

Treasury Services Update



THE BANK OF NEW YORK MELLON

A newsletter for treasury service professionals.



Second Quarter 2009

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Setting a New Standard for Outperformance

Bank Recognized for Strength and Stability in Tumultuous Times

By Eric Kamback, CEO, The Bank of New York Mellon Treasury Services
Chief Executive Officer

These days, you can't escape the barrage of dire news about the uncertain state of the economy and, frequently, about the unclear future of the U.S. banking industry. So, it is with great pleasure that I am going to break that cycle by sharing some good news about what's happening at The Bank of New York Mellon and within our Treasury Services area. If you are already our client, I think you'll be very pleased by this update. If you have yet to work with us, I encourage you to read on as well to learn how our proven strength and stability is helping us thrive in these tumultuous and unpredictable times.

First, as you may know, the results of the U.S. bank stress test were announced recently. It was a rigorous exercise as banks were challenged to realistically forecast their performance in the face of worst case scenarios that centered on assessing capital ratios and the value of so-called toxic assets. When the results were in, The Bank of New York Mellon not only fared well, we achieved some of the best results in our industry. The process has led us to estimate that our current healthy capital ratios would strengthen even under the adverse conditions applied in the test. And that's great news for our bank and our clients as well.

Our strong stress test results not only highlighted our very favorable position relative to our peers, they were also among the factors that led to The Bank of New York Mellon Corporation's inclusion on the short list of major banks permitted to repurchase the preferred stock purchased by the U.S. government last October as part of the Troubled Asset Relief Program (TARP). This positive outcome is a great reflection of our financial strength and industry leadership and a strong indication of our ability to forge ahead with a renewed commitment to outperforming for our clients around the world.

In the Treasury Services division, we're doing just that. As we near the conclusion of our merger and integration process, we're looking forward to applying our synthesized portfolio of solutions to your changing treasury needs and to renewing our focus on

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Eric Kamback Listed Among TREASURY & RISK Magazine's 100 Most Influential People in Finance

The Bank of New York Mellon Treasury Services' CEO Included in Annual Lists' Bankers Category

Eric Kamback, The Bank of New York Mellon Treasury Services' chief executive officer, has been named one of the 100 Most Influential People in Finance, according to TREASURY & RISK magazine's annual list. Available in the magazine's June issue, the listing noted Mr. Kamback for his leadership on key product and market initiatives that have helped shape the Bank's successful approach to global markets and business opportunities worldwide. His leadership is highlighted for driving substantial client expansion in Europe, Asia, the Middle East and the Americas.

Setting a New Standard for Outperformance

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innovation so that we can continue to keep pace with your evolving needs. Later in this newsletter, you can read about some recent enhancements we've made to our lockbox services; our ever-expanding range of image solutions; our efforts to help you prepare for introduction of NACHA's new IAT (international ACH transaction) Code; and the bank's new Liquidity Direct investment portal, which offers you access to more than 30 money fund complexes across 200 U.S. and international money funds. All of these solutions were developed with an eye toward helping you further streamline and control your financial processes and stay ahead of continually evolving industry requirements. There will be more to come as we prepare for upcoming initiatives, such as the rollout

of our new electronic banking platform, which combines the best features of our legacy bank systems.

As we look ahead to these and other efforts, the Treasury Services senior management team recently collaborated to summarize our common vision to serve you in this brief statement, which captures our collective goal:

To deliver the best value in the Global Treasury services industry through forward-thinking solutions founded on consultative guidance, operational excellence and exceptional service.

In a nutshell, that's what we intend to do for you.

It is particularly fitting that all of this good news coincides with the June

2009 commemoration of our company's 225th anniversary. Since our inception, we've endured more financial storms than any U.S. institution. In the midst of today's global financial crisis, we remain highly liquid and have demonstrated our ability to rise above market fluctuations to provide our clients with the tools and capabilities they need to manage and secure their investments and effectively weather the storms ahead.

We're looking forward to our next 225 years of service!

Eric Kamback

SPOTLIGHT ON SERVICES

Consolidate Remittances via E-mail to Streamline Posting/ Reduce Costs

Expanded Payment and Remittance Reassociation Solution Available

The Bank of New York Mellon has expanded its RemEDI® Reassociation service, which matches electronic payments (via automated clearing house [ACH] or Wire transactions) with associated — but separately delivered — inbound electronic remittances from trading partners.

The service, previously limited to accepting and matching payment detail via electronic file formats that included EDI (electronic data interchange), proprietary and XML, now enables the matching of electronic payments with

“paper” remittances that are delivered to The Bank of New York Mellon via e-mail or fax.

The Bank of New York Mellon’s **RemEDI E-mail Remittance Reassociation** enhancement allows organizations that receive payments via ACH/CCD/CCD+ (business), ACH/PPD/PPD+ (consumer) or Wire, to have the corresponding remittance documents sent to a Bank of New York Mellon Lockbox e-mail address. The remittance documents can be sent directly from the client or the client’s payer in the body of an e-mail, as an

attachment to an e-mail, or as a fax sent to a Bank of New York Mellon Lockbox e-mail address.

The remittance documents are then printed, imaged and batched according to The Bank of New York Mellon clients’ lockbox instructions. Data from each remittance document is captured via our advanced Intelligent Character Recognition (ICR) technology or keyed data entry and sent through the RemEDI Reassociation process to be matched against the related ACH or Wire payment. The reassociated (or matched)

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Consolidating Electronic Payments — Meeting Industry Needs

The Bank of New York Mellon’s RemEDI E-mail Remittance Reassociation Service Offers Timely Benefits

Solutions that enable receivables systems to accommodate electronic transactions are paramount in today’s rapidly evolving payments environment. And services such as The Bank of New York Mellon’s **RemEDI E-mail Remittance Reassociation** capability are in sync with those needs.

According to the 2007 AFP Electronic Payments Survey*, for example, of 59 percent of respondents that are currently using electronic payments to reduce costs, 41 percent see improved cash forecasting and working capital, with 28 percent experiencing a reduction in DSO (days sales outstanding).

And while many treasury departments are embracing the new world of imaged payments, finding ways to incorporate electronic processes with clients’ traditional payment methods has its unique challenges. The barriers, according to 77 percent of survey respondents, include limited trading partner ability to send or receive automated remittance information with electronic payments, and a shortage of IT resources to implement such services (according to 76 percent of respondents).

With The Bank of New York Mellon’s RemEDI E-mail Remittance Reassociation solution, organizations can receive the benefits of electronic processing (via e-mailing paper remittance data that are imaged and

matched as electronic transactions) despite trading partners’ inability to issue electronic payments with remittance detail. And the service requires minimal (and often no) systems development, as it uses clients’ existing file formats.

For organizations that have integrated electronic payment systems with accounting systems — a process that our RemEDI E-mail Reassociation service enables as well — 87 percent of those survey respondents mentioned increased posting and reconciliation process efficiencies, with 76 percent experiencing cost savings from staff reductions.

*October 2007; Underwritten by Electronic Payments Network (EPN).

The True Cost of Paper Remittances

If your organization has never considered the costs involved with processing paper remittances, the figures may surprise you.

Based on average industry processing costs*, monthly resources dedicated to researching and manually updating your organization's accounts receivable for 1,000 invoices **can cost your organization approximately \$6,000 per month.**

The True Savings of Electronic Processing

With The Bank of New York Mellon's RemEDI E-mail Remittance Reassociation service, **processing 1,000 invoices electronically can save an organization approximately \$5,000, per month — an 83 percent savings** over what your organization may be paying for manual processing today.

*Calculations based on national accounts receivable clerk salary, benefits and paper invoice processing averages.

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file, as well as an un-matched transaction file, will then be sent to the client for processing in their accounts receivable (AR) system.

In addition to saving clients the resources spent on manually matching payments to paper remittance data (including staffing and processing costs), our RemEDI E-mail Remittance Reassociation solution offers:

- ▶ **Strengthened cash forecasting** via earlier remittance advice transmissions alerting your customers to payment and/or remittance receipt, and fast requests for investigations of unmatched transactions.
- ▶ **Decreased costs** through the ability to post payments faster by moving your customers from paper to electronic payments and reducing unnecessary rebilling.
- ▶ **Enhanced receivables posting accuracy** via straight-through (automatic) posting that improves AR accuracy and speed and replaces paper with more efficient, cost-effective electronic operations. The increased posting accuracy also reduces DSO (days sales outstanding) for faster receivables collection.
- ▶ **Increased staff productivity** through reduced manual processing that permits shifting resources to more critical AR functions.
- ▶ **Improved customer service** via more accurate billing (that reduces collection calls, accelerates order processing and reduces exception processing) and reduced time spent on inquiries, research and customer follow-up calls.

The service enhancement provides a streamlined process with minimal impacts to clients' or their customers' remittance submission processes. By easily routing remittance documents to a Bank of New York Mellon e-mail address, Lockbox clients can also receive all AR data in a single transmission via existing file formats.

To learn more about how The Bank of New York Mellon's RemEDI E-mail Remittance Reassociation service can work with you to help elevate your receivables process to its full capacity, contact us at 1 800 424 3004 (Option 2) or at treasury@bnymellon.com.



Successful Integration Strategies

Combining Platforms for Best-in-class Treasury Products

By Lee Anne Simpson, The Bank of New York Mellon Treasury Services Integration Head

From the beginning of our efforts in early 2008 to coordinate the integration of The Bank of New York Mellon Treasury Services products from two separate, large institutions, our goal has been clear. We realized that the key to successfully migrating the best product platforms each legacy organization offered was to evaluate each system in terms of capability, scale and technical flexibility for long-term growth.

This development strategy involved an in-depth, up-front audit of existing products and services from both organizations and the numerous integration challenges that each presented from a technical standpoint. Although challenging in its complexity and scope, this approach allowed us to lay the necessary groundwork for ensuring that the best solutions are offered to our clients — an expanded suite of best-in-class treasury products.

INTEGRATION 101

Once The Bank of New York Mellon Treasury Services' product and operational experts worked through this selection process, our technical and operational support staff began working in teams to support the necessary systems development for each new platform.

Preparing for the finalized product systems has included the following efforts, each developed to help ensure minimal client impact during the implementation phase:

- ▶ creating processes to identify and handle duplicate accounts;
- ▶ continuing to service clients on existing systems during conversions to new platforms for the same product;
- ▶ helping to ensure clients receive optimal servicing based on the

unique needs of each account on each new system; and

- ▶ shifting resources, both technical and staff related, across areas and locations, as needed, to support each new platform's capacity.

This training and support process, completed in October 2008, provided our staff with key opportunities to learn all aspects of the new product platforms, and helped lay the groundwork for smooth conversions throughout the coming year.

WHERE WE ARE TODAY

We are currently engaged in the next phase of this extensive integration process — preparing clients to move to the final product platform(s). For select applications, we have been able to customize the migrations according to individual clients. At this point, 20 percent of Bank of New York Mellon Lockbox clients affected have been migrated, and we continue to partner with the remaining clients to schedule their migrations. Integration to The Bank of New York Mellon RemEDI platform has also occurred for clients on an individual basis. This included helping to ensure that impacted clients activate secure transmission methods.

Migration has begun for The Bank of New York Mellon Automated Clearing House origination clients as well, and we have already successfully converted our tax payment clients and several other direct originators. Additionally, we are in the process of completing our detailed design and construction for

the end-state demand deposit and billing systems.

KEEPING THE CLIENT PULSE

As with all of our integration events, we notify clients well in advance of any conversion dates affecting them. We work closely with our Client Advocacy Office (CAO) to identify any changes that may impact processing, including any potential changes to BAI transmissions.

To maintain our goal of integration excellence, client feedback remains a top priority. After each migration, the implementation teams work with the CAO to survey our clients on their satisfaction with each integration event. Most notably, 100 percent of clients responding to our CAO Post Event Conversion Survey indicated they were satisfied or very satisfied with their Bank of New York Mellon RemEDI® and Lockbox integration experiences — a major milestone.

Our teams continue to work diligently toward successful client product migrations, with the goal of offering a seamlessly integrated suite of treasury services to all clients by mid-2010.

For the most updated schedule of The Bank of New York Mellon Treasury Services integration events that may impact your organization, please refer to our Client Advocacy Web site. Contact your Bank of New York Mellon Treasury Services Relationship or Client Support Officer to obtain the password and Web address (URL) for access to this site.

Focusing On Client Satisfaction

100 percent of clients responding to our Client Advocacy Office Post Event Conversion Survey indicated they were satisfied or very satisfied with their Bank of New York Mellon RemEDI and Lockbox integration experiences.

Help is Available for New NACHA Code Compliance

Preparations Necessary for ACH Originators by September 18, 2009

As the September 18, 2009 deadline approaches for the latest NACHA (The Electronic Payments Association) rule change that may impact automated clearing house (ACH) originators, help for The Bank of New York Mellon Treasury Services clients in assessing the necessary changes they may have to make is available. The new rule requires that all international payments made through the ACH network are to be identified, as of the deadline, via a new Standard Entry Class (SEC) Code known as IAT (International ACH Transaction).

The new standard will require key changes that will affect how certain transactions must be issued and named, as well as the reclassification of some transactions that are currently treated as domestic. The ruling is designed to help Depository Financial Institutions (DFIs) more easily comply with U.S. law to identify any ACH entry that is part of a payment transaction involving a financial agency's office not located within the U.S. Currently, many payments falling into this category cannot be identified correctly by Receiving Depository Financial Institutions (RDFIs), and become incorrectly classified as domestic transactions.

WHY SHOULD ACH PARTICIPANTS UNDERSTAND IAT?

ACH receiver and originator organizations that are not in compliance with the new regulation as of the deadline are subject to OFAC (Office of Foreign Assets Control) sanctions and NACHA fines that carry severe penalties. And, once the IAT SEC rule goes into effect, non-complying organizations may experience delays in the processing of their ACH transactions, as OFAC will require financial institutions to screen both inbound and outbound

ACH IAT entries if an entry requires further scrutiny.

DETERMINING YOUR RESPONSIBILITIES

The Bank of New York Mellon ACH service clients need to understand the nuances of this rule for proper identification of what will be considered international ACH transactions. To do this, performing internal assessments is a crucial first step. Audits for ACH originators may include examining file and funding practices to see if non-U.S. financial institutions are part of an organization's payables flow, as well as examining receiver addresses for beneficiaries or suppliers that require the forwarding of cross-border transactions.

To assist in this review, NACHA offers extensive resources to help ACH originators decipher compliance issues and how their organization may be impacted by the new standard. These tools, which include definitions, step-by-step instructions and training sessions, are available via NACHA's Web site at www.nacha.org/IAT_Industry_Information/. The in-depth, online toolkit offers guidance for organizations to understand details of compliance, including:

- ▶ classifying and defining international ACH transactions;
- ▶ complying with OFAC participant requirements; and
- ▶ determining and structuring payment transaction formats that comply with U.S. law.

TREASURY SOLUTIONS TO HELP

The Bank of New York Mellon Treasury Services offers various ACH services to help originators handle payment transactions — both domestically

and internationally — as well as those reclassified under the new IAT SEC Code standards.

Our ACH Origination services have been enhanced to support both inbound and outbound payment transaction files in a variety of processing input methods, including NACHA, SWIFT (Society for Worldwide Interbank Financial Telecommunication) and EDI formatted files. Our online information reporting and transaction initiation service includes ACH origination features that are ideal for either one-time payments or lower-volume batch payments, with security features that allow the client to limit access for input, initiation and release of ACH payments.

The Bank of New York Mellon ACH Origination services offer a host of additional capabilities to help you originate and receive payments that comply with IAT Codes and meet industry standards.

Our ACH service is consistently rated a leader in the industry. In a recent Phoenix-Hecht® Quality Index™, senior financial executives gave The Bank of New York Mellon an A+ for speed of error correction and accuracy of processing and reporting, and an A for overall features and capabilities. And, 97 percent of customers responding to our 2008 Customer Satisfaction Survey* said they were satisfied or very satisfied with the service.

For more information on the impacts of the new NACHA SEC IAT Code rule change to your organization, please visit www.nacha.org/IAT_industry_information/.

*Warabak Research.



The Bank of New York Mellon Provides Returned Check Images

Industry Trend Eliminates Paper for Processing Efficiencies/Cost Reductions

Due to the treasury industry's widespread adoption of processes authorized by The Check Clearing for the 21st Century Act (Check 21), which allows the recipient of a paper check to create a digital version of the document (thus eliminating the need for further handling of the physical document), the check processing industry has undergone a sea change.

Since the law took effect in 2004, the industry has seen the majority of check clearing volume shift from paper checks to check images. In response to this transformation, The Bank of New York Mellon offers a variety of convenient image solutions for clients to access reliable check payment information for review and research purposes, according to an organization's individual business requirements. The options include the following:

- ▶ **Image Archive** — The Bank of New York Mellon's Image Archive service enables you to obtain images of paid checks directly from our Internet-based information reporting and transaction initiation service. In addition to offering a choice of archiving periods that range from one month to seven years, the Web-based service decreases check retrieval time to an average of less than six seconds, while eliminating check storage costs and improving in-house efficiencies and controls.
- ▶ **CD-ROM/DVD** — Within approximately four to five business days after the statement cut-off date, The Bank of New York Mellon will mail you an encrypted* CD-ROM or DVD that contains images of both sides of your checks. Generally, each CD-ROM can hold up to 20,000 images (including the front and back of paid checks), and allows you to enlarge or rotate the images for viewing ease.

- ▶ **Image Statement** — You can receive image statements by request or on a low-volume (fewer than 500 check payments per month) basis. Multiple check images per page are available, with each image including both the front and back of a paid transaction. The picture on the image statement may represent an original check or substitute check.

For more information on The Bank of New York Mellon Treasury Services' streamlined options for check image storage and retrieval, please contact us at 1 800 424 3004 or e-mail us at treasury@bnymellon.com.

*Please see article on page 9, titled, "Strengthening Data Security via Encryption" for more details on our encryption services.



Extensive Lockbox Service Enhancements Continue

Key Projects to Provide Value-added Client Benefits

As part of The Bank of New York Mellon Treasury Services' goal to continually provide the latest industry advancements to our clients, comprehensive plans to enhance our eight-site Wholesale and Wholetail Lockbox network throughout 2009 are well underway. The projects aim to expand the features and functionalities surrounding a variety of our remittance processing operations.

COMBINED PLATFORM FOR SEAMLESS FUNCTIONALITY

Work to fully incorporate our extended array of lockbox services into our New York Lockbox site is nearly complete. Once implemented, clients with remittances processed at this site will be able to access the capabilities of our extensive lockbox services available throughout our nationwide network, along with the benefits of a seamlessly integrated set of processes. The project is currently planned for completion by 2010.

FORTIFYING DATA SECURITY

In an effort to consistently add value to all aspects of our services, we have recently developed and implemented an encrypted CD-ROM capability for our lockbox service clients. Called Treasury Media Safe, this feature aims to help us deliver an enhanced level of security for transferring and storing client data.

Building upon industry best practices and a thorough review of our own data and information security processes, the encrypted CD-ROM capability surrounds clients' financial data with added layers of security to further strengthen their confidential financial transactions.

The distribution of encrypted CD-ROMs to clients, which began in March of this year, will include full encryption of any CD-ROMs provided to our clients going forward.

ENGAGING THE IMAGE EXCHANGE REVOLUTION

The Bank of New York Mellon Treasury Services is in the process of rolling out an imaged cash letter process for our comprehensive Wholesale Lockbox network. Currently planned for full implementation by the end of this year, the capability will enable all sites to clear check images as well as traditional paper clearing processes. By embracing the industry's latest image exchange technology, this transition will help us provide our clients with quicker access to their funds while helping them control clearing costs via faster check processing.

WHOLETAIL LOCKBOX DEVELOPMENTS

Enhancements to The Bank of New York Mellon Treasury Services' Wholetail Lockbox service platform are also underway. The enhancements, currently planned to begin for existing clients in

July of 2009, will roll out in multiple phases and eventually enable Wholetail Lockbox clients to realize the benefits of a fully integrated remittance process that provides access to capabilities previously only available to Bank of New York Mellon Retail Lockbox clients. The new capabilities include the following:

- ▶ **Web Exception Processing** — Available via our Web-based information reporting and transaction initiation service, The Bank of New York Mellon's Lockbox Web Exception service enables our lockbox clients to interactively review and correct exception items online on an intra-day basis. Reviewed transactions can then be included with the current day's deposit and accounts receivable (AR) transmission. This process reduces time spent waiting for exceptions to be returned and processed through a cumbersome manual process.
- ▶ **Accounts Receivable Check (ARC) Conversion Service** — Wholetail Lockbox clients will have access to ARC capabilities, which enable billers to convert consumer checks into ACH (automated clearing house) debits at the point where MICR (magnetic information character recognition) information is first captured (e.g., at lockbox sites, company branches or drop-off payment boxes).

Formerly only available to Retail Lockbox clients, ARC allows billers to collect amounts due faster and achieve the many benefits of eliminating paper from their processes, including cost reduction and accelerated returns.

- ▶ **eMaster Capability** — This enhancement enables the look-up of account information at the lockbox site, reducing the number of exceptions requiring clients' attention and speeding the processing of payments submitted without accompanying remittance documents. Using eMaster, The Bank of New York Mellon repairs rejected items and provides them, along with complete remittance detail, directly to the client.
- ▶ **Change of Address Feature** — This option is designed to help clients save money, reduce processing time and deal more efficiently with consumer address changes, which typically occur at an annual rate of up to 20 percent of a client's customer

base. The software-based program supplements information scanned or keyed from invoices or documents, and provides quick notification of recorded address changes, reduced cycle time and reduced costs to quickly update ZIP code changes.

EXPANDING THE IMAGE ARCHIVE

Work is underway for the expanded archive of check and document images that are available to clients online via The Bank of New York Mellon's Lockbox Imaging service. Clients will be able to access up to seven years of online wholesale, wholetail and retail lockbox images directly, via a single browser, eliminating the time and expense of storing, loading and searching for remittance images via CD-ROM, file transmission or paper documents.

CORRALLING STRANDED PAYMENTS

Development is underway to enhance The Bank of New York Mellon's Remote Check Deposit service capabilities to fully integrate this service with our lockbox network.

For clients receiving payments outside of their lockbox (directly to their offices or headquarters), our Remote Check Deposit capabilities will enable users to scan checks (as before), as well as all remittance documents (e.g., check stubs, invoices, correspondence, etc.) for transmitting to their Bank of New York Mellon lockbox site within the same batch file for same-day processing and deposit.

Rather than having to print the batch file once it is received, the transaction images can be imported directly into the lockbox processing system. This enhancement is currently projected to begin in the fourth quarter of 2009.

We will keep you updated regarding these and other service enhancements throughout the year. For more information on current developments underway for our comprehensive suite of Bank of New York Mellon Lockbox services, please contact our business professionals at 1 800 424 3004 (Option 2) or e-mail us at treasury@bnymellon.com.

Strengthening Data Security via Encryption

The Bank of New York Mellon Disbursement Services to Offer Enhanced Data Protection

As part of our comprehensive efforts to offer advanced data protection for our treasury clients' data, The Bank of New York Mellon has begun a program to deliver financial data to our Disbursement service clients via encrypted CD-ROMs and DVDs. With this new capability, clients will receive heightened protection for their confidential data that is processed and delivered via our suite of Disbursement services.

The technology will prohibit data images from being viewed without encryption software that we will provide exclusively to our Disbursement clients. The

enhancement offers additional benefits to Bank of New York Mellon Disbursement clients, including:

- ▶ **easy access** to important, secured data via a client's individual PC or shared computer drives;
- ▶ **instant transaction data** image availability for enhanced filing and research needs;
- ▶ **expanded image capacity** via an encrypted DVD option that holds three times the amount of data available on a single disk, allowing for reduced storage needs and costs;

- ▶ **direct account reconciliation report access** via links to transaction images; and
- ▶ **exporting image capability** for e-mail attachments or reporting needs.

We are currently rolling out the encryption enhancement to select Disbursement customers, with plans to extend the enhancement to all Bank of New York Mellon clients by third quarter of 2009. Look for details about the encrypted CD-ROM capability in future issues of Treasury Services Update.

The Bank of New York Mellon Introduces Liquidity DIRECT

New Investment Portal Enhances Liquidity Product Suite

The Bank of New York Mellon has introduced Liquidity DIRECT, a new investment portal designed to provide institutional investors with easy access to the money markets and help users maximize liquidity and mitigate counterparty risk.

Liquidity DIRECT, which joins two former Bank of New York Mellon investment portals — MoneyFunds DIRECT and Liquidity Management Services (LMS) — provides users access to a broad array of money market funds and offers direct investment in individual money market securities as well as assistance in safekeeping margin balances.

Liquidity DIRECT is designed as a three-part suite of money management services that can be utilized directly via a client's desktop or as an integrated cash management solution:

- ▶ **MoneyFunds DIRECTSM** offers a wide range of money market funds managed by some of the most well-known names in the investment industry. The funds are managed to provide daily liquidity while preserving capital and maximizing yield. It allows an investor, from a single source, to access a global network of analysts, traders and portfolio managers who deliver solutions for institutional cash management.
- ▶ **Securities DIRECT^{SM*}**, through SEC-registered broker-dealer BNY Mellon Capital Markets, LLC, provides access to a wide range of individual money market securities, including commercial paper, U.S. treasuries, discount notes and certificates of deposit. By providing the ability to purchase individual money market

securities, in addition to a full range of money market mutual funds, institutional investors can better customize their cash management.

- ▶ **Margin DIRECT** helps institutional investors manage margin positions while reducing their counterparty risk. Through The Bank of New York Mellon's top-ranked custody services, we safekeep posted margin balances in a separate account from an institutional investor's counterparties. These balances are targeted for investment through MoneyFunds DIRECT.

Service features include the following:

Real Time Reporting Capabilities — Liquidity DIRECT offers sophisticated and extensive cash reporting capabilities to capture, value and settle all related investment activity. Transactions are posted in real-time, multiple holdings are included in a single report, and data is archived for extended periods — all features that enable you to continuously monitor and reconcile accounts with ease.

Reports can be accessed online at any time, and can be e-mailed according to a schedule of your choosing, whether it be daily, weekly or monthly. Reports can also be delivered via the SWIFT (Society for Worldwide Interbank Financial Telecommunication) network for cash balances, transactions and holdings.

Customized Account Monitoring — A customized account monitoring tool is available that assists with adherence to investment policy guidelines, helps to optimize cash positions and offers strong risk mitigation tools. Clients can establish investment parameters that help to limit risk exposure, minimize fund-

specific credit concerns and facilitate prompt transactions when purchasing or redeeming funds.

Straight-through Processing — For optimum transaction speed, Liquidity DIRECT allows straight-through processing — from trade initiation to trade settlement. Our technological capabilities streamline and maximize cash management, providing quicker access to your cash. Additionally, for those clients with access to the SWIFT network, trades can be processed using standard SWIFT formats.

Multiple Currency Options — In addition to U.S. dollar-based investments, we offer an array of money market funds based in foreign currencies. These currencies currently include pound-sterling, euro, yen, Australian dollar, Canadian dollar, Singapore dollar and offshore U.S. dollar options. More currency options will be added as money market funds in additional currencies become available.

Trading Flexibility — To meet your immediate cash needs, as well as your ongoing and long-term obligations, Liquidity DIRECT provides immediate cash access to facilitate withdrawal at any time. For convenience, we offer late-day trading with some funds, providing a redemption cutoff time as late as 5:00 p.m. Eastern Standard Time.

To learn more about Liquidity DIRECT and to discover how it can help you manage your liquidity needs, please contact us at 1 800 424 3004 (Option2) or e-mail us at treasury@bnymellon.com.

* Securities products and services made available through Liquidity DIRECT and Securities DIRECT are offered by BNY Mellon Capital Markets, LLC ("BNYMCM"). BNYMCM is a wholly owned non-bank subsidiary of The Bank of New York Mellon Corporation

("BNYM"). BNYMCM is an SEC registered broker-dealer and member of The Financial Industry Regulatory Authority and of the Securities Investor Protection Corporation ("SIPC"), which protects customers of its members up to \$500,000 in securities (including \$100,000 for claims for cash). You may obtain information about SIPC, including the SIPC brochure, by contacting SIPC at <http://www.sipc.org/> or by writing to Securities Investor Protection Corporation, 805 15th Street, N.W. Suite 800, Washington, D.C. 20005-2215, or by calling them at Tel: (202) 371-8300. SIPC's facsimile number is (202) 371-6728 and their e-mail is: asksipc@sipc.org. Supplemental protection is provided by a private insurance company for account net equity in excess of \$500,000. This protection is not equivalent to and is separate and apart from FDIC insurance. Securities Products: Not FDIC-Insured or Guaranteed by the Federal Government — May Lose Value — Not a Deposit of or Guaranteed by a Bank or any Bank Affiliate.

Money market securities are not cash equivalents and are subject to various investment risks. The securities or other instruments (or related instruments) available through Liquidity DIRECT and Securities DIRECT may not be suitable for all investors. Past performance is not indicative of nor a guarantee of future performance, and a loss of original capital may occur.

Money Market funds are made available by The Bank of New York Mellon. Money market fund yield performance represents past performance, which is no guarantee of future results. Although a money market fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in a money market fund. Certain fund shares may be offered only to pre-qualified investors, and may not be qualified for sale or resale in certain jurisdictions. Before investing, investors should carefully consider the investment objectives, risks, charges, tax impact and expenses of the fund that are explained in each fund's prospectus. The following factors, among many, could reduce any one fund's income level and/or share price: interest rates could rise sharply, causing the value of the fund's investments and its share price to drop; interest rates could drop, thereby reducing the fund's yield; any of the fund's holdings could have its credit rating downgraded or could default; and there are risks generally associated with concentrating investments in any one industry. Investments in instruments of non-U.S. issuers are subject to the risks of certain domestic events — such as political upheaval, financial troubles, nationalization (certain assets, entities or sectors) or natural disasters — that may weaken a country's securities markets. Country risk is especially high in emerging markets. Such investments may be affected by market risk on a global scale based on responses of certain foreign markets to markets of other countries or

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Online Trade Document Presentment Made Easier

Alliance Designed to Speed Exporter Payment Receipt

The Bank of New York Mellon Treasury Services' Trade exporting clients are now able to present full sets of letter of credit documents electronically to The Bank of New York Mellon. The Web-based image presentment application — offered as part of an alliance with Trade Technologies, Inc., a leading global document preparation firm — is designed to provide exporters with greater time and expense savings, as well as earlier payment receipt.

As an integral part of their cross-border business efforts, exporters prepare and present trade documents with letters of credit to acceptable negotiating banks. Negotiating banks determine if the

documents are compliant, and if so, effect payment — typically after reimbursement by the issuing banks. With the ability to electronically present and negotiate these trade documents, Bank of New York Mellon clients can now speed the entire trade finance process for accelerated payment.

According to Howard Bascom, head of Global Trade Finance for The Bank of New York Mellon Treasury Services, "Our alliance with Trade Technologies represents another step toward the

automation of the global financial supply chain. While not all trade documents may be rendered for electronic presentment today, we are gradually breaking down the barriers toward complete acceptance of computer-to-computer exchange of trade information."

For more information, call us at 1 800 424-3004 (Option 2) or e-mail us at treasury@bnymellon.com.

Industry Accolades

Making — and Outperforming — the Industry Grade

Operating Quality and Client Satisfaction Highlight Outstanding Industry Survey Results

Once again, the results of The Bank of New York Mellon Treasury Services' annual Customer Satisfaction Survey* verify our status as an industry leader in client satisfaction, quality and the delivery of highly regarded treasury products and services.

Among the survey's highlights, over 95 percent of clients are satisfied with the key drivers behind a strong cash management relationship — operating quality, having detailed cash management knowledge, treating the client with courtesy and respect, and meeting our commitments to clients.

PROACTIVE CLIENT COMMUNICATION

As part of our goal to provide superior treasury solutions, The Bank of New York Mellon Treasury Services seeks to maintain proactive and open communication with our clients. As one of the primary methods we use to gather

client input on a formal basis, this annual survey provides well-rounded and candid feedback on our performance from our clients' perspective.

We use this feedback each year to continually identify areas where we are performing well, to focus on areas of potential improvement, and to monitor our progress in addressing our clients' evolving treasury needs.

The 2008 survey (in which 524 clients participated) focused on evaluating customer perceptions about the overall effectiveness of our approach to providing service, our sales coverage and our individual product offerings.

The results showed that The Bank of New York Mellon Treasury Services' strengths — operating quality (accuracy and timeliness), customer service (responding quickly and being

knowledgeable) and making it easy for our clients to do business with us — led to impressive levels of client satisfaction, including:

- ▶ 94 percent of our customers said that we have met or exceeded their expectations.
- ▶ 93 percent are satisfied with the products offered by The Bank of New York Mellon Treasury Services.
- ▶ 92 percent are satisfied with the quality of service provided by The Bank of New York Mellon Treasury Services.
- ▶ 92 percent are satisfied with the quality of sales coverage.
- ▶ 91 percent of respondents say that in the future they would recommend The Bank of New York Mellon Treasury Services to a friend, relative or business contact.

continued on next page

The Bank of New York Mellon No. 1 in its Category in FORTUNE's "Most Admired" Ranking

Award Received for Second Consecutive Year

The Bank of New York Mellon, a global leader in asset management and asset servicing, has been ranked number one in its category for the second consecutive year in FORTUNE magazine's 2009 rankings of The World's Most Admired Companies.

Each year, FORTUNE surveys thousands of executives, directors and analysts to compile its list of most admired companies. The Bank of New York

Mellon was voted best overall in its category in this year's survey, with top scores across four of the magazine's key attributes of reputation: global competitiveness, quality of products/services, innovation and long-term investment.

The complete results appear in the March 16 issue of the magazine, and are also available at www.bnymellon.com/pressreleases/2009/pdf/fortune2009.pdf.

The top rankings of the past two years among Superregional banks follow number one rankings for The Bank of New York in the same category in 2006 and 2007, and a number one ranking for Mellon Financial in its survey category in 2005.

For more information on these and other outstanding industry rankings, call us at 1 800 424 3004 (Option 2) or e-mail us at treasury@bnymellon.com.

VALUE-BASED INTERACTIONS

The survey also examined how well The Bank of New York Mellon Treasury Services performed based on behaviors related to our core values of **Client Focus, Trust, Teamwork** and **Outperformance**. Clients responding provided invaluable feedback on how our commitment to adhere to these qualities is positively impacting our customer relationships:

Attribute Measured	Percent of Clients Who Said They Were Very Satisfied or Satisfied
Treating you with courtesy and respect and meeting our commitment to you	97
Quality and timeliness of statements and reports	94
Listening to you and understanding your needs	92
Responding quickly to your needs	92
Being experienced, knowledgeable and able to provide solutions	91
Doing the job right in a timely and accurate manner	89

FOCUS ON QUALITY

The Bank of New York Mellon's Customer Satisfaction Survey results also revealed a high level of satisfaction with our staff that interact with clients on a daily basis. Their responses on the quality, customer service and performance of this highly trained group included the following:

Attribute Measured	Percent of Customers Who Said They Were Very Satisfied or Satisfied
Rep has detailed cash management product knowledge	97
Operating quality	96
Rep is organized and prepared for meetings	96
Commitment to cash management	95
Ease of doing business with The Bank of New York Mellon	93
Customer service	93
Providing expertise	91
Collaborating with your company	91

DELIVERING QUALITY PRODUCTS AND SERVICES

Respondents to the 2008 Customer Satisfaction Survey also indicated an overwhelming degree of satisfaction with the quality of our product and service delivery — the cornerstone of what we offer. Our core services, included below, received the following high marks:

Type of Service	Percent of Customers Who Said They Were Very Satisfied or Satisfied
Controlled Disbursement	97
ACH	97
Wire Transfer	96
Positive Pay	96
Automatic Investment Service	94
Liquidity Management Service	93
EDI (Electronic Data Interchange)	93
Information Reporting	92
Lockbox	89

For more information on how The Bank of New York Mellon Treasury Services is outperforming the competition in industry surveys, please contact our business professionals at 1 800 424 3004 (Option 2) or e-mail us at treasury@bnymellon.com.

*Conducted primarily by Warabak Research.

Howard Bascom to Lead Bankers' Association for Finance and Trade

Appointment Highlights The Bank of New York Mellon's Global Trade Finance Leadership

The Bankers' Association for Finance and Trade (BAFT) has elected Howard Bascom, The Bank of New York Mellon Treasury Service's global Head of Trade Finance and Credit Services, chairman of the organization for 2009-2010. The appointment underscores The Bank of New York Mellon's leadership in trade finance worldwide.

A global financial institution trade association dedicated to expanding markets, BAFT shapes regulatory and legislative policy and develops business solutions to preserve the stability of the global financial system.

"The current trade finance crisis has underscored the importance of BAFT's ability as a leadership organization to address the key business areas in which we're involved on behalf of our global membership," said Bascom, who joined The Bank of New York Mellon's international banking operation in 1983. "I look forward to working with our members around the world to reinvigorate international trade and ensure that BAFT continues to drive best practices, improve efficiencies and enhance the way the industry conducts international business."

The Bankers' Association for Finance and Trade is a financial trade association whose membership represents a broad range of internationally active financial institutions and companies that provide important services throughout the global financial community. For over 85 years, BAFT has advanced the growth and evolution of international financial services.

Bank of New York Mellon Manager Receives Medical Banking Honor

Kenneth Kubala Named MBProject Person of the Year

The Medical Banking Project has named Kenneth J. Kubala, senior New Business Development manager for the New Business Development group at The Bank of New York Mellon, as an MBProject Person of the Year for 2009. The award is provided each year to an industry member who advances the profession of medical banking and demonstrates strong leadership among the forum's members.

A national policy research and strategic advisory firm, The Medical Banking Project's goal is to help develop the nation's medical banking segment. This entails linking healthcare systems with banking processes, as well as understanding the intricate policy issues surrounding the two industries.

As the Workgroup Leader of the Accreditation Review Council for the MBProject, Mr. Kubala has been instrumental in developing the framework for MBProject's Gold Seal accreditation program. The program seeks to assess compliance with cross-industry data confidentiality, privacy and security standards for organizations as mandated under banking and healthcare regulations, including the Health Insurance Portability and Accountability Act (HIPAA).

According to John Casillas, Medical Banking Institute Chair and Executive Director of the Medical Banking Project, "Ken has been dedicated to implementing the nation's first program to assess industry compliance with

banking and healthcare regulations. His team leadership, dedication and enthusiasm for our work have been truly inspiring, and as such deserve our highest honor of service."

Last year's recipient, Maureen Turo, is also from The Bank of New York Mellon Treasury Services, serving as Healthcare Market Specialist, marking the first time award recipients in consecutive years have served the same organization. Ms. Turo is currently serving as President of the Medical Banking Institute.



▶ A comprehensive range of treasury solutions backed by the strength of our global network.



▶ Who's helping you?



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September

13-15 **TAWPI Healthcare Payments Automation Summit**

Maureen Turo, The Bank of New York Mellon, "Process Improvement for Healthcare Credit Balances and Refunds";
Rose Wojciechowski, The Bank of New York Mellon, "The Case for Automated EOB Processing."

27-29 **Treasury Management Association of Canada**

Jim Statts, Summit Energy Services, Inc., and Jim Crawford, SourceNet Solutions, "Surviving Energy Price Volatility."

October

4-7 **Association for Financial Professionals**

Catherine Ennis, The Stanley Works, and Janice Dowiak, The Bank of New York Mellon, "Implementing an International Purchasing Card Program."

14-16 **American Association of Healthcare Administrative Management Annual National Institute**

Linda Zang, University of Pittsburgh Medical Center, and Rose Wojciechowski, The Bank of New York Mellon, "Credit Balance Management, "Outsourcing the Patient Refund Process."



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