

**IN THE MATTER OF AN ARBITRATION  
UNDER THE RULES OF ARBITRATION OF THE  
INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES, THE  
CENTRAL AMERICA – UNITED STATES – DOMINICAN REPUBLIC FREE TRADE  
AGREEMENT AND THE FOREIGN INVESTMENT LAW OF EL SALVADOR**

PAC RIM CAYMAN LLC,	)	
	)	
Claimant,	)	
	)	
v.	)	ICSID Case No. ARB/09/12
	)	
REPUBLIC OF EL SALVADOR,	)	
	)	
Respondent.	)	
	)	

**WITNESS STATEMENT OF CHARLES PASFIELD**

1. My name is Charles Pasfield. I am Vice President of Client Services for Broadridge Investor Communication Solutions, Inc., an affiliate of Broadridge Financial Solutions, Inc. (collectively referred to as “Broadridge”). I work at Broadridge’s facility located in Edgewood, New York, in the United States of America. The headquarters of Broadridge Financial Solutions, Inc. is located in Lake Success, New York.

2. I have worked at Broadridge (which prior to 2007 was the Brokerage Services Group of Automatic Data Processing, Inc. (“ADP”)) since 1992 and have held the position of Vice President of Client Services since 2000. Prior to coming to Broadridge, I was Vice President of Client Services at Independent Election Corporation of America.

3. I have 30 years of professional experience in the securities industry. Over the course of my career, I have managed various client service and operational areas including: corporate

proxy tabulation; client service and operational support for Contest; Consent and American Depositary Receipt processing; global operations; corporate actions processing; and Master Limited partnership reporting.

4. Broadridge is in the business of securities processing, clearing operations support, and investor communication. It was spun off from ADP in 2007. Broadridge's clients include publicly held issuers of securities and financial services companies (such as brokers and banks) that act as intermediaries between issuers of securities and purchasers of securities.

5. In addition to its global headquarters and many other offices in the United States, Broadridge has offices in, among other locations, Canada, the United Kingdom, Australia, the Czech Republic, Germany, India, Japan, Switzerland, and Hong Kong.

6. An important service of Broadridge is to transmit communications from publicly traded companies to the holders of shares in those companies. Through this service, Broadridge helps its issuer clients to fulfill, among other things, their legal obligations under rules of the U.S. Securities and Exchange Commission ("SEC"), as well as various self-regulatory organizations (such as the New York Stock Exchange and the National Association of Securities Dealers).

7. Investors do not generally purchase securities directly from the issuing company. Instead, a typical investor purchases securities (such as equity shares of a publicly traded company) through a brokerage firm or bank, which then acquires the securities on behalf of the investor. A simple example will illustrate the way these relationships generally work. Ms. Smith may hold 100 shares of Pacific Rim Mining Corp. in her brokerage account at a local broker called Jones & Co. In addition to holding Ms. Smith's shares, Jones & Co. may hold

shares of Pacific Rim Mining Corp on behalf of nine other customers, for a total of 1000 shares. These 1000 shares are held by Jones & Co. in an account with Goldman Sachs. Goldman Sachs in turn may hold thousands of Pacific Rim Mining Corp shares on its books on behalf of numerous brokers similar to Jones & Co. Ownership of securities in this fashion is called beneficial ownership. Each intermediary holds on behalf of an entity below it in the chain. The ultimate owner, Ms. Smith, is called the “beneficial owner.”

8. A corporate issuer whose shares are publicly traded generally does not know the identities of the beneficial owners of its shares at any given point in time. However, regulators, such as the SEC, require the issuer to communicate certain information and materials to the beneficial owners of its securities. It would be inefficient for the issuer to send these materials to the banks and brokerage firms, and then have the banks and brokerage firms forward them on down the chain to the beneficial owners. Broadridge eliminates that inefficiency by acting as the direct intermediary between the issuer and the beneficial owners. It performs this service on behalf of its clients, which are the banks and brokerage firms. Thus, Broadridge processes and distributes proxy materials to investors in equity securities and mutual funds. Broadridge also distributes regulatory reports and corporate action/reorganization event information, as well as investor account statements, trade confirmations, tax statements, and prospectuses.

9. Broadridge is one of only three companies in the United States that provide the investor communication service I just described. As a result of its significant role in this industry, Broadridge has a relationship with almost every major bank and brokerage firm in the United States. Indeed, since 1999, Broadridge (first, as part of ADP, and since the 2007 spin-off, on its own) has handled over 90 percent of the investor communications distributions for all

securities held of record by banks and brokers in the United States, distributing nearly one billion shareowner communications annually.

10. The investor communication process works as follows: When a corporate issuer needs to communicate with its beneficial owners, Broadridge requests certain account information from its financial services clients (the banks and brokerage firms), including the name, address, and number of securities held for each beneficial owner. Broadridge then notifies the corporate issuer how many mailings will be needed; the corporate issuer provides the requisite number of mailings to Broadridge; and Broadridge in turn sends the information directly to the beneficial owners at the addresses supplied by its clients.

11. Incidental to the performance of its investor communication function, Broadridge becomes aware of certain information about the profile of the beneficial owners of a company's shares. In particular, the data Broadridge receives enable it to determine the number of beneficial shareholders of a company and their geographic distribution. That information is valuable to issuers for purposes of compliance with applicable regulations (*e.g.*, where obligations are triggered by proportion of shares held by persons outside the country where the issuer is located), determining where to convene shareholder meetings, marketing, and other purposes. Broadridge, acting on behalf of its bank and broker clients, provides geographic summary reports to issuers.

12. Upon request, Broadridge provides geographic summary reports to Pacific Rim Mining Corp. ("Pacific Rim"). Attached to my witness statement are the geographic summary

reports provided to Pacific Rim for the years 2007, 2008, and 2009.<sup>1</sup> For each year, there is one report prepared by Broadridge's Canadian office, and a second report prepared by one of the U.S. offices. The Canadian reports cover shares held by financial institutions in Canada. Most of the addresses of the beneficial owners of those shares are in Canada, and the reports show the breakdown of those addresses by province. A small number of the beneficial owners of shares held by financial institutions in Canada are persons with addresses in the United States or third countries. That information also is reflected in the Canadian reports.

13. The U.S. reports have a somewhat different format. They cover shares held by financial institutions in the United States. They provide a breakdown by U.S. state of the addresses of beneficial owners.<sup>2</sup> They also contain a line for shareholders outside the United States.

14. As you can see from Pacific Rim's 2007 U.S. geographic summary report, there were 68,065,238 shares held by 9,322 beneficial owners with U.S. addresses of record. There were also 4,903,699 shares held by 266 beneficial owners with addresses of record outside the United States.<sup>3</sup> The 2007 Canadian geographic summary report shows that there were an additional

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<sup>1</sup> Broadridge, Canada Geographic Analysis Report, Pacific Rim Mining Corp. (3 July 2007) (C-80); Broadridge, U.S. Geographic Analysis Report, Pacific Rim Mining Corp. (7 July 2007) (C-83); Broadridge, Canada Geographic Analysis Report, Pacific Rim Mining Corp. (14 July 2008) (C-81); Broadridge, U.S. Geographic Analysis Report, Pacific Rim Mining Corp. (14 July 2008) (C-84); Broadridge, Canada Geographic Analysis Report, Pacific Rim Mining Corp. (22 July 2009) (C-82); Broadridge, U.S. Geographic Analysis Report, Pacific Rim Mining Corp. (22 July 2009) (C-85).

<sup>2</sup> The U.S. reports also reflect numbers of shareholders in U.S. territories, as well as number of shareholders in the U.S. armed forces with special armed forces postal addresses.

<sup>3</sup> Broadridge, U.S. Geographic Analysis Report, Pacific Rim Mining Corp. (7 July 2007), at 2 (C-83).

3,007,534 shares held by 34 beneficial owners with U.S. addresses of record. Taken together, the reports show that in 2007 there were 9,356 beneficial owners of Pacific Rim's shares with addresses in the United States, and these owners held a total of 71,072,772 shares. The Canadian report also shows that in 2007 there were 1,913 beneficial owners with addresses of record in Canada, and those persons held a total of 11,162,837 shares. An additional 70 beneficial owners had addresses outside the United States and Canada, and they held a total of 20,043,514 shares.<sup>4</sup> Thus, according to the geographic reports for 2007, beneficial owners with addresses in the United States held 66.31 percent of Pacific Rim's shares in 2007.<sup>5</sup>

15. Pacific Rim's 2008 U.S. geographic summary report shows that there were 66,897,542 shares held by 7,891 beneficial owners with U.S. addresses of record. There were also 3,624,059 shares held by 212 beneficial owners with addresses of record outside the United States.<sup>6</sup> The 2008 Canadian geographic summary report shows that there were an additional 3,718,353 shares held by 30 beneficial owners with U.S. addresses of record. Taken together, the reports show that in 2008 there were 7,921 beneficial owners of Pacific Rim's shares with addresses in the United States, and these owners held a total of 70,615,895 shares. The

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<sup>4</sup> Broadridge, Canada Geographic Analysis Report, Pacific Rim Mining Corp. (3 July 2007), at 1 (C-80).

<sup>5</sup> Because the geographic summary reports do not include data from financial intermediaries that are not customers of Broadridge, there may be a small percentage of Pacific Rim shares unaccounted for in the geographic summary reports. As noted previously, Broadridge represents a significant number of the financial intermediaries in the United States, and this amount would be nominal in comparison to the total amount of outstanding Pacific Rim shares. I understand from Barbara Henderson, Pacific Rim's Vice President for Investor Relations and Corporate Secretary, that in any given year the number of shares not accounted for by the Broadridge geographic summary reports ranges from three million to ten million shares.

<sup>6</sup> Broadridge, U.S. Geographic Analysis Report, Pacific Rim Mining Corp. (14 July 2008), at 2 (C-84).

Canadian report also shows that in 2008 there were 1,486 beneficial owners with addresses of record in Canada, and those persons held a total of 11,331,214 shares. An additional 64 beneficial owners had addresses outside the United States and Canada, and they held a total of 26,645,943 shares.<sup>7</sup> Thus, according to the geographic reports for 2008, U.S. beneficial owners held 62.93 percent of Pacific Rim's shares in 2008.

16. Pacific Rim's 2009 U.S. geographic summary report shows that there were 67,233,133 shares held by 8,099 beneficial owners with U.S. addresses of record. There were also 2,332,594 shares held by 227 beneficial owners with addresses of record outside the United States.<sup>8</sup> The 2009 Canadian geographic summary report shows that there were an additional 1,366,589 shares held by 32 beneficial owners with U.S. addresses of record. Taken together, the reports show that in 2009 there were 8,131 beneficial owners of Pacific Rim's shares with addresses in the United States, and these owners held a total of 68,599,722 shares. The Canadian report also shows that in 2009 there were 2,460 beneficial owners with addresses of record in Canada, and those persons held a total of 30,273,961 shares. An additional 86 beneficial owners had addresses outside the United States and Canada, and they held a total of 8,639,042 shares.<sup>9</sup> Thus, according to the geographic reports for 2009, U.S. beneficial owners held 62.45 percent of Pacific Rim's shares in 2009.

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<sup>7</sup> Broadridge, Canada Geographic Analysis Report, Pacific Rim Mining Corp. (14 July 2008), at 1 (C-81).

<sup>8</sup> Broadridge, U.S. Geographic Analysis Report, Pacific Rim Mining Corp. (22 July 2009), at 2 (C-85).

<sup>9</sup> Broadridge, Canada Geographic Analysis Report, Pacific Rim Mining Corp. (22 July 2009), at 1 (C-82).

Being in full agreement with the statements contained in this document, I hereby sign it and acknowledge its contents on this 2nd day of March 2011.

\_\_\_\_\_/s/\_\_\_\_\_  
Charles Pasfield