of our Annual Report on Form 10-K for the fiscal year ended June 30, 2016 (the “2016 Annual Report”) for a description of certain risks that could, among other things, cause our actual results to differ from these forward-looking statements.

All forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q and are expressly qualified in their entirety by the cautionary statements included in this Quarterly Report on Form 10-Q and the 2016 Annual Report. We disclaim any obligation to update or revise forward-looking statements that may be made to reflect events or circumstances that arise after the date made or to reflect the occurrence of unanticipated events, other than as required by law.

Overview

Broadridge is a leading global provider of investor communications and technology-driven solutions to banks, broker-dealers, mutual funds and corporate issuers. Our services include investor and customer communications, securities processing, and data and analytics solutions. In short, we provide the infrastructure that helps the financial services industry

operate. With over 50 years of experience, we provide financial services firms with advanced, dependable, scalable and cost-effective integrated systems. Our systems help reduce the need for clients to make significant capital investments in operations infrastructure, thereby allowing them to increase their focus on core business activities. We deliver a broad range of solutions that help our clients better serve their retail and institutional customers across the entire investment lifecycle, including pre-trade, trade, and post-trade processing functionality.

Our businesses operate in two reportable segments: Investor Communication Solutions and Global Technology and Operations. We serve a large and diverse client base across four client groups: capital markets, asset management, wealth management and corporations.

For capital markets firms, we help our clients lower costs and improve the effectiveness of their trade and account processing operations with support for middle- and back-office operations, administration, finance, and risk and compliance. For asset management firms, we support cross-asset, multi-currency investing across a range of brokers and executing venues from a single technology and operating solution. For wealth management firms, we provide advisors with tools to create a better investor experience, while also giving them a more streamlined, efficient, and effective process. And we help corporations manage every aspect of their shareholder communications-from registered and beneficial proxy processing, to annual meeting support and transfer agency services.

Investor Communication Solutions

We offer Bank/Broker-Dealer Investor Communication Solutions, Customer Communication Solutions, Corporate Issuer Solutions, Advisor Solutions and Mutual Fund and Retirement Solutions through this segment. A large portion of our Investor Communication Solutions business involves the processing and distribution of proxy materials to investors in equity securities and mutual funds, as well as the facilitation of related vote processing. ProxyEdge, our innovative electronic proxy delivery and voting solution for institutional investors and financial advisors, helps ensure the participation of the largest stockholders of many companies. We also provide the distribution of regulatory reports and corporate action/reorganization event information, as well as tax reporting solutions that help our clients meet their regulatory compliance needs.

We also provide customer communications, financial information distribution and transaction reporting services to financial services firms, corporations and mutual funds. These services include the processing and distribution of account statements and trade confirmations, traditional and personalized document fulfillment and content management services, marketing communications, and imaging, archival and workflow solutions that enable and enhance our clients' communications with investors and customers. All of these communications are delivered through print, electronic or digital channels. In fiscal year 2016, we processed over two billion investor and customer communications through a combination of print, electronic or digital channels. In addition, we provide corporations with registered proxy services as well as registrar, stock transfer and record-keeping services.

Our advisor solutions enable firms, financial advisors, wealth managers, and insurance agents to better engage with customers through cloud-based marketing and customer communication tools. Our marketing ecosystem integrates data, content and technology to drive new client acquisition and cross-sell opportunities through the creation of sales and educational content, including seminars and a library of financial planning topics as well as customizable advisor websites, search engine marketing and electronic and print newsletters. Our advisor solutions also help advisors optimize their practice management through customer and account data aggregation and reporting.

Our mutual fund and retirement solutions are a full range of tools for mutual funds, exchange traded fund ("ETF") providers, and asset management firms. They include data-driven technology solutions for data management, analytics, investment accounting, marketing and customer communications. In addition, we provide mutual fund trade processing services for retirement providers, third party administrators, financial advisors, banks and wealth management professionals through our subsidiary, Matrix Financial Solutions, Inc. ("Matrix").

In July 2016, Broadridge acquired the North American Customer Communications ("NACC") business of DST Systems, Inc. NACC is a leading provider of customer communication services including print and digital communication solutions, content management, postal optimization, and fulfillment. The NACC business will be integrated into our existing customer communications business and is now known as Broadridge Customer Communications.

In September 2016, Broadridge acquired intellectual property assets from Inveshare, Inc. ("Inveshare") and concurrently entered into a development agreement with an affiliate of Inveshare to use these assets to develop blockchain technology applications for Broadridge's proxy business. Broadridge also granted Inveshare a perpetual license to the acquired technology assets, and Inveshare will remain an independent provider of proxy communication services.

Global Technology and Operations

We are the leading middle- and back-office securities processing platform for North American and global broker-dealers. We offer a suite of advanced computerized real-time transaction processing services that automate the securities transaction lifecycle, from desktop productivity tools, data aggregation, performance reporting, and portfolio management to order capture and execution, trade confirmation, settlement, reference data, reconciliations and accounting. Our services help financial institutions efficiently and cost-effectively consolidate their books and records, gather and service assets under management, focus on their core businesses, and manage risk. Provided on an application service provider (“ASP”) basis, our platform is a global market solution, clearing and settling in over 70 countries. Our multi-currency solutions support real-time global trading of equity, fixed income, mutual fund, foreign exchange, and exchange traded derivative securities in established and emerging markets. We process on average over \$5 trillion in equity and fixed income trades per day of U.S. and Canadian securities.

We also provide business process outsourcing services that are known as our Managed Services solution, which supports the operations of our clients’ businesses including their securities clearing, record-keeping, and custody-related functions. Our clients execute and clear their securities transactions and engage us to perform a number of related administrative back-office functions, such as record-keeping and reconciliations. In this capacity, we are not the broker-dealer of record.

In November 2016, the Company’s Global Technology and Operations segment acquired M&O Systems, Inc. (“M&O”). M&O is a provider of SaaS-based compensation management and related solutions for broker-dealers and registered investment advisors.

In March 2017, Broadridge acquired Message Automation Limited (“MAL”). MAL is a specialist provider of post-trade control solutions for sell-side and buy-side firms. The Company previously owned 25% of MAL, and purchased the remaining 75% . The fair value of the Company’s 25% pre-existing investment in MAL was determined to be \$9.6 million, which resulted in a non-cash, nontaxable gain on investment of \$9.3 million (“MAL investment gain”).

Consolidation and Basis of Presentation

The Condensed Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles (“GAAP”) in the United States of America (“U.S.”). These Condensed Consolidated Financial Statements present the condensed consolidated position of the Company and include the entities in which the Company directly or indirectly has a controlling financial interest as well as various entities in which the Company has investments recorded under either the cost or equity methods of accounting. Intercompany balances and transactions have been eliminated. Amounts presented may not sum due to rounding.

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 for the fiscal year ended June 30, 2016 in the 2017 Annual Report on Form 10-K filed with the Securities and Exchange Commission (the “SEC”) on August 9, 2016.

Effective in the first quarter of fiscal year 2017, we have revised our presentation in the Condensed Consolidated Statements of Earnings to separately present Interest expense, net. Previously, we reported Interest expense, net, as part of Non-operating expenses, net, and did not separately present such amounts in our Condensed Consolidated Statements of Earnings. All prior period information has been conformed to the current period presentation.

Effective in the first quarter of fiscal year 2017, the Company adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) No. 2015-03, “Simplifying the Presentation of Debt Issuance Costs” (“ASU No. 2015-03”), which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The Company has applied this guidance on a retrospective basis and accordingly, the Condensed Consolidated Balance Sheets have been updated to reflect this new classification.

Critical Accounting Policies

In presenting the Condensed Consolidated Financial Statements, management makes estimates and assumptions that affect the amounts reported and related disclosures. Management continually evaluates the accounting policies and estimates used to prepare the Condensed Consolidated Financial Statements. The estimates, by their nature, are based on judgment, available information, and historical experience and are believed to be reasonable. However, actual amounts and results could

differ from these estimates made by management. In management's opinion, the Condensed Consolidated Financial Statements contain all normal recurring adjustments necessary for a fair presentation of results reported. The results of operations reported for the periods presented are not necessarily indicative of the results of operations for subsequent periods. Certain accounting policies that require significant management estimates and are deemed critical to our results of operations or financial position are discussed in the "Critical Accounting Policies" section of Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the 2016 Annual Report on Form 10-K.

Results of Operations

The following discussions of Analysis of Condensed Consolidated Statements of Earnings and Analysis of Reportable Segments refer to the three and nine months ended March 31, 2017 compared to the three and nine months ended March 31, 2016. The Analysis of Condensed Consolidated Statements of Earnings should be read in conjunction with the Analysis of Reportable Segments, which provides a more detailed discussion concerning certain components of the Condensed Consolidated Statements of Earnings.

The following references are utilized in the discussions of Analysis of Condensed Consolidated Statements of Earnings and Analysis of Reportable Segments:

"Amortization of Acquired Intangibles and Purchased Intellectual Property" and "Acquisition and Integration Costs" represent certain non-cash amortization expenses associated with acquired intangible assets and purchased intellectual property assets, and certain transaction and integration costs associated with the Company's acquisition activities, respectively.

"Net New Business" refers to recurring revenue from closed sales less recurring revenue from client losses.

The following definitions describe the Company's Revenues:

Fee revenues in the Investor Communication Solutions segment are derived from both recurring and event-driven activity.

In addition, the level of recurring and event-driven activity we process directly impacts distribution revenues. While event-driven activity is highly repeatable, it may not recur on an annual basis. The types of services we provide that comprise event-driven activity are:

- **Mutual Fund Proxy:** The proxy and related services we provide to mutual funds when certain events occur requiring a shareholder vote including changes in directors, sub-advisors, fee structures, investment restrictions, and mergers of funds.
- **Mutual Fund Communications:** Mutual fund communications services consist primarily of the distribution on behalf of mutual funds of supplemental information required to be provided to the annual mutual fund prospectus as a result of certain triggering events such as a change in portfolio managers. In addition, mutual fund communications consist of notices and marketing materials such as newsletters.
- **Proxy Contests and Specials, Corporate Actions, and Other:** The proxy services we provide in connection with shareholder meetings driven by special events such as proxy contests, mergers and acquisitions, and tender/exchange offers.

Event-driven fee revenues are based on the number of special events and corporate transactions we process. Event-driven activity is impacted by financial market conditions and changes in regulatory compliance requirements, resulting in fluctuations in the timing and levels of event-driven fee revenues. As such, the timing and level of event-driven activity and its potential impact on revenues and earnings are difficult to forecast.

Generally, mutual fund proxy activity has been subject to a greater level of volatility than the other components of event-driven activity. For the nine months ended March 31, 2017, mutual fund proxy fee revenues were 18% lower compared to the nine months ended March 31, 2016. During fiscal year 2016, mutual fund proxy fee revenues were 22% higher than the prior fiscal year while during fiscal year 2015, mutual fund proxy fee revenues were 2% lower than the prior fiscal year, respectively. Although it is difficult to forecast the levels of event-driven activity, we expect that the portion of fee revenues derived from mutual fund proxy activity may continue to experience volatility in the future.

Distribution revenues primarily include revenues related to the physical mailing of proxy materials, interim communications, transaction reporting, customer communications and fulfillment services, as well as Matrix administrative services.

Distribution cost of revenues consists primarily of postage-related expenses incurred in connection with our Investor Communication Solutions segment, as well as Matrix administrative services expenses. These costs are reflected in Cost of

revenues.

Closed sales represent an estimate of the expected annual recurring fee revenue for new client contracts that were signed by Broadridge in the current reporting period. Closed sales does not include event-driven or distribution activity. We consider contract terms, expected client volumes or activity, knowledge of the marketplace and experience with our clients, among other factors, when determining the estimate. Management uses Closed sales to measure the effectiveness of our sales and marketing programs, as an indicator of expected future revenues and as a performance metric in determining incentive compensation.

The inherent variability of transaction volumes and activity levels can result in some variability of amounts reported as actual achieved Closed sales. We track actual revenues achieved during the first year that the client contract is fully implemented and compare this to the previously reported Closed sales amount, this process is used to calibrate metrics used in incentive compensation and will be used to estimate future allowance adjustments. Larger Closed sales can take up to 12 to 24 months or longer to convert to revenues, particularly for the services provided by our Global Technology and Operations segment. Beginning in the fiscal year ended June 30, 2017, we will report Closed sales net of an allowance adjustment, in lieu of adjusting for actual performance in subsequent periods. Consequently, beginning in fiscal year 2017, Closed sales amounts will not be adjusted for actual revenues achieved since these adjustments are estimated in the period they are reported.

Closed sales is not a measure of financial performance under GAAP, and should not be considered in isolation or as a substitute for revenue or other income statement data prepared in accordance with GAAP. Management uses Closed sales as a metric for planning and analyzing the Company's financial results and believes it is useful to investors, as a supplement to the corresponding GAAP measure, in understanding how management measures and evaluates our ongoing operational performance.

Closed Sales

Closed sales for the three months ended March 31, 2017, which includes contributions from NACC, were \$47.6 million, an increase of \$19.0 million, or 66%, compared to \$28.6 million for the three months ended March 31, 2016.

Closed sales for the nine months ended March 31, 2017, which includes contributions from NACC, were \$ 125.0 million, an increase of \$ 30.7 million, or 33%, compared to \$ 94.3 million for the nine months ended March 31, 2016.

Analysis of Condensed Consolidated Statements of Earnings

Three Months Ended March 31, 2017 versus Three Months Ended March 31, 2016

The table below presents Condensed Consolidated Statements of Earnings data for the three months ended March 31, 2017 and 2016, and the dollar and percentage changes between periods:

	Three Months Ended March 31,			
			Change	
	2017	2016	\$	%
	(in millions, except per share amounts)			
Revenues	\$ 1,008.9	\$ 688.8	\$ 320.1	46
Cost of revenues	773.7	486.5	287.3	59
Selling, general and administrative expenses	125.5	101.7	23.7	23
Total operating expenses	899.2	588.2	311.0	53
Operating income	109.7	100.6	9.1	9
Margin	10.9%	14.6%		
Interest expense, net	10.8	6.5	4.3	66
Other non-operating (income) expenses, net	(7.4)	0.7	(8.1)	NM
Earnings before income taxes	106.3	93.4	12.9	14
Provision for income taxes	30.4	29.7	0.6	2
Effective tax rate	28.6%	31.8%		
Net earnings	\$ 75.9	\$ 63.7	\$ 12.2	19
Basic earnings per share	\$ 0.64	\$ 0.54	\$ 0.10	19
Diluted earnings per share	\$ 0.63	\$ 0.52	\$ 0.11	21

NM - Not meaningful

Nine Months Ended March 31, 2017 versus Nine Months Ended March 31, 2016

The table below presents Condensed Consolidated Statements of Earnings data for the nine months ended March 31, 2017 and 2016, and the dollar and percentage changes between periods:

	Nine Months Ended March 31,			
			Change	
	2017	2016	\$	%
	(in millions, except per share amounts)			
Revenues	\$ 2,796.8	\$ 1,922.5	\$ 874.3	45
Cost of revenues	2,199.5	1,389.6	809.9	58
Selling, general and administrative expenses	362.8	303.0	59.8	20
Total operating expenses	2,562.3	1,692.6	869.7	51
Operating income	234.6	229.9	4.6	2
Margin	8.4%	12.0%		
Interest expense, net	31.8	19.2	12.6	66
Other non-operating (income) expenses, net	(0.8)	4.4	(5.1)	118
Earnings before income taxes	203.5	206.4	(2.9)	(1)
Provision for income taxes	63.8	68.9	(5.2)	(7)
Effective tax rate	31.4%	33.4%		
Net earnings	\$ 139.7	\$ 137.4	\$ 2.3	2
Basic earnings per share	\$ 1.18	\$ 1.16	\$ 0.02	2
Diluted earnings per share	\$ 1.15	\$ 1.13	\$ 0.02	2

Three Months Ended March 31, 2017 versus Three Months Ended March 31, 2016

Revenues. Revenues for the three months ended March 31, 2017 were \$1,008.9 million, an increase of \$320.1 million, or 46%, compared to \$688.8 million for the three months ended March 31, 2016. Revenues from acquisitions contributed \$283.1 million of this total increase, with NACC revenues contributing \$277.1 million. The \$320.1 million increase was driven by an increase in distribution revenues of \$172.4 million, or 85%, which includes \$165.8 million of NACC distribution revenues, and an increase in recurring fee revenues of \$137.5 million, or 30%. The higher recurring fee revenues of \$137.5 million reflected: contributions from our recent acquisitions (26pts), primarily from the NACC acquisition and gains from Net New Business (5pts), partially offset by lower internal growth (-1pt). Event-driven revenues increased by \$12.5 million, or 26%. Fluctuations in foreign currency exchange rates negatively impacted total revenues by \$2.3 million.

Total operating expenses. Total operating expenses for the three months ended March 31, 2017 were \$899.2 million, an increase of \$311.0 million, or 53%, compared to \$588.2 million for the three months ended March 31, 2016.

Cost of revenues for the three months ended March 31, 2017 were \$773.7 million, an increase of \$287.3 million, or 59%, compared to \$486.5 million for the three months ended March 31, 2016. The increase was primarily attributable to acquisitions. Fluctuations in foreign currency exchange rates decreased cost of revenues by \$1.7 million.

Selling, general and administrative expenses for the three months ended March 31, 2017 were \$125.5 million, an increase of \$23.7 million, or 23%, compared to \$101.7 million for the three months ended March 31, 2016. The increase was primarily attributable to acquisitions.

Operating income. Operating income for the three months ended March 31, 2017 was \$109.7 million, an increase of \$9.1 million, or 9%, compared to \$100.6 million for the three months ended March 31, 2016. Operating income margins decreased to 10.9% for the three months ended March 31, 2017, compared to 14.6% for the three months ended March 31, 2016, primarily due to the acquisition of NACC.

Interest expense, net. Interest expense, net for the three months ended March 31, 2017 was \$10.8 million, an increase of \$4.3 million, or 66%, compared to \$6.5 million for the three months ended March 31, 2016. The increase was due to an increase in interest expense of \$4.3 million from higher Long-term borrowings.

Other non-operating (income)/expenses, net. Other non-operating income, net for the three months ended March 31, 2017 was \$7.4 million, an increase of \$ 8.1 million, compared to other non-operating expenses, net of \$0.7 million for the three months ended March 31, 2016. The three months ended March 31, 2017 includes the \$9.3 million MAL investment gain.

Earnings before income taxes. Earnings before income taxes for the three months ended March 31, 2017 were \$106.3 million, an increase of \$12.9 million, or 14%, compared to \$ 93.4 million for the three months ended March 31, 2016.

Provision for income taxes. The Provision for income taxes and effective tax rates for the three months ended March 31, 2017 were \$30.4 million and 28.6%, compared to \$29.7 million and 31.8% for the three months ended March 31, 2016. The effective tax rate for the three months ended March 31, 2017 was impacted by the recognition of a non-cash, nontaxable \$9.3 million MAL investment gain. Excluding that investment gain, the effective tax rate for the three months ended March 31, 2017 was 31.3%. In addition, the effective tax rate also declined as a result of a higher number of discrete items recognized relative to the prior period.

Net earnings and Basic and Diluted earnings per share. Net earnings for the three months ended March 31, 2017 were \$75.9 million, an increase of \$12.2 million, or 19%, compared to \$63.7 million for the three months ended March 31, 2016. The increase in Net earnings primarily reflects higher Operating income and higher non-operating income, net as discussed above.

Basic and Diluted earnings per share for the three months ended March 31, 2017 were \$0.64 and \$0.63, respectively, compared to \$0.54 and \$0.52 for the three months ended March 31, 2016, respectively.

Nine Months Ended March 31, 2017 versus Nine Months Ended March 31, 2016

Revenues. Revenues for the nine months ended March 31, 2017 were \$2,796.8 million, an increase of \$874.3 million, or 45%, compared to \$1,922.5 million for the nine months ended March 31, 2016. Revenues from acquisitions contributed \$833.9 million of this total increase, with NACC revenues contributing \$816.2 million. The \$874.3 million increase was driven by an increase in distribution revenues of \$ 502.7 million, or 87%, which includes \$492.7 million of NACC distribution revenues, and an increase in recurring fee revenues of \$ 399.0 million, or 32%. The higher recurring fee revenues of \$399.0 million reflected:

contributions from our recent acquisitions (27pts), primarily from the NACC acquisition, and gains from Net New Business (4pts). Event-driven revenues decreased by \$15.1 million, or (11%). Fluctuations in foreign currency exchange rates negatively impacted total revenues by \$12.2 million.

Total operating expenses. Total operating expenses for the nine months ended March 31, 2017 were \$ 2,562.3 million , an increase of \$ 869.7 million , or 51 %, compared to \$ 1,692.6 million for the nine months ended March 31, 2016 .

Cost of revenues for the nine months ended March 31, 2017 were \$ 2,199.5 million , an increase of \$ 809.9 million , or 58 %, compared to \$ 1,389.6 million for the nine months ended March 31, 2016 . The increase was primarily attributable to acquisitions. Fluctuations in foreign currency exchange rates decreased cost of revenues by \$10.5 million.

Selling, general and administrative expenses for the nine months ended March 31, 2017 were \$ 362.8 million , an increase of \$ 59.8 million , or 20 %, compared to \$ 303.0 million for the nine months ended March 31, 2016 . The increase was primarily attributable to acquisitions.

Operating income. Operating income for the nine months ended March 31, 2017 was \$ 234.6 million , an increase of \$4.6 million , or 2% , compared to \$ 229.9 million for the nine months ended March 31, 2016 . Operating income margins decreased to 8.4% for the nine months ended March 31, 2017 , compared to 12.0% for the nine months ended March 31, 2016 , primarily due to the acquisition of NACC.

Interest expense, net. Interest expense, net for the nine months ended March 31, 2017 was \$ 31.8 million , an increase of \$ 12.6 million , or 66 %, compared to \$ 19.2 million for the nine months ended March 31, 2016 . The increase was primarily due to an increase in interest expense of \$12.2 million from higher Long-term borrowings.

Other non-operating (income)/expenses, net. Other non-operating income, net for the nine months ended March 31, 2017 was \$ 0.8 million , an increase of \$ 5.1 million , or 118 %, compared to \$ 4.4 million of Other non-operating expenses, net for the nine months ended March 31, 2016 , primarily due to the \$9.3 million MAL investment gain, partially offset by higher expense of \$4.0 million related to fluctuations in foreign currency exchange rates.

Earnings before income taxes. Earnings before income taxes for the nine months ended March 31, 2017 were \$ 203.5 million , a decrease of \$2.9 million , or (1)%, compared to \$ 206.4 million for the nine months ended March 31, 2016 .

Provision for income taxes. The Provision for income taxes and effective tax rates for the nine months ended March 31, 2017 were \$ 63.8 million and 31.4% , compared to \$ 68.9 million and 33.4% for the nine months ended March 31, 2016 . Similar to the decrease in the effective tax rate for the three month period, the effective tax rate for the nine months ended March 31, 2017 was impacted by the recognition of the non-cash, nontaxable \$9.3 million MAL investment gain. Excluding that investment gain, the effective tax rate for the nine months ended March 31, 2017 was 32.9%. In addition, the effective tax rate also declined as a result of a higher number of discrete items recognized relative to the prior period.

Net earnings and Basic and Diluted earnings per share. Net earnings for the nine months ended March 31, 2017 were \$139.7 million , an increase of \$2.3 million , or 2% , compared to \$137.4 million for the nine months ended March 31, 2016 .

Basic and Diluted earnings per share for the nine months ended March 31, 2017 were \$1.18 and \$1.15 , respectively, compared to \$1.16 and \$1.13 for the nine months ended March 31, 2016 , respectively.

Analysis of Reportable Segments

The Company classifies its operations into the following two reportable segments: Investor Communication Solutions and Global Technology and Operations.

The primary components of “Other” are the elimination of intersegment revenues and profits and certain unallocated expenses. Foreign currency exchange is a reconciling item between the actual foreign currency exchange rates and the budgeted foreign currency exchange rates reflected in the segments.

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

Revenues

	Three Months Ended March 31,				Nine Months Ended March 31,			
	Change				Change			
	2017	2016	\$	%	2017	2016	\$	%
	(in millions)							
Investor Communication Solutions	\$ 826.4	\$ 515.4	\$ 311.0	60	\$ 2,259.3	\$ 1,416.8	\$ 842.5	59
Global Technology and Operations	202.7	191.3	11.4	6	592.3	548.3	44.0	8
Foreign currency exchange	(20.1)	(17.8)	(2.3)	13	(54.8)	(42.6)	(12.2)	29
Total	\$ 1,008.9	\$ 688.8	\$ 320.1	46	\$ 2,796.8	\$ 1,922.5	\$ 874.3	45

Earnings (Loss) Before Income Taxes

	Three Months Ended March 31,				Nine Months Ended March 31,			
			Change				Change	
			\$	%			\$	%
	2017	2016			2017	2016		
	(in millions)							
Investor Communication Solutions	\$ 73.9	\$ 67.1	\$ 6.8	10	\$ 125.0	\$ 147.1	\$ (22.1)	(15)
Global Technology and Operations	44.3	40.2	4.1	10	128.9	100.0	28.9	29
Other	(14.4)	(14.8)	0.4	(3)	(58.0)	(44.3)	(13.6)	31
Foreign currency exchange	2.5	0.9	1.6	178	7.6	3.6	4.0	111
Total	\$ 106.3	\$ 93.4	\$ 12.9	14	\$ 203.5	\$ 206.4	\$ (2.9)	(1)

Investor Communication Solutions

	Three Months Ended March 31,				Nine Months Ended March 31,				
	2017	2016	Change		2017	2016	Change		
			\$	%			\$	%	
(in millions)									
Recurring fee revenues	\$ 389.4	\$ 263.3	\$ 126.1	48	\$ 1,052.8	\$ 697.8	\$ 355.0	51	
Event-driven fee revenues	60.9	48.5	12.5	26	128.2	143.3	(15.1)	(11)	
Distribution revenues	376.0	203.7	172.4	85	1,078.3	575.7	502.7	87	
Total	\$ 826.4	\$ 515.4	\$ 311.0	60	\$ 2,259.3	\$ 1,416.8	\$ 842.5	59	

Revenues

Revenues . Investor Communication Solutions segment's Revenues for the three months ended March 31, 2017 were \$826.4 million , an increase of \$311.0 million , or 60% , compared to \$515.4 million for the three months ended March 31, 2016 . Revenues from the NACC acquisition contributed \$277.1 million of this total increase. The \$311.0 million increase was driven by: (i) an increase in distribution revenues of \$172.4 million , or 85% , (ii) higher recurring fee revenues contributed \$126.1 million , or 48% , and (iii) higher event-driven fee revenues of \$12.5 million , or 26% .

The higher recurring fee revenues of \$126.1 million , or 48% , reflected: (i) contributions from the NACC acquisition (42 pts), (ii) Net New Business (6 pts) and (iii) flat internal growth. Higher event-driven fee revenues were the result of increased mutual fund proxy activity. Position growth compared to the same period in the prior year, which is a component of internal growth, was 5% for mutual fund interims and 6% for annual equity proxy communications. Revenue contribution from position growth was offset by lower activity in other products.

Investor Communication Solutions segment's Revenues for the nine months ended March 31, 2017 were \$2,259.3 million , an increase of \$842.5 million , or 59% , compared to \$1,416.8 million for the nine months ended March 31, 2016 .

Revenues from the NACC acquisition contributed \$816.2 million of this total increase. The \$842.5 million increase was driven by: (i) an increase in distribution revenues of \$502.7 million , or 87% , and (ii) higher recurring fee revenues contributed \$355.0 million , or 51% , partially offset by (iii) lower event-driven fee revenues of \$15.1 million , or (11%).

The higher recurring fee revenues of \$355.0 million , or 51% , reflected: (i) contributions from our recent acquisitions (47 pts), including (46 pts) from the NACC acquisition, (ii) Net New Business (4 pts), and (iii) flat internal growth. Lower event-driven fee revenues were the result of decreased mutual fund proxy and corporate action activity. Position growth compared to the same period in the prior year, which is a component of internal growth, was 3% for mutual fund interims and 3% for annual equity proxy communications. Although these indicators were positive, the first nine months' results are not necessarily indicative of our full-year results due to the seasonality of our business. Revenue contribution from position growth was offset by lower activity in other products.

Earnings before Income Taxes . Earnings before income taxes for the three months ended March 31, 2017 were \$73.9 million , an increase of \$6.8 million , or 10% , compared to \$67.1 million for the three months ended March 31, 2016 . The earnings increase was primarily due to higher recurring fee revenues, mostly from the acquisition of NACC, and higher event-driven fee revenues, which were partially offset by higher operating expenses. The increase in operating expenses includes higher amortization expenses, related to acquired intangibles and purchased intellectual property. Pre-tax margins decreased by 4.1 percentage points to 8.9% .

Earnings before income taxes for the nine months ended March 31, 2017 were \$ 125.0 million , a decrease of \$22.1 million , or 15% , compared to \$ 147.1 million for the nine months ended March 31, 2016 . The earnings decrease was primarily due to higher operating expenses, which includes higher amortization expenses related to acquired intangibles and purchased intellectual property, and lower event-driven fee revenues. Pre-tax margins decreased by 4.9 percentage points to 5.5%.

Global Technology and Operations

Revenues . Global Technology and Operations segment's Revenues for the three months ended March 31, 2017 were \$202.7 million , an increase of \$11.4 million , or 6% , compared to \$191.3 million for the three months ended March 31, 2016 . The 6% increase was attributable to: (i) higher Net New Business (5 pts) and (ii) revenue from recent acquisitions (3 pts), partially offset by (iii) negative internal growth (-2 pts). Excluding the impact of the APTP re-contracting in the prior year period, internal growth was essentially flat.

Global Technology and Operations segment's Revenues for the nine months ended March 31, 2017 were \$ 592.3 million , an increase of \$ 44.0 million , or 8 % , compared to \$ 548.3 million for the nine months ended March 31, 2016 . The 8% increase was attributable to: (i) higher Net New Business (4 pts), (ii) revenue from recent acquisitions (3 pts) and (iii) internal growth from higher trade and non-trade activity levels partially offset by contract renewals (1 pt).

Earnings before Income Taxes . Earnings before income taxes for the three months ended March 31, 2017 were \$44.3 million, an increase of \$4.1 million , or 10% , compared to \$40.2 million for the three months ended March 31, 2016 . The earnings increase was primarily due to higher organic revenues and efficiency initiatives, partially offset by the impact of recent acquisitions. Pre-tax margins increased by 0.9 percentage points to 21.9%.

Earnings before income taxes for the nine months ended March 31, 2017 were \$128.9 million, an increase of \$28.9 million, or 29%, compared to \$100.0 million for the nine months ended March 31, 2016 . The earnings increase was primarily due to higher organic revenues and efficiency initiatives, partially offset by the impact of recent acquisitions. Pre-tax margins increased by 3.6 percentage points to 21.8%.

Other

Loss before Income Taxes. Loss before income taxes was \$14.4 million for the three months ended March 31, 2017 , a decrease of \$0.4 million, compared to \$14.8 million for the three months ended March 31, 2016 . The decreased loss was primarily due to the \$9.3 million MAL investment gain, partially offset by an increase in net interest expense of \$4.3 million, increased foreign currency transaction losses of \$1.0 million and a gain on the sale of an asset in the prior fiscal year.

Loss before income taxes was \$58.0 million for the nine months ended March 31, 2017 , an increase of \$13.6 million, or 31%, compared to \$44.3 million for the nine months ended March 31, 2016 . The increased loss was primarily due to an increase in net interest expense of \$12.6 million, increased foreign currency transaction losses of \$4.0 million and a gain on sale of an asset in the prior fiscal year, partially offset by the \$9.3 million MAL investment gain.

Explanation and Reconciliation of the Company's Use of Non-GAAP Financial Measures

The Company's results in this Quarterly Report on Form 10-Q are presented in accordance with U.S. GAAP except where otherwise noted. In certain circumstances, results have been presented that are not generally accepted accounting principles measures ("Non-GAAP"). These Non-GAAP measures are Adjusted Operating income, Adjusted Net earnings, Adjusted earnings per share, and Free cash flow. These Non-GAAP financial measures should be viewed in addition to, and not as a substitute for, the Company's reported results.

The Company believes our Non-GAAP financial measures help investors understand how management plans, measures and evaluates the Company's business performance. Management believes that Non-GAAP measures provide consistency in its financial reporting and facilitates investors' understanding of the Company's operating results and trends by providing an additional basis for comparison. Management uses these Non-GAAP financial measures to, among other things, evaluate our ongoing operations, for internal planning and forecasting purposes and in the calculation of performance-based compensation. In addition, and as a consequence of the importance of these Non-GAAP financial measures in managing our business, the Company's Compensation Committee of the Board of Directors incorporates Non-GAAP financial measures in the evaluation process for determining management compensation.

Adjusted Operating Income, Adjusted Net Earnings and Adjusted Earnings Per Share

These Non-GAAP measures reflect Operating income, Operating income margin, Net earnings, and Diluted earnings per share, as adjusted to exclude the impact of certain costs, expenses, gains and losses and other specified items that management believes are not indicative of our ongoing operating performance. These adjusted measures exclude the impact of Amortization of Acquired Intangibles and Purchased Intellectual Property, Acquisition and Integration Costs and the MAL investment gain. Amortization of Acquired Intangibles and Purchased Intellectual Property represents non-cash expenses associated with the Company's acquisition activities. Acquisition and Integration Costs represent certain transaction and integration costs associated with the Company's acquisition activities.

We exclude Amortization of Acquired Intangibles and Purchased Intellectual Property, Acquisition and Integration Costs and the MAL investment gain from these measures because excluding such information provides us with an understanding of the results from the primary operations of our business and these items do not reflect ordinary operations or earnings. Management believes these measures may be useful to an investor in evaluating the underlying operating performance of our business.

Free Cash Flow

In addition to the Non-GAAP financial measures discussed above, we provide Free cash flow information because we consider Free cash flow to be a liquidity measure that provides useful information to management and investors about the amount of cash generated that could be used for dividends, share repurchases, strategic acquisitions and other discretionary investments. Free cash flow is a Non-GAAP financial measure and is defined by the Company as Net cash flows provided by operating activities less Capital expenditures as well as Software purchases and capitalized internal use software.

Set forth below is a reconciliation of such Non-GAAP measures to the most directly comparable GAAP measures (unaudited):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2017	2016	2017	2016
	(in millions)			
Operating income (GAAP)	\$ 109.7	\$ 100.6	\$ 234.6	\$ 229.9
Adjustments:				
Amortization of Acquired Intangibles and Purchased Intellectual Property	19.7	7.8	52.8	24.0
Acquisition and Integration Costs	4.2	1.3	12.0	4.0
Adjusted Operating income (Non-GAAP)	\$ 133.6	\$ 109.8	\$ 299.4	\$ 257.9

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2017	2016	2017	2016
	(in millions)			
Net earnings (GAAP)	\$ 75.9	\$ 63.7	\$ 139.7	\$ 137.4
Adjustments:				
Amortization of Acquired Intangibles and Purchased Intellectual Property	19.7	7.8	52.8	24.0
Acquisition and Integration Costs	4.2	1.3	12.0	4.0
MAL investment gain (a)	(9.3)	—	(9.3)	—
Tax impact of adjustments	(7.2)	(2.8)	(21.3)	(9.4)
Adjusted Net earnings (Non-GAAP)	\$ 83.3	\$ 70.0	\$ 174.0	\$ 156.1

(a) Represents a non-cash, nontaxable gain on investment.

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2017	2016	2017	2016
Diluted earnings per share (GAAP)	\$ 0.63	\$ 0.52	\$ 1.15	\$ 1.13
Adjustments:				
Amortization of Acquired Intangibles and Purchased Intellectual Property	0.16	0.06	0.44	0.20
Acquisition and Integration Costs	0.03	0.01	0.10	0.03
MAL investment gain	(0.08)	—	(0.08)	—
Tax impact of adjustments	(0.06)	(0.02)	(0.18)	(0.08)
Adjusted earnings per share (Non-GAAP)	\$ 0.69	\$ 0.58	\$ 1.43	\$ 1.28

	Nine Months Ended March 31,	
	2017	2016
	(in millions)	
Net cash flows provided by operating activities (GAAP)	\$ 162.1	\$ 161.1
Capital expenditures and Software purchases and capitalized internal use software	(69.4)	(56.1)
Free cash flow (Non-GAAP)	\$ 92.6	\$ 105.0

Financial Condition, Liquidity and Capital Resources

Cash and cash equivalents consisted of the following:

	March 31, 2017	June 30, 2016
	(in millions)	
Cash and cash equivalents:		
Domestic cash	\$ 100.3	\$ 497.3
Cash held by foreign subsidiaries	116.4	174.3
Cash held by regulated entities	52.7	56.1
Total cash and cash equivalents	\$ 269.5	\$ 727.7

At March 31, 2017, Cash and cash equivalents were \$269.5 million and Total stockholders' equity was \$942.3 million. At March 31, 2017, net working capital was \$232.3 million, compared to \$596.2 million at June 30, 2016. At the current time, and in future periods, we expect cash generated by our operations, together with existing cash, cash equivalents, and borrowing capacity to be sufficient to cover cash needs for working capital, capital expenditures, acquisitions, dividends and common stock repurchases.

As of March 31, 2017, \$116.4 million of the \$269.5 million of cash and cash equivalents were held by our foreign subsidiaries, and \$52.7 million of cash and cash equivalents were held by regulated entities. We expect existing domestic cash, cash equivalents, and cash flows from operations together with borrowing capacity to continue to be sufficient to fund our domestic operating activities and cash commitments for investing and financing activities, such as regular quarterly dividends, debt repayment schedules, and material capital expenditures, for at least the next 12 months and thereafter for the foreseeable future. In addition, we expect existing foreign cash, cash equivalents, cash flows from operations and borrowing capacity to continue to be sufficient to fund our foreign operating activities and cash commitments for investing activities, such as material capital expenditures, for at least the next 12 months and thereafter for the foreseeable future. If these funds are needed for our operations in the U.S., we would be required to accrue and pay U.S. taxes to repatriate these funds. However, our current plans do not demonstrate a need to repatriate them to fund our U.S. operations, as we consider these funds to be permanently reinvested outside the U.S.

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

	<u>Expiration Date</u>	<u>Par value at March 31, 2017</u>	<u>Carrying value at March 31, 2017</u>	<u>Carrying value at June 30, 2016 (a)</u>	<u>Unused Available Capacity</u>	<u>Fair Value at March 31, 2017</u>
				(in millions)		
Current portion of long-term debt						
Fiscal 2007 Senior Notes	June 2017	\$ 125.0	\$ 125.0	\$ 124.8	\$ —	\$ 125.8
		<u>\$ 125.0</u>	<u>\$ 125.0</u>	<u>\$ 124.8</u>	<u>\$ —</u>	<u>\$ 125.8</u>
Long-term debt, excluding current portion						
Fiscal 2017 Revolving Credit Facility	February 2022	\$ —	\$ 250.0	\$ —	\$ 750.0	\$ 250.0
Fiscal 2014 Senior Notes	September 2020	400.0	397.7	397.2	—	418.1
Fiscal 2016 Senior Notes	June 2026	500.0	493.9	493.5	—	489.3
		<u>\$ 900.0</u>	<u>\$ 1,141.6</u>	<u>\$ 890.7</u>	<u>\$ 750.0</u>	<u>\$ 1,157.3</u>
Total debt		\$ 1,025.0	\$ 1,266.6	\$ 1,015.5	\$ 750.0	\$ 1,283.1

(a) On July 1, 2016, the Company has adopted ASU 2015-03 on a retrospective basis and accordingly, the Condensed Consolidated Balance Sheets as of June 30, 2016 has been updated to reflect this new classification, which resulted in a

decrease in Other non-current assets of \$7.1 million, a decrease in Long-term debt, excluding current portion of \$7.0 million and a decrease of \$0.1 million in Current portion of long-term debt at June 30, 2016.

In February 2017, the Company entered into a \$1.0 billion five-year revolving credit facility (the “Fiscal 2017 Revolving Credit Facility”), which is comprised of a \$900.0 million U.S. dollar tranche and an \$100.0 million multicurrency tranche, which replaced the \$750.0 million five -year revolving credit facility entered into in August 2014 (the “Fiscal 2015 Revolving Credit Facility”) (together the “Revolving Credit Facilities”). Borrowings under the Fiscal 2017 Revolving Credit Facility bear interest at LIBOR plus 100 basis points. In addition, the Fiscal 2017 Revolving Credit Facility has an annual facility fee equal to 12.5 basis points on the entire facility. The annual facility fees for the Revolving Credit Facilities totaled \$0.3 million and \$0.8 million for the three and nine months ended March 31, 2017, respectively. As of March 31, 2017, the Company had \$250.0 million outstanding borrowings and had unused available capacity of \$ 750.0 million under the Fiscal 2017 Revolving Credit Facility. The facility is scheduled to expire in February 2022.

At March 31, 2017, the carrying value of the Company’s outstanding Long-term debt was \$1,266.6 million, consisting of: (i) borrowings on the Fiscal 2017 Revolving Credit Facility of \$250.0 million, (ii) senior notes of \$125.0 million (\$ 125.0 million principal amount with less than \$0.1 million of unamortized bond discount and unamortized debt issuance costs, cumulatively) due June 2017, (iii) senior notes of \$397.7 million (\$ 400.0 million principal amount less \$ 0.3 million of unamortized bond discount and \$ 2.0 million of unamortized debt issuance costs) due September 2020 and (iv) senior notes of \$ 493.9 million (\$ 500.0 million principal amount less \$ 1.9 million of unamortized bond discount and \$ 4.1 million of unamortized debt issuance costs) due June 2026. The Fiscal 2015 Revolving Credit Facility and the senior notes are senior unsecured obligations of the Company and are ranked equally in right of payment. Interest on the senior notes due 2017 is payable semiannually on June 1 st and December 1 st each year based on a fixed per annum rate equal to 6.125%. Interest on the senior notes due 2020 is payable semiannually on March 1 st and September 1 st each year based on a fixed per annum rate equal to 3.95%. Interest on the senior notes due 2026 is payable semiannually on June 27 th and December 27 th each year based on a fixed per annum rate equal to 3.40%.

Our liquidity position may be negatively affected by changes in general economic conditions, regulatory requirements and access to the capital markets, which may be limited if we were to fail to renew any of the credit facilities on their renewal dates or if we were to fail to meet certain covenants.

Cash Flows

	Nine Months Ended March 31,		
	2017	2016	Change \$
	(in millions)		
Net cash flows provided by operating activities	\$ 162.1	\$ 161.1	\$ 0.9
Net cash flows used in investing activities	\$ (613.0)	\$ (78.2)	\$ (534.8)
Net cash flows used in financing activities	\$ (4.9)	\$ (38.9)	\$ 34.0
Free cash flow:			
Net cash flows provided by operating activities (GAAP)	\$ 162.1	\$ 161.1	\$ 0.9
Capital expenditures and Software purchases and capitalized internal use software	(69.4)	(56.1)	(13.3)
Free cash flow (Non-GAAP)	\$ 92.6	\$ 105.0	\$ (12.4)

The increase in cash provided by operating activities of \$0.9 million in the nine months ended March 31, 2017, as compared to the nine months ended March 31, 2016, was due to: (i) an increase in net earnings of \$2.3 million, (ii) increased cash used in working capital of \$13.5 million, and (iii) increased cash used in long-term assets and liabilities of \$16.9 million driven by client implementations and prepaid broker fees, partially offset by (iv) increased non-cash expense add-backs of \$29.1 million.

The decrease in Free cash flow of \$12.4 million in the nine months ended March 31, 2017, as compared to the nine months ended March 31, 2016, was driven by increased capital expenditures and software purchases and capitalized internal use software of \$13.3 million.

The increase in cash used in investing activities of \$534.8 million in the nine months ended March 31, 2017, as compared to the nine months ended March 31, 2016, reflects increased investments of \$432.7 million in acquisitions and \$90.0 million in purchased intellectual property.

The increase in cash provided by financing activities of \$34.0 million in the nine months ended March 31, 2017 as compared to the nine months ended March 31, 2016 reflects cash provided by: (i) an increase in net proceeds from borrowings of \$120.0 million, (ii) a \$24.5 million increase in the proceeds from stock options, and (iii) a \$17.9 million increase in excess tax benefits from the exercise and vesting of stock-based compensation awards, partially offset by cash used: (i) a \$115.6 million increase in the purchase of common stock and (ii) a \$10.6 million increase in dividends paid.

Seasonality

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

Income Taxes

The provision for income taxes for the three and nine months ended March 31, 2017 were \$30.4 million, and \$ 63.8 million, compared to \$29.7 million, and \$ 68.9 million for the three and nine months ended March 31, 2016, respectively.

The effective tax rate for the three months ended March 31, 2017 and 2016 was 28.6% and 31.8%, respectively. The effective tax rate for the three months ended March 31, 2017 was impacted by the recognition of the non-cash, nontaxable \$9.3 million MAL investment gain. Excluding that investment gain, the effective tax rate for the three months ended March 31, 2017 was 31.3%. Relative to the prior period, the effective tax rate also declined as a result of a higher number of discrete items recognized in the quarter ended March 31, 2017.

The effective tax rate for the nine months ended March 31, 2017 and 2016 was 31.4% and 33.4%, respectively. Similar to the decrease in the effective tax rate for the three month period, the effective tax rate for the nine months ended March 31, 2017 was impacted by the recognition of the non-cash, nontaxable \$9.3 million MAL investment gain. Excluding that investment gain, the effective tax rate for the nine months ended March 31, 2017 was 32.9%. Relative to the prior period, the effective tax rate also declined as a result of a higher number of discrete items recognized in the quarter ended March 31, 2017.

Contractual Obligations

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 provides certain aspects of the Company's information technology infrastructure. Under the IT Services Agreement, IBM provides a broad range of technology services to the Company including supporting its mainframe, midrange, open systems, 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 migration of data center processing to IBM was completed in August 2012. The IT Services Agreement would have expired on June 30, 2022. In March 2015, the Company signed a two-year extension to the IT Services Agreement which expires on June 30, 2024. The Company has the right to renew the term of the IT Services Agreement for up to one additional 12-month term. Commitments remaining under this agreement at March 31, 2017 are \$408.2 million through fiscal year 2024, the final year of the contract.

In March 2014, the Company and IBM United Kingdom Limited ("IBM UK") entered into an Information Technology Services Agreement (the "EU IT Services Agreement"), under which IBM UK provides data center services supporting the

Company's business process outsourcing services for certain clients in Europe and Asia. The EU IT Services Agreement expires in October 2023. The Company has the right to renew the initial term of the EU IT Services Agreement for up to one additional 12-month term or one additional 24-month term. Commitments remaining under this agreement at March 31, 2017 are \$26.8 million through fiscal year 2024, the final year of the contract.

The Company expects to pay \$40.0 million to an affiliate of Inveshare by September 2018 upon delivery of certain blockchain technology applications.

The Company contributed \$4.5 million to an equity method investment during the nine months ended March 31, 2017, and has no remaining commitment to fund this investment at March 31, 2017.

Other Commercial Agreements

At March 31, 2017, the Company had \$250.0 million of outstanding borrowings and unused available capacity of \$ 750.0 million under the Fiscal 2017 Revolving Credit Facility.

Certain of the Company's subsidiaries established unsecured, uncommitted lines of credit with banks. There were no outstanding borrowings under these lines of credit at March 31, 2017.

Off-balance Sheet Arrangements

It is not the Company's business practice to enter into off-balance sheet arrangements. However, the Company is exposed to market risk from changes in foreign currency exchange rates that could impact its financial position, results of operations and cash flows. The Company manages its exposure to these market risks through its regular operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments. The Company uses derivative financial instruments as risk management tools and not for trading purposes. The Company was not a party to any derivative financial instruments at March 31, 2017 or at June 30, 2016. 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.

Recently-issued Accounting Pronouncements

Please refer to Note 2, "New Accounting Pronouncements" to our Financial Statements under Item 1. of Part I of this Quarterly Report on Form 10-Q, for a discussion on the impact of new accounting pronouncements.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes related to market risk from the disclosures in the Company's Annual Report on Form 10-K for the year ended June 30, 2016.

Item 4. CONTROLS AND PROCEDURES

Management's Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our President and Chief Executive Officer, and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2017. The President and Chief Executive Officer, and the Chief Financial Officer, concluded that our disclosure controls and procedures as of March 31, 2017 were effective to provide reasonable assurance that the information required to be disclosed by us in reports filed under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to our management, including our President and Chief Executive Officer, and our Chief Financial Officer, as appropriate, to allow timely decisions regarding disclosure.

Changes in Internal Control over Financial Reporting

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the three months ended March 31, 2017 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

In the normal course of business, the Company is subject to 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 impact on its financial condition, results of operations, or cash flows.

Item 1A. RISK FACTORS

In addition to the information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the “Risk Factors” disclosed under Item 1A. to Part I in our Annual Report on Form 10-K for the fiscal year ended June 30, 2016, filed on August 9, 2016. You should be aware that these risk factors and other information may not describe every risk facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results. There have been no material changes to the risk factors we have disclosed in the “Risk Factors” section of our 2016 Annual Report on Form 10-K.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table contains information about our purchases of our equity securities for each of the three months during our third fiscal quarter ended March 31, 2017 :

<u>Period</u>	<u>Total Number of Shares Purchased (1)</u>	<u>Average Price Paid per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans (2)</u>	<u>Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans</u>
January 1, 2017 - January 31, 2017	—	\$ —	—	6,760,688
February 1, 2017 - February 28, 2017	913,644	68.41	913,644	5,847,044
March 1, 2017 - March 31, 2017	699,091	70.02	699,091	5,147,953
Total	<u>1,612,735</u>	\$ 69.11	<u>1,612,735</u>	

(1) During the fiscal quarter ended March 31, 2017 , no shares were purchased from employees to pay taxes related to the vesting of restricted stock units.

(2) During the fiscal quarter ended March 31, 2017 , the Company repurchased 1,612,735 shares of common stock at an average price per share of \$69.11 .

At March 31, 2017 , the Company had 5,147,953 shares available for repurchase under its share repurchase program. The share repurchases will be made in the open market or privately negotiated transactions in compliance with applicable legal requirements and other factors.

Item 3. DEFAULTS UPON SENIOR SECURITIES

None.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

Item 5. OTHER INFORMATION

None.

Item 6. EXHIBITS

The following exhibits are being filed as part of this Quarterly Report on Form 10-Q:

- 10.1 Amended and Restated Credit Agreement, dated February 6, 2017, among Broadridge Financial Solutions, Inc., the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.1 to Form 8-K filed on February 7, 2017).
- 10.2 Amendment to the Broadridge Financial Solutions, Inc. Supplemental Executive Retirement Plan, effective February 2, 2017.
- 10.3 Amendment to the Broadridge Financial Solutions, Inc. Supplemental Officers Retirement Plan, effective February 2, 2017.
- 31.1 Certification of the President and Chief Executive Officer of Broadridge Financial Solutions, Inc., pursuant to Rule 13a-14 of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of the Chief Financial Officer of Broadridge Financial Solutions, Inc., pursuant to Rule 13a-14 of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification of the President and Chief Executive Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of the Chief Financial Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 101 The following financial statements from the Broadridge Financial Solutions, Inc. Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, formatted in eXtensible Business Reporting Language (XBRL): (i) condensed consolidated statements of earnings for the three and nine months ended March 31, 2017 and 2016, (ii) condensed consolidated statements of comprehensive income for the three and nine months ended March 31, 2017 and 2016, (iii) condensed consolidated balance sheets as of March 31, 2017 and June 30, 2016, (iv) condensed consolidated statements of cash flows for the nine months ended March 31, 2017 and 2016, and (v) the notes to the condensed consolidated financial statements.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Quarterly Report on Form 10-Q to be signed on its behalf by the undersigned hereunto duly authorized.

BROADRIDGE FINANCIAL SOLUTIONS, INC.

Date: May 10, 2017

By: /s/ James M. Young

James M. Young

Vice President, Chief Financial Officer

(Principal Financial and Accounting Officer)

INDEX TO EXHIBITS

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
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AMENDMENT TO THE
BROADRIDGE FINANCIAL SOLUTIONS, INC. SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

Pursuant to Section 5.5 of the Broadridge Financial Solutions, Inc. Supplemental Executive Retirement Plan (the “Plan”), the Plan is hereby amended as follows, effective February 2, 2017:

1. Section 1.3 - The Plan is amended by substituting the following for Section 1.3 thereof:

“1.3 **Committee**. The Retirement Committee of the Company, appointed from time to time by Compensation Committee of the Board.”

2. Section 5.5 - The Plan is amended by substituting the following for Section 5.5 thereof:

“5.5 **Company’s Right to Terminate and Amend**. The Company, acting through the Compensation Committee of the Board, may, at any time, amend or modify the Plan in whole or in part. In addition, the Plan may be amended by the Committee at any time provided that any such amendment is necessary (A) to bring the Plan into compliance with the Code or other applicable law, or (B) to make any other desired changes which do not result, when aggregated with any other amendments to the Plan made by the Committee during the immediately preceding fiscal year (ignoring inflation trends), in a more than ten percent (10%) increase (when compared to such immediately preceding fiscal year) in the cost of maintaining the Plan to the Company. The Company also reserves the right in its sole discretion at any time to terminate the Plan. Notwithstanding the foregoing, and subject to Section 6.7 of the Plan, no such amendment or termination shall reduce the amount of the benefit theretofore vested in any Participant or change the conditions required to be satisfied to receive payment of such past accrued benefit based on the provisions of the Plan as theretofore in effect. For this purpose, the amount of a Participant's accrued benefit as of the date of any plan amendment or termination shall be determined as if the Participant was then retiring in accordance with Section 3.3 with his actual Vested Percentage accrued as at such date; provided that if the Company is terminating the Plan and if a Participant has not completed at least 5 years of Future Service, Participant's Vested Percentage shall be: (i) 40% if he has completed 4 years of Future Service; (ii) 30% if he has completed 3 years of Future Service; (iii) 20% if he has completed 2 years of Future Service; (iv) 10% if he has completed 1 year of Future Service; and (v) 0% if he has not completed 1 year of Future Service.

This amendment is hereby adopted by the Retirement Committee this 2nd day of February, 2017.

Adam Glazner
Sr. Director Benefits

Michael Liberatore
President of ICS-Mutual Fund and Retirement Solutions

Steve Rosenthal
Treasurer

Julie Taylor
Chief Human Resources Officer

AMENDMENT TO THE
BROADRIDGE FINANCIAL SOLUTIONS, INC. SUPPLEMENTAL OFFICERS RETIREMENT PLAN

Pursuant to Section 5.5 of the Broadridge Financial Solutions, Inc. Supplemental Officers Retirement Plan (the “Plan”), the Plan is hereby amended as follows, effective February 2, 2017:

1. Section 1.3 – The Plan is amended by substituting the following for Section 1.3 thereof:

“1.3 **Committee**. The Retirement Committee of the Company, appointed from time to time by Compensation Committee of the Board.”

2. Section 5.5 – The Plan is amended by substituting the following for Section 5.5 thereof:

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This amendment is hereby adopted by the Retirement Committee this 2nd day of February, 2017.

Adam Glazner
Sr. Director Benefits

Michael Liberatore
President of ICS-Mutual Fund and Retirement Solutions

Steve Rosenthal
Treasurer

Julie Taylor
Chief Human Resources Officer

SECTION 302 CERTIFICATION

I, Richard J. Daly, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Broadridge Financial Solutions, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2017

/s/ Richard J. Daly

Richard J. Daly
President and Chief Executive Officer

SECTION 302 CERTIFICATION

I, James M. Young, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Broadridge Financial Solutions, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2017

/s/ James M. Young

James M. Young
Vice President, Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Broadridge Financial Solutions, Inc. (the “Company”) on Form 10-Q for the three months ended March 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Richard J. Daly, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (a) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Richard J. Daly

Richard J. Daly
President and Chief Executive Officer

May 10, 2017

Pursuant to Securities and Exchange Commission Release 33-8238, dated June 5, 2003, this certification is being furnished and shall not be deemed to be “filed” for the purpose of Section 18 of the Securities Exchange Act of 1934, as amended, and will not be incorporated by reference into any registration statement filed under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated therein by reference.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Broadridge Financial Solutions, Inc. (the “Company”) on Form 10-Q for the three months ended March 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, James M. Young, Vice President, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (a) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ James M. Young

James M. Young
Vice President, Chief Financial Officer

May 10, 2017

Pursuant to Securities and Exchange Commission Release 33-8238, dated June 5, 2003, this certification is being furnished and shall not be deemed to be “filed” for the purpose of Section 18 of the Securities Exchange Act of 1934, as amended, and will not be incorporated by reference into any registration statement filed under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated therein by reference.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.