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Contact: Charles S. Rossmann
Evaluation Services, Inc.
(201) 784-8500
charles_s_rossmann@appraisenj.net

888-ESI-4706 www.appraisenj.com

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NEWS

Hurricane Katrina Brings Renewed Focus on Disaster Recovery Planning

Bank Calls On Evaluation Services, Inc.'s Unique Technology to Continue Helping Customers

(Old Tappan, NJ) In the wake of the devastation caused by Hurricane Katrina, companies large and small are scrambling to implement disaster recovery plans. Now, more than ever, businesses are faced with reexamining their strategies for reacting quickly to unforeseen events in order to continue functioning while the infrastructure and services commonly taken for granted have been, at the very least, interrupted.

While business continuity planning and disaster recovery has generally been accepted as vital to sustaining an organization and its technology through challenging circumstances, many companies, in the U.S. Gulf Coast region especially, have been confronted with the stark reality of the complexity of tasks that must be addressed in order to continue functioning and servicing their clients.

For businesses seeking to protect themselves from the consequences of unforeseen events, natural or otherwise, a thorough risk analysis and threat assessment of the systems must first be conducted. Once all possible threats have been identified, the means of preventing or suppressing their impact will need to be explored. The next step requires a

cost/benefit analysis to determine the value of acquiring and establishing preventative and recovery systems and services. From this, a budget for proactive and reactive measures must be established. A complete plan can then be developed and a script laid out with step by step instructions and priorities for response and recovery. The final step involves the periodic testing of the procedures, one hopes will never need to be implemented, to determine their need and effectiveness as well as find unanticipated gaps.

But what does a company do when the most extreme case becomes a reality? When an entire region is ravaged by the perfect storm, systems are destroyed, and employees are scattered, the realities of the situation hit home in all too many tangible ways. The need for fast action, creative thinking, and good business relationships are paramount to ensuring there is a business to return to and there are means to continue to service clients.

When several levees broke in News Orleans, several of Whitney National Bank's branches were severely damaged and its main office became inaccessible, the bank was faced with just such a dilemma. Without the use of Whitney Bank's systems, employees had to find other ways to continue on. When Whitney Bank reached out to Evaluation Services, Inc., the provider of its Appraise software for the valuation of securities that the bank uses to obtain stock and bond pricing information for estate and gift tax reporting, together, they were able to work out a solution. Evaluation Services' staff quickly set up access to its Application Service Provider (ASP) technology, a service that allowed Whitney Bank to access all of the tools it needed, with only an Internet connection and a web browser.

"As Hurricane Katrina approached New Orleans, Whitney National Bank commenced with its Business Unit Contingency Plan, whereby we sent several of our employees to various predetermined locations where they could continue to service our clients and would not be adversely affected by the hurricane," said Kevin P. Reed, Whitney National Bank Executive Vice President.

Due to the devastation wrought by Katrina, the bank's level of system connectivity and processing ability was adversely affected. One of the tasks at hand was the evaluation of estates for tax purposes, but the bank was unable to connect to its mainframe resident applications.

“Understanding the enormity of the circumstances the whole region was experiencing, we wanted to help in any way we could, so we waived our nominal setup fee, and immediately set to work creating an Appraise.ASP account, helping Whitney Bank to get back to work for its customers within an hour,” said Charles S. Rossmann, COO of Evaluation Services, Inc. **“Before even a temporary location could be established, employees were able to begin working from their own homes generating securities pricing information, helping to keep Whitney National Bank, the oldest continuously operating bank in New Orleans, serve its clients.”**

Without access to its offices and software, Whitney Bank can nonetheless continue to take advantage of the services provided by Evaluation Services, Inc. while the recovery and rebuilding process continues.

“Our IT department contacted Evaluation Services, and with amazingly short turnaround they were able to provide us access to Appraise ASP. Our Trust employees deployed in Florida, Baton Rouge, Lafayette, and Houston were now able to perform their duties, determine the value of the securities, and service our clients without undo interruption,” said Mr. Reed. **“Evaluation Services was flexible, understanding of our unique situation, innovative in meeting our needs, with speed, and determination to help us accomplish our service objectives.”**

Evaluation Services, Inc.'s method of connectivity for the Appraise.ASP platform provided Whitney Bank with additional levels of disaster recovery flexibility needed to continue to operate in an extreme circumstance.

“Whether it is in response to a severe situation like Hurricane Katrina, or simply to avoid relying on IT services, software installation, and updates, we have developed our Appraise.ASP product to easily and securely access our full range of services with just the click of a button from anywhere there is an Internet connection at the same low rates as our software product,” said Mr. Rossmann. Evaluation Services hosts its software application on its own secure servers within its own facilities, providing their clients with easy access to fully automated instant securities pricing via the Internet or private line connection (modem). The technology still allows the generated reports to be stored on the user's computer or file server and eliminates the task of installing and upgrading software so that the user is always running the latest version of software from Evaluation Services' servers.

According to Mr. Rossmann, while establishing technological solutions are vital to a successful disaster recovery plan, the human factor cannot be overlooked: "A key component for companies planning for or responding to a disaster is establishing partnerships that they can rely on for attentive service, flexibility, and a quick response, to be able to more effectively react to even the most unforeseen situations. Quality customer service and tech support is at the heart of every service we offer – it's earned us our place within the securities valuation industry."

When disasters strike, unprepared companies can face potentially devastating consequences, from prolonged system downtime and the resulting revenue loss, to going out of business completely. Identifying realistic risks, establishing systematic guidelines for addressing those risks, and securing the most effective technology, services and relationships will be welcome contingencies to draw upon, to continue in the face of a disaster, should the hypothetical become a reality.

About Evaluation Services, Inc.

Celebrating 20 years in the securities valuation industry, Evaluation Services professionals offer a "one-stop shopping" solution for accurate, fast, economical, and easy-to-use services for the preparation of stock and bond valuations as well as cost basis calculations. Its Appraise products generate ready-to-file reports, accessing over 4 million current and historical listed stocks and bonds from 1968, and cost information on equities back to 1900. Evaluation Services can address a client's needs for information on stock and bond prices, stock splits and dividends, bond accruals, capital changes, the tax basis for equities and dividend reinvestment plans, as well as other financial information through its exclusive software program, an Internet application, file transfer, email, fax, or mail. Evaluation Services also provides basic cost basis information via the Internet at www.costbasis.info. With a focus on superior customer service, technical support, and immediate valuations capabilities, their services are designed to help users reduce costs, increase productivity, and better service their own clients. The Federal Internal Revenue Service has never challenged Evaluation Services Inc., and its pricing data provider is the same as that used by the IRS. The state of Ohio uses Appraise software to examine filed Ohio estate tax returns. For more information, visit www.appraisenj.com or call (888) ESI-4706.

DISASTER RECOVERY PLANNING BASIC STEPS

1. Risk Analysis

The first step in a sensible business continuity process is to consider the potential impact of each type of disaster or event. The effect of any situation from a power interruption, hardware malfunction, computer virus, accidental deletions or terrorist attack, to natural threats (hurricanes, earthquakes, floods, etc.) must be weighed against its likelihood of occurring.

List all the possible risks that could threaten functionality and how imminent they are. Even a simple ranking by probability and impact will help to prioritize a response.

Quantitative and qualitative approaches are the basic elements of this analysis.

Quantitative Risk Analysis: A calculation of probability of an event occurring and the likely loss should it occur. "Loss Expectancy" can be established by multiplying the potential loss by the probability. Ranking for potential risks can be established though measurable data is typically difficult to formulate.

Qualitative Risk Analysis: A more widely used approach, employs the comparison of threats (dangers to business operation), vulnerabilities (situations making a business more prone to attack or increasing the likelihood damage could result), and controls

2. Identify Control Measures

Determine the controls (deterrents, preventative measures, and corrective actions) that can be used to manage the level of risk associated with each event.

Question to ask: Can I detect a threat before it hits? Can I/How do I reduce the likelihood it will occur? How can I minimize its impact?

3. Cost/Benefit Analysis, Establish a Budget

Once measures to prevent or react to a threat have been identified their related costs should be apparent. Establishing the value of a control measure by weighing its cost versus the likelihood and impact of the corresponding threat will help to determine the necessity to budget for each control. Ultimately you must ask, which risks can I afford to tolerate and which it must I pay to mitigate?

4. Develop a Plan

Create a detailed plan and written script highlighting each threat and contingency. Outline the priorities for each event, and a list of duties and instructions for each employee. Include a checklist of test procedures to determine the effectiveness of the response.

5. Test, Test, and Retest

When possible put the recover plan through its paces to determine its need and effectiveness for each situation. Stress the system to find any shortcomings when there is still an opportunity to make changes. Technology and the business environment are constantly changing; adjustments to contingency planning will need to be made.