

Memorandum

To: File Nos. S7-28-07
Release Nos. 33-8861; IC-28064

From: Tara Buckley

Date: November 28, 2007

Subject: Meeting with Representatives of Broadridge

On October 25, 2007, Susan Nash, Associate Director, Brent Fields, Assistant Director, and Tara Buckley, Branch Chief, of the Office of Disclosure Regulation met with Gerard F. Scavelli, President, Information Distribution Solutions, of Broadridge Financial Solutions, Inc. ("Broadridge") and Chuck Callan, Senior Vice President, Regulatory Affairs, Investor Communication Solutions of Broadridge.

During the meeting, Mr. Scavelli and Mr. Callan provided estimates of potential industry cost savings related to usage of a summary prospectus. Subsequently, Broadridge provided written estimates (dated October 26, 2007), attached hereto.

Utilization of a Summary Prospectus for Mutual Funds
Estimated Printing and Postage Cost Savings
Notes and Assumptions

Broadridge Financial Solutions
October 26, 2007

Objective: Provide the SEC Division of Investment Management with estimates of potential industry cost savings related to printing and postage, on a full-production basis.

Focus:

- Estimated cost savings (printing and postage) resulting from the distribution of a Summary prospectus in place of a full prospectus
- No change in timing of prospectus provision
- Analysis omits potential costs associated with such activities, if any, as:
 - Investor requests for full prospectuses
 - Requirements that issuers and financial intermediaries host prospectuses on a publicly accessible website other than EDGAR
 - Handling investor requests for full prospectus fulfillment, including managing investor consents to receive full prospectuses by mail
 - Investors choosing to print all or some of the prospectus document at home or at work
 - Legal and regulatory filing
 - Minimums, typesetting, and other special charges.
- The primary focus of this analysis is on the estimated costs associated with prospectus distribution for mutual fund purchases made in conjunction with a trade (refer to Section I., below, "Mutual Fund Prospectus Distribution at Time of Sale").
- The analysis also includes estimated unit costs of printing and postage for mutual fund prospectuses distributed in conjunction with the annual distribution process (refer to Section II., below, "Mutual Fund Prospectus Annual Distribution Process").

Section I: Mutual Fund Prospectus Distribution at Time of Sale**A. ESTIMATED TOTAL INDUSTRY VOLUMES**

Total Printed Volume (est.):	64,500,000
Total Mailed Packages Containing this Printed Volume (est.):	51,500,000

Notes and Assumptions

- Includes prospectuses for funds sold by registered investment companies – primarily for distributions that are a result of direct sales and sales through broker-dealers
- Broadridge volumes are grossed up, based on market share, to reflect total industry volume for registered and beneficial fund accounts
- Volumes are net of the number of trades made by mutual fund investors holding current prospectuses (i.e., duplicate trade suppressions).
- Volumes are net of the number of investors who have elected to electronically receive prospectuses.
- The difference between “Total Printed Volume” and “Total Mailed Packages Containing this Printed Volume” reflects instances in which multiple printed prospectuses are combined into a single mailed package.
- Differences due to rounding

Section I: Mutual Fund Prospectus Distribution at Time of Sale (continued)

B. ESTIMATED PRINTING COSTS

FULL PROSPECTUS

Total Industry Printing Cost (est.) -- Full Prospectus: \$22,500,000

Average Blended Unit Cost to Print a Full Prospectus (est.): \$0.35

Notes and Assumptions

- Based on print volumes outlined in Section I. A., above
- Blended rate reflects full production runs of offset print and digital print-on-demand based on current volumes
- Estimated average size of full prospectus: 45 pages
- Estimated commercial unit cost of full production runs (offset): \$0.20
- Estimated commercial unit cost factor for material disposal, shipping and storage, based on full production runs (offset): \$0.07
- Excludes all non-production related expenses such as minimums, typesetting, regulatory filing, and other special charges
- Rounded to nearest penny

SUMMARY PROSPECTUS

Total Industry Printing Cost (est.) -- Summary Prospectus: \$ 6,900,000

Average Unit Cost to Print a Summary Prospectus (est.): \$0.11

Notes and Assumptions

- Based on print volume outlined, in Section I. A., above
- Summary prospectuses are digitally printed on-demand, in black and white
- Summary prospectus size: 2 sheets and 4 images
- Estimated cost per image of full production run: \$0.025
- Per image factor for material disposal and database maintenance, full production run: \$0.01
- Rounded to nearest penny

Section I: Mutual Fund Prospectus Distribution at Time of Sale (continued)**C. ESTIMATED POSTAGE COSTS****FULL PROSPECTUS**

Total Industry Postage Cost (est.) -- Full Prospectus: \$62,400,000

Average Blended Unit Cost to Mail a Full Prospectus (est.): \$1.21

Notes and Assumptions

- Based on postage volume outlined in Section I. A., above
- Based on current USPS rates for First Class mail
- Blended postage rate reflects distribution of a single prospectus as well as distribution of multiple prospectuses combined into a single package
- Differences due to rounding

SUMMARY PROSPECTUS

Total Industry Postage Costs (est.) - Summary Prospectus: \$23,100,000

Average Blended Unit Cost to Mail a Summary Prospectus (est.): \$0.45

Notes and Assumptions

- Based on postage volume outlined in Section I. A., above
- Based on current USPS rates for First Class mail
- Blended postage rate reflects distribution of a single prospectus as well as distribution of multiple prospectuses combined into a single package
- Differences due to rounding

Section II: Mutual Fund Prospectus Annual Distribution Process

A. Industry Volume

Mutual fund companies distribute large volumes to their direct account holders, including those who have not made recent fund purchases. Broadridge can provide volume estimates for funds which are held through broker-dealers.

B. Estimated Unit Cost for Printing

The unit cost estimates, as outlined in Section I. B, above, of \$0.27 for a full prospectus and \$0.11 for a Summary prospectus would be applicable to the annual prospectus distribution process for single prospectuses.

C. Estimated Unit Cost for Postage

Postage costs would not be significantly impacted by a lighter-weight prospectus because annual mailings are typically distributed by Standard A (Bulk) mail. In a broad sample of prospectuses, the vast majority were lighter than the lowest weight category of 3.3 ounces. This rate would apply to distribution of a Summary as well.