

December 23, 2003

IMPORTANT NOTICE REGARDING BULLETIN #2003-101

As outlined in Bulletin #2003-101 and Important Notice to Bulletin #2003-101, effective February 16, 2004, Pershing will provide excess SIPC for the net equity of your clients' securities positions through Customer Asset Protection Company (CAPCO), a licensed New York insurer. Net equity refers to the value of your clients' securities, plus cash minus anything that may be owed, such as a margin loan.

We updated the message that we will publish on the December brokerage account statement to further define net equity as securities positions and cash in the account. We also identified that excess SIPC mirrors the terms of SIPC and removed the closing phrase stating that SIPC account protection does not cover all assets. The assets that SIPC covers has not changed and is listed on the SIPC web site (www.sipc.org). For your convenience, a final draft of that message is noted below.

EXCESS ACCOUNT PROTECTION UPDATE

WORKING ON BEHALF OF YOUR FINANCIAL ORGANIZATION, PERSHING PROVIDES ACCOUNT PROTECTION FOR THE NET EQUITY OF YOUR SECURITIES POSITIONS AND CASH IN YOUR ACCOUNT. OF THAT TOTAL, THE SECURITIES INVESTOR PROTECTION CORPORATION (SIPC) PROVIDES \$500,000 OF NET EQUITY PROTECTION, INCLUDING \$100,000 FOR CLAIMS FOR CASH AWAITING REINVESTMENT (SIPC PROTECTION). PERSHING PROVIDES THE ADDITIONAL PROTECTION (EXCESS SIPC) ON TERMS SIMILAR TO SIPC THROUGH A COMMERCIAL INSURER. VISIT WWW.SIPC.ORG FOR MORE INFORMATION ABOUT SIPC.

EFFECTIVE FEBRUARY 16, 2004, THE COMMERCIAL INSURER THROUGH WHICH PERSHING WILL PROVIDE EXCESS SIPC WILL CHANGE TO CUSTOMER ASSET PROTECTION COMPANY (CAPCO), A LICENSED NEW YORK INSURER.

ACCOUNT PROTECTION APPLIES WHEN A SIPC MEMBER FIRM FAILS FINANCIALLY AND IS UNABLE TO MEET OBLIGATIONS TO SECURITIES CLIENTS, BUT IT DOES NOT PROTECT AGAINST LOSSES FROM THE RISE AND FALL IN THE MARKET VALUE OF INVESTMENTS.

Please be sure to note this change to Bulletin #2003-101.