

Service Excellence

ANTICIPATING AND EXCEEDING YOUR NEEDS



Your Business Without Limits™

Pershing®

AN AFFILIATE OF THE BANK OF NEW YORK MELLON





Service Excellence

At Pershing, service is everything. All day, every day, we are in the business of anticipating, and exceeding your needs. This is why service excellence means so much to us.

Our service is about quality and reliability—defining expectations and measuring how we deliver them. Your business deserves nothing less.

A Dedicated Service Model

Pershing's commitment to service excellence starts with a powerful service model, bringing you expert guidance and highly trained specialists.

Your firm stands at the center of our model, and a leadership team is assigned to help you manage and grow your business. Each leadership team consists of a Relationship Manager, an Account Manager, and a Customer Service Team. In addition, we offer representation and expertise from many business areas and levels of management across the firm, including technology, trading, conversions, compliance, marketing, product, and operations.

And in the nearly 70 years of Pershing's existence, we've refined the art of supporting financial organizations and independent investment advisors as they go about growing *their* businesses. Optical fiber allows data to move faster; rules engines drive straight-through processing of customer requests; and dual power feeds and state-of-the-art database replication technologies support disaster-recovery efforts.

Service Expectations

The cornerstone of Pershing's service quality and commitment are our *Customer Care Principles*. We recognize that service excellence is the differentiating factor that can separate an average experience from an exceptional one. Every associate plays a role in advocating quality, employing its principles, and putting those beliefs into action. Our Customer Care Principles guide

each associate to help them fulfill their personal responsibility to deliver service excellence. If that's not the experience you have, we need to hear about it.

When you share your feedback with us, you shouldn't have to tell your story more than once. To that end, we undertake extensive associate training—reinforced with one-on-one coaching—that encourages people in our support areas to be experts in problem resolution.

Pershing's Customer Care Principles

- > We anticipate our customers' needs and provide personalized, reliable service.
- > We take pride in our work and strive to continually enhance our customers' experience.
- > We treat our customers with dignity and respect and demonstrate a high regard for their diverse points of view.
- > We take ownership for customer satisfaction and honor our commitments.
- > We work as a team and with a collaborative spirit across the firm to deliver service excellence in all that we do.

“Our Customer Care Principles are the backbone and spirit of Pershing's customer-focused culture. They reinforce our customer-oriented philosophy and attitude, they establish that we all have a personal responsibility to deliver service excellence, and they reinforce our commitment to providing quality service to our customers and each other.”

—Brian Shea, President and Chief Operating Officer

“We are resetting the standards of how we interact with our customers. We call it *repersonalization*. The lesson for all Pershing associates is this: The ultimate goal is to deliver a successful transaction the first time, and make your experience working with Pershing a satisfying one.”

—Lucille Mayer, Managing Director and Chief Quality Officer

Our internal recognition programs underscore the importance of focus on the customer, and meeting or exceeding performance goals. If you have a particularly positive experience with a Pershing associate, we hope you’ll take the time to let us know about that, too.

Pershing’s Quality Management Process

As a key element of the Pershing philosophy, personal service is our first priority. You define our success. It’s your needs and your satisfaction that we continually try to exceed. We are always looking for ways to improve our interactions and our communications with you at every touch point. At Pershing, service excellence is a journey, not a destination.

We are driven by a spirit of partnership. To further that spirit in the actions of our associates, we have dedicated ourselves to a four-pronged approach:

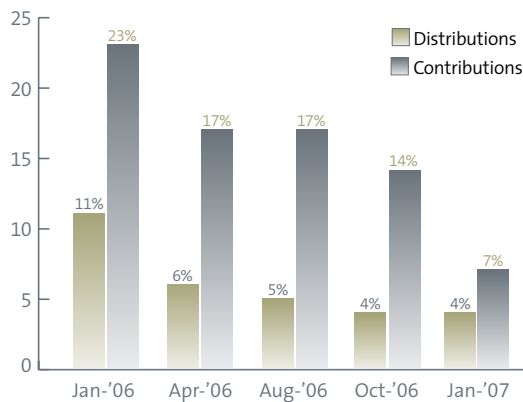
- › Listening closely to you
- › Improving processes for ease, speed, and accuracy
- › Instituting associate training in delivering personalized service
- › Measuring the results

Voice of the Customer

Your ideas, your challenges, your compliments, your feedback. We need to hear from you. So we have a number of ways to elicit and gather your thoughts, both formally and informally.

- › **Service Teams**, including customer service, account management, and relationship management make regular visits to your offices, presenting a forum for discussions about issues and goals specific to your firm.
- › **Pershing-Hosted Events**, including INSITE™, our Customer Conference, the Professional Seminar Program, and quarterly conference calls, webcasts, and forums. They provide opportunities for valuable dialogue between your management and ours.
- › **Ongoing paper-based and online surveys** provide insight into what you are thinking, and have proven to be an invaluable guide to continuous process improvement throughout our firm.
- › **A centralized tracking system** pulls together the feedback of our contact with your firm—from formal events, to calls and visits to your site—to make sure *your* priorities remain *our* priorities.

**Rejects decreased by
64% for distributions and
70% for contributions**



On an average month, Pershing's Retirement Plans group processes over 50,000 customer requests. In January 2006 we realized that 11% of Distribution Requests and 23% of Contribution Requests were rejected, causing excess delays for the account holders. Using Six-Sigma tools, several improvements were implemented to get the transaction right the first time resulting in dramatic reductions in reject rates.

- > Procedural changes to streamline the imaging and document routing process
- > Targeted training sessions and online/ telephone messages were delivered to help educate users
- > Updated Retirement forms to provide better guidance for the account holders and investment professionals

Continuous Process Improvement

The best processes are streamlined and intuitive, transparent and trackable, accountable and reliable, and engineered for straight-through execution. Our goal is to ensure that we perform every process with a minimum number of steps and people involved. Each touch point must add value.

We utilize Six-Sigma techniques to find and eliminate the root causes of performance issues for a wide array of business processes, such as reducing “not in good order” rates and the number of necessary incoming calls to our Help Desk by giving you better information up front. For larger business processes, we employ a radical process reengineering technique. Federal fund wires, trade changes, and account transfers are just a few examples of the processes that you can manage online as a result of our ongoing reengineering strategy. The flexible, rules-based design lets *you* decide who can initiate transactions, who sets limits for each account, and who approves the transactions. These controls will help you add efficiency within your own operations.

Our research tells us that 5–8% of the requests we receive appear as exceptions. So our job is to make those exceptions flow through the process as smoothly as a standard request.

Numbers Also Tell the Story

We are acutely aware of the need to measure progress. To gauge the effectiveness of our training programs, we have partnered with a leading management consulting firm that focuses on financial industry service standards. On an ongoing basis, these consultants, as well as Pershing managers, monitor each associate's service interactions for the accuracy of their responses, as well as the professionalism and courtesy they display.

Through our consultants and our managers, we review more than 15,000 calls per year between our customers and our associates—across an array of service quality issues—to determine the percentage of associates meeting our expectations for service and knowledge, and to inform future training opportunities.

In addition, associates are assigned and measured on service-related goals and performance objectives each year by their managers. We reward and recognize associates who are doing a great job and exceeding expectations. And we employ several recognition programs that recognize teams or individuals for excellent service throughout the year.

Measuring How Well We Support You

The most tangible evidence of our drive to service excellence is our *Quality Scorecard*. From a universe that encompasses hundreds of operational transaction types and 25 broad-based business applications, we produce this monthly report for you, available through NetExchange Pro®, which highlights—quantitatively—volumes and service targets for a variety of areas, including system availability, operational processing, and customer service. We also customize the Quality Scorecard to your transactions and report on qualitative measures, such as the monthly “professionalism” score of our associates.

The Quality Scorecard includes the following key performance indicators:

> Transaction Processing

In providing measurements on speed and accuracy, we've set target processing times and service levels for more than 400 transaction types. We review these aggressive targets quarterly to ensure continuous improvement. If we have not met a target, we follow up with the appropriate Pershing managers to determine the cause of that failure and correct it. We also monitor and communicate the percentage of transactions that had to be reprocessed due to dissatisfaction on your part. Your Quality Scorecard will give you a variety of scores for transaction processing, as well as the benchmarks for your firm against your market segment and other Pershing customers.

> Technology

We identify how successful we've been in making certain systems available during our committed service availability.

> Average Speed to Answer

We report the average telephone queue time for our customer service teams.

In addition to these key performance indicators, your Quality Scorecard includes data that can often help you identify opportunities for improving your own processes. For instance, we report on how many transaction requests presented to Pershing were incomplete or inaccurate, and the reasons they were rejected. This can be used to determine if the root cause of a performance issue lies with the home office or your investment professionals.

Our commitment to customer satisfaction means sharing tools and information as partners, making each investor experience a positive one.

Excellent Service Means Reliable Service

We guarantee to be there for you. From your Service Team and conversion support through our 24/7 Help Desk to extensive disaster-recovery facilities, we offer a complete range of services that keep your business doing business.

A Warm Welcome

The term conversion is synonymous with change and we go to great lengths to make joining Pershing a seamless process.

Throughout the transition process, you will have a dedicated, full-time Conversion Account Manager and a Conversion Specialist to manage the details regarding your conversion. Our primary goal is to ensure there are no surprises and deliver a positive experience to your firm, investment professionals, and investors. Rest assured that our conversion process is much more than simply moving accounts and assets—it's a formal process that leverages the entire firm from the start, and through training and onsite support. Equally important to your conversion onto the Pershing platform is your transition to a long-standing and valued relationship with our firm. Your firm will have a dedicated, regional Relationship Manager, as well as an Account Manager, who is responsible for the day-to-day management of your firm, and an entire Service Team responsible for your firm's ongoing support and growth.

When the Unexpected Happens

At Pershing, contingency planning is all about delivering continuous, reliable service to our customers while maintaining strict regulatory compliance. Our Operational Risk and Control group maintains a state of perpetual readiness to respond to events with the potential to impact our ability to deliver continuous, quality services.

To that end, we've designed a four-fold approach that we believe is one of the most extensive in our industry.

- › Our Incident Management Team has established *a complete event management structure and robust process* that activates in any business continuity or disaster-recovery event. Team members and their alternates understand the implications—internal and external—of individual business unit issues to the overall operation.

“We recognize that we are a critical service provider for our customers and take our responsibility to provide continuous services to our customers seriously.”

—Jane Longendyck,
Managing Director, Operational Risk and Control

- › *Redundant, geographically dispersed data centers and processing centers* provide resiliency in the event of regional incidents. Processing centers in California, Florida, and New Jersey, as well as duplicate data centers in New Jersey and Tennessee, mean that even if one site is inoperative, the remaining sites will continue to function, with little or no impact to our customers.
- › Many disasters are triggered by a loss of power. So we start with dual power feeds, state-of-the-art hardened data centers, and 24/7 security. We then add redundant systems for power, water, air-conditioning, telecommunications, and backup generators.
- › Finally, we provide *regulatory compliance* through rigorous planning and periodic exercises with industry organizations and with critical vendor service providers. And we encourage our customers to participate in these exercises.

Business Continuity: We've Got You Covered

At Pershing, we define Business Continuity as the orderly return to normal business operations after an unplanned business interruption.

Critical processing is performed in three geographically dispersed facilities. We maintain processing facilities in the Northeast, Southeast, and West Coast. If an incident impacts one facility, processing will continue in one of the other facilities. We also maintain alternate processing and trading facilities in the Northeast in the event our primary facility is affected by an incident that requires an evacuation. Together, these facilities accommodate the relocation of approximately 1,000 trading, processing, and technology associates. We outfit each operations desktop or trading position at these locations with all hardware, software, and telecommunications equipment needed for business as usual. The voice service providers re-route all telephone calls and faxes to our alternate facilities. Twice a year we test this capability, along with each workstation in the alternate facility.





The Best Disaster Is One You Don't Have

Our approach to avoiding business interruption is founded on a strong infrastructure, which includes hosting production and recovery systems within geographically dispersed data centers. Our data centers are state-of-the-art facilities that provide a wide array of capabilities, such as power grids, dual power feeds from redundant substations, backup generators, and secure facility access.

In the event that a data center is lost, the focus of Disaster Recovery is to re-establish our data processing infrastructure—technology platforms, applications, network, and systems access. System and application backup and restoration are supported via various leading-edge replication processes based on the underlying technology

utilized in production. As a result, our systems can be restarted and operational in less than four hours, with less than five minutes of data loss.

Linking our customers to their data is equally important, so we build internal redundancy into our network design, as well. Both of our geographically dispersed data centers are designed to support the network in the event of a disaster at either location.

Pershing's Disaster Recovery plans, as well as our testing program, fully comply with NYSE® Rule 446 and NASD® Rules 3510 and 3520. The focus of testing is to re-create the flow of information between the recovery systems and the end users as seamlessly as possible.

The Pershing Advantage

Pershing works behind the scenes to support you with proactive, exceptional service by providing knowledgeable specialists who understand your business. Count on our service excellence to help you grow your business.

From our dedicated service model to our quality management process and business continuity and disaster-recovery efforts—you have the Pershing advantage.

Your Business Without Limits™

This is a partnership focused on *your* success. To learn more, call us at (866) 269-8293 or visit us online at pershing.com.

About Us

Pershing LLC is a leading global provider of financial business solutions to more than 1,150 institutional and retail financial organizations and independent registered investment advisors who collectively represent over five million active investors. Financial organizations, investment professionals and independent registered investment advisors depend on Pershing's depth of experience and consultative approach to provide them with forward-thinking solutions that help them to grow their businesses. Located in 19 offices worldwide, Pershing is committed to service excellence and to providing dependable operational support, robust trading services, flexible technology, an expansive array of investment solutions and practice management support. Pershing (member FINRA/NYSE/SIPC) is a member of every major U.S. securities exchange and its international affiliates are members of the Deutsche Borse, the Irish Stock Exchange and the London Stock Exchange. Pershing LLC is a subsidiary of The Bank of New York Mellon Corporation. Additional information is available at pershing.com.

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