The 2015 EAC Industry Index is part of the EAC Industry Study, a research initiative developed by the Executive Advisory Council (EAC) and sponsored by: American Stock Transfer & Trust Company, LLC (AST) and CST Trust Company (CST).
This document is designed to be navigable. Clicking on the chapter headings of the Contents page will take you directly to the relevant sections of this document. Clicking on the home icon will take you back to the Contents page.
About the EAC Industry Index
• In 2014, the Executive Advisory Council (EAC), sponsored by AST and CST, directed a comprehensive Industry Study among professionals who buy or influence the purchase of shareholder services.

• The results of the 2014 Study, which uncovered a clear understanding of the challenges industry executives face, has been shared with the study participants and later shared with the Industry at the AST Forum in October 2014.

• The EAC’s work on the Industry Study is part of the group’s guiding principle to work independently for the good of the industry at large. For more information on the EAC, visit https://www.amstock.com.

• The 2015 EAC Industry Index is a comprehensive look at the industry overall, reporting on total categories.

• This report provides the results to the 2015 EAC Industry Index study.
1. Critical Ideas Identified – Eight-Statement Model Developed and Approved by the EAC
   Based on the 2014 Industry Study results, the researchers statistically identified the most critical ideas for issuers across the industry. From this data, the information was further compressed to reveal eight ideas or statements, which form the study statistical model and questionnaire foundation for this new 2015 Industry Index.

2. Online Survey Developed – Comprehensive Review of Industry Needs and Services
   An online survey was developed by the researchers and approved by the EAC, which allowed respondents to score the overall importance of the model statements and evaluate the individual services including Transfer Agency Services, Proxy Distribution & Tabulation Services, Proxy Solicitation and Advisory Services, Investor Relations Services, Corporate Actions – Mergers, Acquisitions & Reorganization Services, Corporate Governance & Advisory Services and Employee Stock Plan Services.

3. Data Collection – Online Data Collection Supported with Telephone and Email Recruitment
   After a two-week testing period, the researchers made the survey available online at a web portal for respondents to use anonymously. In addition to an email outreach program, Vincent McCabe, Inc., research administrators for the project, called potential respondents by phone inviting them to participate. Invitation lists included executives from diverse industries and users of many different services providers. More than 221 executives completed the survey.

4. Analysis and Reporting – Available to Respondents & Presented at the AST Forum
   The researchers performed various statistical analyses to merge the individual scores into a single, statistically valid score for each type of service included in the study and each statement in the analysis model. Additionally, because respondents only scored providers for which they have a current relationship, results are current and unbiased. The Index has an approximate 95.5% +/- 4% confidence interval. The 2015 EAC Industry Index report will be distributed to respondents to the study. It will also be distributed at the 2015 AST Forum in New York City on October 28, 2015.
Index Sample

- **Total Sample** – 221 Individuals from Diverse Businesses Working With Many Providers.

- **Business Type** – Concentrated on Corporate Issuers with Other Respondents from Diverse Areas.
  While a large majority of the respondents were from corporate issuers, other respondents work at law firms, fund or asset management firms, wealth management firms, mutual funds, stock exchanges and stock plan administrators.

- **Job Titles** – Diverse High Level with Experience with Many Shareholder Services Providers.
  From CEO to Assistant Corporate Secretary, the job titles were primarily executive level titles. All respondents indicated experience and involvement with Shareholder Services.

- **Geographic Scope** – International in Scope.
  16% of the sample is from Canada and other countries. While the majority of the respondents are primarily in the United States, scores were statistically similar. A complete analysis is available for Canadian respondents.

- **Business Demographics** – A Broad Range of Market Caps and Shareholder Bases.
  Respondents represented a range of businesses sized with Market Cap of $300 million and under to those with 10 billion and every size in between. Respondents direct shareholders ranged from under 1,000 direct shareholders to those with over 100,000 direct shareholders and a strong representation of the full range of sizes.

- **Company Base** – Extensive Experience with Wide Range of Services Providers for a True Comprehensive Industry-wide Study.
  The analysis includes projectable scores for all the primary services providers. These individual scores are confidential. Thanks to the statistical analysis to develop the data merging, this study is a balanced industry-wide analysis. Scores sufficient for the individual providers were achieved to allow for the merging of data.
  Additionally, the questionnaire design allowed for the respondents to score only services providers for which they have a working relationship, removing possible non-client bias.

- **Personal and Business Demographics** – Range of Experienced Professionals Concentrated in Peak Career Years.
  The majority of respondents are between the ages of 36 and 55 and have between 6 and 30 years in the business.
Based on the 2014 Industry Study results, the researchers statistically identified the most critical ideas for issuers across the industry. From this data, the information was further compressed to reveal eight ideas or statements, which form the study statistical model and questionnaire foundation for this new 2015 Industry Index.

### Eight-Statement Model – A Basic Overview

<table>
<thead>
<tr>
<th>Data Safety &amp; Security</th>
<th>Basic Performance</th>
<th>Work Interface</th>
<th>Regulatory Environment Response</th>
<th>Shareholder Satisfaction</th>
<th>Institutional Soundness</th>
<th>Response to Trends and Technology</th>
<th>Powerful Voice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attentive to data safety and security while making it as user friendly as possible.</td>
<td>Performs predictably, communicating appropriately while always looking for ways to be more efficient.</td>
<td>Flexible and knowledgeable performance by a Relationship Manager and staff who can be relied on to act quickly on our behalf.</td>
<td>Responds well to the complex regulatory environment and changing rules and procedures enacted by regulatory bodies.</td>
<td>Keeps our shareholders happy and understands the impact shareholder satisfaction has on our reputation and work.</td>
<td>Institutionally sound and can handle work complexity offering services that meet our changing needs.</td>
<td>Understands technology and media trends and is alert to ways to save costs and how trends or technology might impact our reputation.</td>
<td>A good reputation with a powerful voice in the industry.</td>
</tr>
</tbody>
</table>
Results
Based on a possible score of 100, the EAC Industry Index Score for 2015 is: 82.7
The Results – An Overview
## Results

### 2015 EAC Industry Index by Performance by Service Type

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry in Total</td>
<td>82.7</td>
</tr>
<tr>
<td>Transfer Agency Services</td>
<td>81.8</td>
</tr>
<tr>
<td>Proxy Distribution &amp; Tabulation Services</td>
<td>85.9</td>
</tr>
<tr>
<td>Proxy Solicitation &amp; Advisory Services</td>
<td>86.4</td>
</tr>
<tr>
<td>Investor Relations Services</td>
<td>73.4</td>
</tr>
<tr>
<td>Corporate Actions - Mergers, Acquisition &amp; Reorg. Services</td>
<td>85.3</td>
</tr>
<tr>
<td>Corporate Governance &amp; Advisory Services</td>
<td>78.3</td>
</tr>
<tr>
<td>Employee Stock Plan Services</td>
<td>76.3</td>
</tr>
</tbody>
</table>
2015 EAC Industry Index – Performance by Eight Point Model

- **Regulatory Environment Response**: Index: 84.2
- **Institutional Soundness**: Index: 84.1
- **Data Safety & Security**: Index: 83.7
- **Basic Performance**: Index: 83.2
- **Response to Trends and Technology**: Index: 82.7
- **Shareholder Satisfaction**: Index: 81.9
- **Work Interface**: Index: 81.5
- **Powerful Voice**: Index: 81.2
The Results by Service Area
The study respondents were asked to evaluate providers in each of the following major services areas.

Industries Areas Reviewed in the EAC Industry Index

Respondents only scored areas in which they have knowledge and a current working relationship with the providers who offer these services.
Bar chart shows how the specific service area is performing in each of the critical areas identified in the 2014 Industry study.

The lines show how the industry as a whole is performing relative to expectations (Red = Performance, Blue = Expectations/Importance). These lines are the same on all the bar charts in this section.

This score shows the average score for how the specific service area is performing across all the critical areas.

This score shows the average score for how the entire industry is performing across all the critical areas.

How to Read This Section

Bar chart shows how the specific service area is performing in each of the critical areas identified in the 2014 Industry study.

The lines show how the industry as a whole is performing relative to expectations (Red = Performance, Blue = Expectations/Importance). These lines are the same on all the bar charts in this section.

This score shows the average score for how the specific service area is performing across all the critical areas.

This score shows the average score for how the entire industry is performing across all the critical areas.

How to Read This Section
As can be seen by the difference in the importance scores and the performance scores, the Transfer Agency Services section of the industry is doing well in some categories but has some work to do to achieve highest performance in the most important categories.
The Proxy Distribution & Tabulation Services area scores well overall, slightly better than some other services overall. Shareholder satisfaction and Basic Performance are areas that these services providers will need to work on.
Proxy Solicitation & Advisory Services performance scores were lower than importance scores. The largest difference is in the area of Data Safety & Security.
Investor Relations Services were scored lower than average in every performance category indicating a need for improvement overall.
For Corporate Actions Services users, Basic Performance and Shareholder Satisfaction are most important. Unfortunately, the gap between importance and evaluation shows the need for better performance in these areas.
Corporate Governance Services users are less demanding than average. However, improvement is needed in many of the important categories. Data Safety & Security and Shareholder Satisfaction are areas with large shifts between importance and performance.
The Found Results – Employee Stock Plan Services

2015 EAC Industry Index by Performance by Individual Service Type

Employee Stock Plan Services were scored lower than average in every performance category indicating a need for improvement overall.

Employee Stock Plan Services

Index:

76.3

Industry in Total

82.7
Open-Ended Questions and Responses
In the 2015 Industry Index survey, the researchers also provided respondents with a means to provide additional information.

The following question was asked: What do you think are some of the biggest challenges facing shareholder services providers and how they service your business?

Results: The graph below depicts the analysis and results from this open-ended analysis.

Sample Comments:

- “Cybersecurity, including protecting client/shareholder/issuer privacy, investments in technology and on-going training of employees.”
- “Dealing with the rapid change in the registration of ownership of securities as well as the advances (but not very far) in communication alternatives.”
- “Delineating their place in the spectrum and their regulatory responsibilities. Shareholders usually see them as an extension of the Issuer, and depending on their relationship with the issuer can have difficulty working efficiently with the shareholder to assist them.”
- “Dwindling registered shareholders – increasing costs as a result.”
- “Efficiency and responsiveness are key. If they apply these elements in all aspects of their business then they will have satisfactory clients and long lasting relationship.”
- “Getting shareholder attention is the biggest challenge; they ignore physical mail and email.”
- “Guiding issuers and shareholders through overly-complex rules and procedures established by the SEC, stock exchanges and state law. For example, some of our record owners were unable to vote their shares due to intricacies in the way they held their shares (through trusts etc.) and how those records are held.”
Industry Trends – Use of Procurement Departments

• In the 2015 Industry Index survey, the researchers also asked for information and discussion on timely topics.

• The following question was asked: Does your company use a procurement department to review and oversee the purchase of shareholder services providers?

• Results: The majority do not use a Procurement Department. However, many cite a formal review process with other areas of the company involved.

Sample Comments:

• “All external service providers are subject to our internal procurement procedures.”

• “Bid solicitation, evaluation and selection. Works with IT department to conduct risk assessments & analyze risks as it pertains to data security & access of information to subcontractors & other 3rd party suppliers.”

• “Established long relationship exists and no need to reevaluate if service levels are good.”

• “Formal RFP process and ongoing due diligence requirements.”

• “Our legal department plays a large role in the selection of service providers.”

• “Our procurement department is responsible for ensuring that we are receiving the best value for our money.”

• “Procurement manages the contracts but the business owner drives the selection and purchase based on their needs.”

• “Procurement provides a list of service providers. Business managers interviews and decide on which provider to hire. Procurement finalizes the contract with provider.”

• “Procurement use is required but ultimately, we make the decision.”

% Use of Procurement Department

- Yes: 22.28%
- No: 68.32%
- Not Sure: 9.41%
In the 2015 Industry Index survey, the researchers also asked for information and discussion on topics that would help services providers respond as needed.

The following question was asked: If applicable to you, for your annual proxy communications, what percentage of your shareholders receive only electronic communications?

The results show that use of electronic communications varies widely.
In the 2015 Industry Index survey, the researchers also provided respondents with a means to provide additional information as the close of the survey.

The following question was asked: If you would like to add any additional thoughts concerning the industry, the services providers evaluated or any aspect of the EAC Industry Index, please feel free to comment below.

Results: Comments varied widely.

Sample Comments:

• “Our business is changing and I expect my providers to handle requests as quickly as possible and educate the users.”
• “Escheatment issues are also hurting the industry.”
• “I would like to know the average costs of the escheatment process subsequent to a merger (corporate action) as this is much more than our transfer agent’s regular monthly fee.”
• “A year or two ago, I would have advocated for some less archaic way of keeping track of securities, but after all the data breaches, I think we better focus on security.”
• “Relationship managers need to contact their clients at least once a year.”
• “Need to provide technology and processes that are easier for issuers and shareholders to use.”
• “Cyber security must be paramount.”
• “With the consolidation in the industry, there is minimal choices in the T/A arena.”
• “Older shareholders do not use technology as their go to method for communication, so they are frustrated easily when needing to call 800#s and get people who have not authority. Consequently, when a service provider depends heavily on technology to communicate with shareholders, older persons are more likely to fall in to the unclaimed property group.”
For additional information, please contact

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## Appendix

The chart below includes the tabular results of the 2015 EAC Industry Study.

|                          | Total Importance | Total Performance | Trade Agency Services - Performance | Trade Agency Services - Importance | Proxy Distribution & Tabulation Services - Performance | Proxy Distribution & Tabulation Services - Importance | Proxy Solicitation & Advisory Services - Performance | Proxy Solicitation & Advisory Services - Importance | Investor Relations - Performance | Investor Relations - Importance | Corporate Action - Performance | Corporate Action - Importance | Corporate Governance - Performance | Corporate Governance - Importance | Employee Stock Plan Services - Performance | Employee Stock Plan Services - Importance |
|--------------------------|------------------|------------------|--------------------------------------|-----------------------------------|------------------------------------------------------|------------------------------------------------------|--------------------------------------------------|--------------------------------------------------|----------------------------------|----------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Data Safety & Security   | 93.35            | 83.74            | 93.44                                | 85.40                             | 93.55                                                | 88.00                                                | 92.80                                            | 84.90                                            | 91.76                                            | 74.70                                            | 96.00                                            | 93.00                                            | 90.00                                            | 79.10                                            | 94.78                                            | 82.20                                            |
| Basic Performance        | 92.94            | 83.24            | 93.39                                | 81.40                             | 93.27                                                | 85.90                                                | 92.20                                            | 86.60                                            | 87.65                                            | 74.70                                            | 100.00                                           | 87.00                                            | 83.64                                            | 79.10                                            | 94.35                                            | 76.70                                            |
| Work Interface           | 92.26            | 81.46            | 92.72                                | 83.10                             | 93.36                                                | 87.30                                                | 88.60                                            | 88.30                                            | 90.59                                            | 74.70                                            | 96.00                                            | 83.00                                            | 84.55                                            | 77.30                                            | 94.13                                            | 76.90                                            |
| Regulatory Environment Response | 91.22          | 84.20            | 91.67                                | 85.00                             | 92.06                                                | 87.70                                                | 89.80                                            | 88.80                                            | 85.29                                            | 72.90                                            | 93.00                                            | 88.00                                            | 87.27                                            | 78.20                                            | 92.61                                            | 79.00                                            |
| Shareholder Satisfaction | 90.27            | 81.92            | 90.50                                | 79.60                             | 91.87                                                | 83.40                                                | 90.20                                            | 86.10                                            | 86.47                                            | 70.00                                            | 99.00                                            | 84.00                                            | 87.27                                            | 76.40                                            | 90.65                                            | 73.30                                            |
| Institutional Soundness  | 87.10            | 84.11            | 87.44                                | 82.80                             | 88.79                                                | 85.80                                                | 87.40                                            | 87.10                                            | 83.53                                            | 74.10                                            | 88.00                                            | 83.00                                            | 85.45                                            | 78.20                                            | 88.26                                            | 76.70                                            |
| Response to Trends & Technology | 78.78          | 82.73            | 78.44                                | 77.00                             | 78.79                                                | 84.00                                                | 79.20                                            | 85.30                                            | 75.88                                            | 71.20                                            | 76.00                                            | 81.00                                            | 76.36                                            | 77.30                                            | 80.22                                            | 70.20                                            |
| Powerful Voice           | 77.29            | 81.19            | 76.44                                | 80.50                             | 76.92                                                | 85.40                                                | 75.20                                            | 86.40                                            | 72.35                                            | 74.70                                            | 75.00                                            | 83.00                                            | 73.64                                            | 80.90                                            | 76.74                                            | 75.50                                            |
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