UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

[✓] Annual Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

For the fiscal year ended December 31, 2009

or

[ ] Transition Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934
Commission File No. 000-52710

THE BANK OF NEW YORK MELLON CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	13-2614959
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

One Wall Street
New York, New York 10286
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code - (212) 495-1784

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $0.01 par value	New York Stock Exchange
6.875% Preferred Trust Securities, Series E	New York Stock Exchange
5.95% Preferred Trust Securities, Series F	New York Stock Exchange
6.244% Fixed-to-Floating Rate Normal Preferred Capital Securities of Mellon Capital IV, fully and unconditionally guaranteed by The Bank of New York Mellon Corporation	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. [✓] Yes [ ] No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. [ ] Yes [✓] No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. [✓] Yes [ ] No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (17CFR §232.405) during the preceding 12 months (or for such short period that the registrant was required to submit and post such files). [✓] Yes [ ] No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer [✓]	Accelerated filer [ ]	Non-accelerated filer [ ] (Do not check if a smaller reporting company)	Smaller reporting company [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). [ ] Yes [✓] No

As of June 30, 2009, 1,197,841,614 shares, of the total outstanding shares of 1,202,827,735, of the registrant's outstanding voting common stock, $0.01 par value per share, having a market value of $35,108,737,706, were held by nonaffiliates.

As of January 31, 2010, 1,208,199,541 shares of the registrant's voting common stock, $0.01 par value per share, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the following documents are incorporated by reference in the following parts of this Annual Report:
The Bank of New York Mellon Corporation 2010 Proxy Statement-Part III
The Bank of New York Mellon Corporation 2009 Annual Report to Shareholders-Parts I, II, III and IV

Available Information

This Form 10-K filed by The Bank of New York Mellon Corporation ("BNY Mellon") or (the "Company") with the Securities and Exchange Commission (the "SEC") contains the Exhibits listed on the Index to Exhibits beginning on page 36, including those portions of BNY Mellon's 2009 Annual Report to Shareholders (the "Annual Report"), which are incorporated by reference herein. For a free copy of BNY Mellon's Annual Report or BNY Mellon's Proxy Statement for its 2010 Annual Meeting (the "Proxy"), as filed with the SEC, send a written request by email to corpsecretary@bnymellon.com or by mail to the Secretary of The Bank of New York Mellon Corporation, One Wall Street, New York, NY 10286. BNY Mellon's Annual Report is, and the Proxy upon filing with the SEC will be, available on our Internet site at www.bnymellon.com. We also make available, free of charge, on our Internet site BNY Mellon's annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports as soon as reasonably practicable after we electronically file such materials with, or furnish them to, the SEC. The following materials are also available, free of charge, on our Internet site at www.bnymellon.com under "Investor Relations, Corporate Governance" and are also available free of charge in print by written request from the Secretary of The Bank of New York Mellon Corporation at One Wall Street, New York, NY 10286, or corpsecretary@bnymellon.com :

- BNY Mellon's Code of Conduct, which is applicable to all employees, including BNY Mellon's senior financial officers;
- BNY Mellon's Directors' Code of Conduct, which is applicable to our directors;
- BNY Mellon's Corporate Governance Guidelines; and
- the Charters of Audit, Corporate Governance and Nominating, Human Resources and Compensation, Risk, and Corporate Social Responsibility Committees of the Board of Directors.

The contents of BNY Mellon's website are not part of this Form 10-K.

Forward-looking Statements

This Form 10-K contains statements relating to future results of BNY Mellon that are considered "forward-looking statements." These statements, which may be expressed in a variety of ways, including the use of future or present tense language, relate to, among other things: all statements about the future results of BNY Mellon, projected business growth, statements with respect to the expected outcome and impact of legal, regulatory and investigatory proceedings, and BNY Mellon's plans, objectives and strategies. In addition, these forward-looking statements relate to: the Community Reinvestment Act; the effect of regulation of current financial markets on competition; the implementation and impact of pending and proposed legislation and regulation, including the Federal Reserve and Financial Stability Boards' proposals on compensation policies, the proposed Financial Crisis Responsibility Fee, Basel II and the SEC's proposed and adopted money market reforms; the adequacy of our owned and leased facilities; access to capital markets; the impact of judgments and settlements, if any, arising from pending or potential legal actions or regulatory matters; and the adequacy of tax reserves. These forward-looking statements, and other forward-looking statements contained in other public disclosures of BNY Mellon (including those incorporated in this Form 10-K) are based on assumptions that involve risks and uncertainties and that are subject to change based on various important factors (some of which are beyond BNY Mellon's control), including those factors described in Item 1A. Actual results may differ materially from those expressed or implied as a result of these risks and uncertainties, including, but not limited to uncertainties inherent in the litigation and litigation settlement process.

All forward-looking statements speak only as of the date on which such statements are made, and BNY Mellon undertakes no obligation to update any statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events.

In this Form 10-K, references to "our," "we," "us," and similar terms for periods on or after July 1, 2007, refer to BNY Mellon and prior to July 1, 2007, refer to The Bank of New York Company, Inc.

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PART I

ITEM 1. BUSINESS

Description of Business

On July 1, 2007, The Bank of New York Company, Inc. and Mellon Financial Corporation ("Mellon Financial") merged into The Bank of New York Mellon Corporation ("BNY Mellon"), with The Bank of New York Mellon Corporation being the surviving entity. The merger was accounted for as a purchase of Mellon Financial by The Bank of New York Company, Inc. for accounting and financial reporting purposes. For additional information on the merger, see Note 3 of Notes to Consolidated Financial Statements in BNY Mellon's 2009 Annual Report ("Annual Report"), which portions are incorporated herein by reference.

The Bank of New York Mellon Corporation (NYSE symbol: BK) is a global financial services company headquartered in New York, New York, with approximately $1.1 trillion in assets under management and $22.3 trillion in assets under custody and administration. For a further discussion of BNY Mellon's products and services, see the "Overview" and "Business segments review" sections in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" ("MD&A") section in the Annual Report, which portions of the Annual Report are incorporated herein by reference. See "Available Information" on page 1 of this Form 10-K for a description of how to access financial and other information regarding BNY Mellon, which is incorporated herein by reference.

We were formed as a bank holding company and have our executive offices in New York. With its predecessors, BNY Mellon has been in business since 1784.

Our two principal banks are:

- The Bank of New York Mellon, a New York state chartered bank, formerly named "The Bank of New York", which houses our institutional businesses, including Asset Servicing, Issuer Services, Treasury Services, Broker-Dealer and Advisor Services and the bank-advised business of Asset Management.
- BNY Mellon, National Association ("BNY Mellon, N.A."), a nationally-chartered bank, formerly named "Mellon Bank, N.A.", which houses our Wealth Management business.

Our U.S. bank subsidiaries engage in trust and custody activities, investment management services, banking services and various securities-related activities. The deposits of the U.S. banking subsidiaries are insured by the Federal Deposit Insurance Corporation ("FDIC") to the extent provided by law.

We have two U.S. trust companies – The Bank of New York Mellon Trust Company, National Association and BNY Mellon Trust Company of Illinois. These companies house trust products and services across the U.S. Also concentrating on trust products and services is BNY Mellon Trust of Delaware, a Delaware bank. Most asset management businesses, along with our Pershing businesses, are direct or indirect non-bank subsidiaries of our Parent, The Bank of New York Mellon Corporation.

We divide our businesses into seven segments: Asset Management; Wealth Management; Asset Servicing; Issuer Services; Clearing Services; Treasury Services and Other. Information on international operations is presented in the Annual Report in "Results of Operations – Net interest revenue – Average balances and interest rates", "International operations", "Consolidated balance sheet review – Loans – Loans by product," and "Consolidated balance sheet review – Loans – International loans" which are incorporated herein by reference.

Principal Entities

Exhibit 21.1 to this Form 10-K presents a list of BNY Mellon's primary subsidiaries as of Dec. 31, 2009.

Discontinued Operations

As discussed in Note 4 of Notes to Consolidated Financial Statements in the Annual Report, BNY Mellon reports results using the discontinued operations method of accounting. Note 4 is incorporated herein by reference. All information in this Form 10-K, including all supplemental information, reflects continuing operations unless otherwise noted.

Supervision and Regulation

BNY Mellon and its bank subsidiaries are subject to an extensive system of banking laws and regulations in the United States and the other countries in which we operate that are intended primarily for the protection of the customers and depositors of BNY Mellon's bank subsidiaries rather than holders of BNY Mellon's securities. These laws and regulations govern such areas as levels of capital, permissible activities, reserves, loans and investments, and rates of interest that can be charged on loans. Similarly, our subsidiaries engaged in investment advisory and other securities related activities are subject to various U.S. federal and state laws and regulations that are intended to benefit clients of investment advisors and shareholders in mutual funds rather than holders of BNY Mellon's securities. In addition, BNY Mellon and its subsidiaries are subject to general U.S. federal laws and regulations, and to the laws and regulations of the states or countries in which BNY Mellon and its subsidiaries are organized or conduct businesses. Described below are the material elements of selected laws and regulations applicable to BNY Mellon and its subsidiaries. The descriptions are not intended to be complete and are qualified in their entirety by reference to the full text of the statutes and regulations described. Changes in applicable law or regulation, and in their application by regulatory agencies, cannot be predicted, but they may have a material effect on the business and results of BNY Mellon and its subsidiaries.

Market disruptions have led to numerous proposals in the United States and internationally. For potentially significant changes in the regulation of the financial services industry and their potential impact on us, see "Risk Factors – Recent legislative and regulatory initiatives may significantly impact our financial condition, operations, capital position and ability to pursue business opportunities" in Part I, Item 1A of this Annual Report on Form 10-K.

Regulated Entities of BNY Mellon

BNY Mellon is regulated as a bank holding company and a financial holding company ("FHC") under the Bank Holding Company Act of 1956, as amended by the 1999 financial modernization legislation known as the Gramm-Leach-Bliley Act (the "BHC Act"). As such, it is subject to the supervision of the Board of Governors of the Federal Reserve System (the "Federal Reserve Board"). In general, the BHC Act limits the business of bank holding companies that are FHCs to banking, managing or controlling banks, performing certain servicing activities for subsidiaries, engaging in activities that the Federal Reserve Board has determined, by order or regulation, are so closely related to banking as to be a proper incident thereto, and, as a result of the Gramm-Leach-Bliley Act amendments to the BHC Act, engaging in any activity, or acquiring and retaining the shares of any company engaged in any activity, that is either (1) financial in nature or incidental to such financial activity (as determined by the Federal Reserve Board in consultation with the Secretary of the Treasury) or (2) complementary to a financial activity and does not pose a substantial risk to the safety and soundness of depository institutions or the financial system generally (as solely determined by the Federal Reserve Board). Activities that are financial in nature include securities underwriting and dealing, insurance underwriting and making merchant banking investments in commercial companies.

Our ability to maintain FHC status is dependent upon a number of factors, including our U.S. depository institution subsidiaries continuing to qualify as "well capitalized" as described under "Prompt Corrective Action" below.

An FHC that does not continue to meet all the requirements for FHC status will, depending on which requirements it fails to meet, lose the ability to undertake new activities or make acquisitions that are not generally permissible for bank holding companies without FHC status or to continue such activities. Currently, we meet these requirements. The Bank of New York Mellon, which is BNY Mellon's largest bank subsidiary, is a New York state chartered bank, is a member of the Federal Reserve System and is subject to regulation, supervision and examination by the Federal Reserve Board and the New York State Banking Department (the "NYSBD"). BNY Mellon's national bank subsidiaries, BNY Mellon, N.A. and The Bank of New York Mellon Trust Company, National Association, are subject to primary supervision, regulation and examination by the Office of the Comptroller of the Currency (the "OCC").

We operate a number of broker-dealers that engage in securities underwriting and other broker-dealer activities. These companies are SEC registered broker-dealers and members of Financial Industry Regulatory Authority, Inc. ("FINRA"), a securities industry self-regulatory organization. BNY Mellon's U.S. non-bank subsidiaries engaged in securities-related activities are regulated by the SEC.

Certain of our subsidiaries are registered investment advisors under the Investment Advisers Act of 1940, as amended and, as such, are supervised by the SEC. They are also subject to various U.S. federal and state laws and regulations and to the laws and regulations of any countries in which they conduct business. These laws and regulations generally grant supervisory agencies broad administrative powers, including the power to limit or restrict the carrying on of business for failure to comply with such laws and regulations. Our subsidiaries advise both public investment companies which are registered with the SEC under the Investment Company Act of 1940 (the "'40 Act"), including the Dreyfus family of mutual funds, and private investment companies which are not registered under the '40 Act. The shares of most investment companies advised by our subsidiaries are qualified for sale in all states in the U.S. and the District of Columbia, except for investment companies that offer products only to residents of a particular state or of a foreign country and except for certain investment companies which are exempt from such registration or qualification.

Certain of BNY Mellon's United Kingdom incorporated subsidiaries are authorized to conduct investment business in the U.K. pursuant to the U.K. Financial Services and Markets Act 2000 ("FSMA 2000"). Their investment management advisory activities and their sale and marketing of retail investment products are regulated by the Financial Services Authority ("FSA"). The FSA has broad supervisory and disciplinary powers. Disciplinary powers include the power to temporarily or permanently revoke the authorization to carry on regulated business following a breach of FSMA 2000 and/or regulatory rules, the suspension of registered employees and censures and fines for both regulated businesses and their registered employees. Certain U.K. investment funds, including Mellon Investment Funds, an open-ended investment company with variable capital advised by U.K. regulated subsidiaries of BNY Mellon, are registered with the FSA and are offered for retail sale in the U.K.

Certain of BNY Mellon's public finance activities are regulated by the Municipal Securities Rulemaking Board. Certain of BNY Mellon's subsidiaries are registered with the Commodity Futures Trading Commission (the "CFTC") as commodity pool operators or commodity trading advisors and, as such, are subject to CFTC regulation.

The types of activities in which the foreign branches of our banking subsidiaries and our international subsidiaries may engage are subject to various restrictions imposed by the Federal Reserve Board. Those foreign branches and international subsidiaries are also subject to the laws and regulatory authorities of the countries in which they operate.

Dividend Restrictions

BNY Mellon is a legal entity separate and distinct from its bank subsidiaries and other subsidiaries. Dividends and interest from our subsidiaries are our principal sources of funds to make capital contributions or loans to our bank subsidiaries and other subsidiaries, to pay service on our own debt, to honor our guarantees of debt issued by our subsidiaries or of trust preferred securities issued by a trust or to pay dividends on our own equity securities. Various federal and state statutes and regulations limit the amount of dividends that may be paid to us by our bank subsidiaries without regulatory consent. If, in the opinion of the applicable federal regulatory agency, a depository institution under its jurisdiction is engaged in or is about to engage in an unsafe or unsound practice (which, depending on the financial condition of the bank, could include the payment of dividends), the regulator may require, after notice and hearing, that the bank cease and desist from such practice. The OCC, the Federal Reserve Board and the FDIC have indicated that the payment of dividends would constitute an unsafe and unsound practice if the payment would deplete a depository institution's capital to an inadequate level. Moreover, under the Federal Deposit Insurance Act, as amended (the "FDI Act"), an insured depository institution may not pay any dividends if the institution is under capitalized or if the payment of the dividend would cause the institution to become undercapitalized. In addition, the federal bank regulatory agencies have issued policy statements which provide that FDIC-insured depository institutions and their holding companies should generally pay dividends only out of their current operating earnings.

The Federal Reserve Board has issued a policy statement with respect to the payment of cash dividends by bank holding companies. The policy statement provides that, as a matter of prudent banking, a bank holding company should not maintain a rate of cash dividends unless its net income available to common shareholders has been sufficient to fully fund the dividends, and the prospective rate of earnings retention appears to be consistent with the holding company's capital needs, asset quality and overall financial condition.

The ability of BNY Mellon's bank subsidiaries to pay dividends to BNY Mellon may also be affected by various minimum capital requirements for banking organizations. For example, as a result of charges related to the restructuring of BNY Mellon's securities portfolio in 2009, The Bank of New York Mellon and BNY Mellon, N.A. will require regulatory consent prior to paying a dividend. In addition, any increase in the ongoing quarterly dividend to our common stockholders would require consultation with the Federal Reserve. For a further discussion of restrictions on dividends, see the "Liquidity and dividends" section in the MD&A section in the Annual Report and the first five paragraphs of Note 22 of Notes to Consolidated Financial Statements in the Annual Report, which are incorporated herein by reference. Further, BNY Mellon's right to participate in the assets or earnings of a subsidiary is subject to the prior claims of creditors of the subsidiary.

Transactions with Affiliates

There are certain restrictions on the ability of BNY Mellon and its non-bank affiliates to borrow from, and engage in other transactions with, its bank subsidiaries. In general, these restrictions require that any extensions of credit must be secured by designated amounts of specified collateral and are limited, as to any one of BNY Mellon or such non-bank affiliates, to 10% of the lending bank's capital stock and surplus, and, as to BNY Mellon and all such non-bank affiliates in the aggregate, to 20% of such lending bank's capital stock and surplus. These restrictions, other than the 10% of capital limit on covered transactions with any one affiliate, are also applied to transactions between banks and their financial subsidiaries. In addition, certain bank transactions with affiliates must be on terms and conditions, including credit standards, that are substantially the same, or at least as favorable to the bank, as those prevailing at the time for comparable transactions involving other non-affiliated companies or, in the absence of comparable transactions, on terms and conditions, including credit standards, that in good faith would be offered to, or would apply to, non-affiliated companies.

Unsafe and Unsound Practices

The federal banking agencies have authority to prohibit the banks they supervise from engaging in any activity which, in the appropriate agency's opinion, constitutes an unsafe or unsound practice in conducting the bank's business. The Federal Reserve Board has similar authority with respect to BNY Mellon and our non-bank subsidiaries. In addition, the NYSBD also has similar authority with respect to The Bank of New York Mellon.

Deposit Insurance

Our U.S. banking subsidiaries, including The Bank of New York Mellon and BNY Mellon, N.A. accept deposits, and those deposits have the benefit of FDIC insurance up to the applicable limits. The FDIC's Deposit Insurance Fund (the "DIF") is funded by assessments on insured depository institutions, which depend on the risk category of an institution and the amount of insured deposits that it holds. The FDIC may increase or decrease the assessment rate schedule on a semi-annual basis.

As part of its efforts to rebuild the DIF, the FDIC adopted a rule imposing a special assessment of five basis points on each FDIC-insured depository institution's assets, minus its Tier 1 capital, as of June 30, 2009 subject to a cap of 10 basis points of average assessable domestic deposits for the second quarter of 2009. This special assessment totaled approximately $61 million for our bank subsidiaries. Additionally, as part of its efforts to rebuild the DIF, the FDIC also required insured depository institutions, including our bank subsidiaries, to prepay their estimated assessments for the fourth quarter of 2009 and all of 2010, 2011 and 2012. On Dec. 30, 2009, The Bank of New York Mellon and BNY Mellon, N.A., our two principal banks, prepaid an aggregate of $295 million for their estimated quarterly risk-based assessments for these periods.

We also participated in the FDIC's Temporary Liquidity Guarantee Program. See page 12 for a discussion of deposit insurance related to that program.

Source of Strength

Under the BHC Act and Federal Reserve Board policy, BNY Mellon is expected to act as a source of financial strength to its bank subsidiaries and to commit capital and financial resources to those subsidiaries. Such support may be required by the Federal Reserve Board at times when we might otherwise determine not to provide it. In addition, any loans by BNY Mellon to its bank subsidiaries would be subordinate in right of payment to depositors and to certain other indebtedness of its banks. In the event of a bank holding company's bankruptcy, any commitment by the bank holding company to a federal bank regulator to maintain the

capital of a subsidiary bank will be assumed by the bankruptcy trustee and entitled to a priority of payment.

Liability of Commonly Controlled Institutions and Related Matters

The FDI Act contains a "cross-guarantee" provision that could result in any insured depository institution owned by BNY Mellon being assessed for losses incurred by the FDIC in connection with assistance provided to, or the failure of, any other insured depository institution owned by BNY Mellon.

In addition, under the National Bank Act, if the capital stock of a national bank, such as BNY Mellon, N.A. or The Bank of New York Mellon Trust Company, National Association, is impaired by losses or otherwise, the OCC is authorized to require payment of the deficiency by assessment upon the bank's shareholders, *pro rata* , and to the extent necessary, if any such assessment is not paid by any shareholder after three months notice, to sell the stock of such shareholder to make good the deficiency.

Regulatory Capital

The federal bank regulatory authorities have substantially similar risk-based capital and leverage ratio guidelines for banking organizations. The guidelines are intended to ensure that banking organizations have adequate capital given the risk levels of their assets and off-balance sheet financial instruments.

The risk-based capital guidelines currently applicable to bank holding companies are based on the 1988 Capital Accord ("Basel I") of the Basel Committee on Banking Supervision (the "Basel Committee"). As discussed further below, the federal bank regulatory agencies have adopted new risk-based capital guidelines for "core banks", including BNY Mellon, based upon the Revised Framework for the International Convergence of Capital Measurement and Capital Standards ("Basel II") issued by the Basel Committee in June 2004 and updated in November 2005.

Under the existing Basel I-based guidelines, the risk-based capital ratio is determined by dividing the components of capital, described further below, by risk-adjusted assets (including certain off-balance sheet items, such as standby letters of credit). Risk-adjusted assets are determined by classifying assets and certain off-balance sheet items into weighted categories. The required minimum ratio of "Total capital" (the sum of Tier 1 and Tier 2) to risk-adjusted assets (including certain off-balance sheet items, such as standby letters of credit) is currently 8%. The required minimum ratio of Tier 1 capital to risk-adjusted assets is 4%. At Dec. 31, 2009, BNY Mellon's Total capital and Tier 1 capital to risk-adjusted assets ratios were 16.0% and 12.1%, respectively. Additional information on the calculation of our Tier 1 capital, Total capital and risk-weighted assets is set forth in "Capital" in the MD&A section in the Annual Report, which portion of the Annual Report is incorporated herein by reference.

The risk-based capital requirements identify concentration of credit risk and certain risks arising from non-traditional activities, and the management of those risks, as important factors to consider in assessing an institution's overall capital adequacy. In addition, the risk-based capital guidelines incorporate a measure for market risk in foreign exchange and commodity activities and in the trading of debt and equity instruments. The market risk-based capital guidelines require banking organizations with large trading activities to maintain capital for market risk in an amount calculated by using the banking organizations' own internal value-at-risk models, subject to parameters set by the regulators.

The federal bank regulatory agencies are mandating the adoption of Basel II for "core" banks. BNY Mellon and its depository institution subsidiaries are "core" banks. The only approach available to "core" banks is the Advanced Internal Ratings Based ("A-IRB") approach for credit risk and the Advanced Measurement Approach ("AMA") for operational risk.

The U.S. Basel II final rule, published by the U.S. regulatory agencies, became effective on April 1, 2008. Under the final rule, 2009 was the first year for a bank to begin its first of three transitional floor periods during which banks subject to the final rule calculate their capital requirements under both the old guidelines and new guidelines.

In the U.S., we will begin the parallel run of calculations under both the old and new guidelines in the second quarter of 2010. Beginning Jan. 1, 2008, we implemented the Basel II Standardized Approach for our banks organized in the United Kingdom, Belgium and Luxembourg. We

maintain an active dialogue with U.S. and international regulatory jurisdictions to facilitate a smooth Basel II reporting process. We believe Basel II will not constrain our current business practices.

The Federal Reserve Board requires bank holding companies to comply with minimum leverage ratio guidelines. The leverage ratio is the ratio of a bank holding company's Tier 1 capital to its total consolidated quarterly average assets (as defined for regulatory purposes), net of the loan loss reserve, goodwill and certain other intangible assets. The guidelines require a minimum leverage ratio of 3% for bank holding companies that either have the highest supervisory rating or have implemented the Federal Reserve Board's risk-adjusted measure for market risk. All other bank holding companies are required to maintain a minimum leverage ratio of 4%. The Federal Reserve Board has not advised us of any specific minimum leverage ratio applicable to us. At Dec. 31, 2009, our leverage ratio was 6.5%.

The Federal Reserve Board's capital guidelines provide that banking organizations experiencing internal growth or making acquisitions are expected to maintain strong capital positions substantially above the minimum supervisory levels, without significant reliance on intangible assets. Also, the guidelines indicate that the Federal Reserve Board will consider a "tangible Tier 1 leverage ratio" in evaluating proposals for expansion or new activities. The tangible Tier 1 leverage ratio is the ratio of a banking organization's Tier 1 capital (excluding intangibles) to total assets (excluding intangibles).

Basel Proposed Capital and Liquidity Requirements

On Dec. 17, 2009, the Basel Committee issued two consultative documents proposing reforms to bank capital and liquidity regulation, which are intended to address lessons learned from the financial crisis that began in 2007. The document titled "*Strengthening the Resilience of the Banking Sector*", which proposes reforms to bank capital, and the document titled "*International Framework for Liquidity Risk Management, Standards and Monitoring*" are discussed below. The proposal included in the document titled "*Strengthening the Resilience of the Banking Sector*" would significantly revise the definitions of Tier 1 capital and Tier 2 capital, with the most significant changes being to Tier 1 capital. Among other things, the proposal would disqualify certain capital instruments – including U.S.-style trust preferred securities and other instruments that effectively pay cumulative distributions – from Tier 1 capital status.

The liquidity proposals included in the document titled "*International Framework for Liquidity Risk Management, Standards and Monitoring*", would impose two measures of liquidity risk exposure, one based on a 30-day time horizon and the other addressing longer-term structural liquidity mismatches over a one-year time period.

The Basel Committee indicated that it expects final provisions responsive to the proposals to be implemented by Dec. 31, 2012. Ultimate implementation in individual countries, including the United States, is subject to the discretion of the bank regulators in those countries. The Basel Committee's final proposals may differ from the proposals released in December 2009, and the regulations and guidelines adopted by regulatory authorities having jurisdiction over BNY Mellon and its subsidiaries may differ from the final accord of the Basel Committee. Moreover, although some aspects of the Basel Committee proposals were quite specific (for example, the definition of the components of capital), others were merely conceptual (for example, the description of the leverage test) and others not specifically addressed (for example, the minimum percentages for required capital ratios). We are not able to predict at this time the content of guidelines or regulations that will ultimately be adopted by regulatory agencies having authority over BNY Mellon and its subsidiaries or the impact of changes in capital and liquidity regulation upon us. However, if current requirements are revised to mandate that BNY Mellon and its bank subsidiaries maintain more capital, with common equity as a more predominant component, or manage the configuration of their assets and liabilities in order to comply with formulaic liquidity requirements, it could significantly impact our financial condition, operations, capital position and ability to pursue business opportunities.

U.S. Treasury Proposed Capital Requirements

In September 2009, the U.S. Department of the Treasury issued a policy statement "Principles for Reforming the U.S. and International Regulatory Capital Framework for Banking Firms." This statement sets forth core principles that the Treasury believes would shape a new international capital accord to better protect the safety and soundness of

individual banking firms and the stability of the global financial system and economy. These core principles include: (a) capital requirements should be designed to protect the stability of the financial system, not just the solvency of individual banking firms; (b) capital requirements for all banks should be increased and those that could pose a threat to overall financial stability should be higher than others; (c) there should be a greater emphasis on higher quality forms of capital (common equity should constitute a "large majority" of a bank's Tier 1 capital); (d) risk-based capital requirements should be a function of the relative risk; (e) the procyclicality of the regulatory capital and accounting regimes should be reduced (hold a larger buffer over banks' minimum capital requirements during good times); (f) banks should be subject to a simple, non-risk-based leverage constraint; (g) banks should be subject to a conservative, explicit liquidity standard; and (h) stricter capital and liquidity requirements for the banking system should not be allowed to result in the re-emergence of an under-regulated non-bank financial sector that poses a threat to financial stability.

The U.S. Department of the Treasury issued this statement to facilitate the process of reaching a domestic and then international consensus on a new regulatory capital and liquidity regime for global banking firms. The Department of the Treasury seeks to reach a comprehensive international agreement on the new global framework by Dec. 31, 2010, with implementation of the reforms effective Dec. 31, 2012.

Prompt Corrective Action

The FDI Act, as amended by the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA"), requires the federal banking agencies to take "prompt corrective action" in respect of depository institutions that do not meet specified capital requirements. FDICIA establishes five capital categories for FDIC-insured banks: well-capitalized, adequately-capitalized, under-capitalized, significantly under-capitalized and critically under-capitalized. A depository institution is deemed to be "well capitalized" if the banking institution has a total risk-based capital ratio of 10.0% or greater, a Tier 1 risk-based capital ratio of 6.0% or greater, and a leverage ratio of 5.0% or greater, and the institution is not subject to an order, written agreement, capital directive, or prompt corrective action directive to meet and maintain a specific level for any capital measure. The FDI Act imposes progressively more restrictive constraints on operations, management and capital distributions, depending on the capital category in which an institution is classified.

At Dec. 31, 2009, all of our bank subsidiaries were well-capitalized based on the ratios and guidelines noted above. A bank's capital category, however, is determined solely for the purpose of applying the prompt corrective action rules and may not be an accurate representation of the bank's overall financial condition or prospects.

The appropriate federal banking agency may, under certain circumstances, reclassify a well-capitalized insured depository institution as adequately capitalized. The FDI Act provides that an institution may be reclassified if the appropriate federal banking agency determines (after notice and opportunity for hearing) that the institution is in an unsafe or unsound condition or deems the institution to be engaging in an unsafe or unsound practice.

The appropriate agency is also permitted to require an adequately capitalized or undercapitalized institution to comply with the supervisory provisions as if the institution were in the next lower category (but not treat a significantly undercapitalized institution as critically undercapitalized) based on supervisory information other than the capital levels of the institution.

Compensation Practices

Our compensation practices are subject to oversight by the Federal Reserve Board. In October 2009, the Federal Reserve Board issued a comprehensive proposal on incentive compensation policies that applies to all banking organizations supervised by the Federal Reserve Board, including bank holding companies such as BNY Mellon. The proposal sets forth three key principles for incentive compensation arrangements that are designed to help ensure that incentive compensation plans do not encourage excessive risk-taking and are consistent with the safety and soundness of banking organizations. The three principles provide that a banking organization's incentive compensation arrangements should provide incentives that do not encourage risk-taking beyond the organization's ability to effectively identify and manage risks, be compatible with effective internal controls and risk management, and be supported by strong corporate governance. The proposal also contemplates a detailed review by the Federal Reserve Board of the incentive compensation policies and practices of a number of "large, complex banking

organizations," including us. Any deficiencies in compensation practices that are identified may be incorporated into the organization's supervisory ratings, which can affect its ability to make acquisitions or perform other actions. The proposal provides that enforcement actions may be taken against a banking organization if its incentive compensation arrangements or related risk-management control or governance processes pose a risk to the organization's safety and soundness and the organization is not taking prompt and effective measures to correct the deficiencies. The scope and content of the Federal Reserve Board's policies on executive compensation are continuing to develop, and we expect that these policies will evolve over a number of years.

In September 2009, the Financial Stability Board, established by the leaders of the Group of 20, released standards for implementing certain compensation principles for banks and other financial companies designed to encourage sound compensation practices. These standards are to be implemented by local regulators. Thus far, regulators in a number of countries, including the United Kingdom, France and Germany, have proposed or adopted policies related to compensation at financial institutions. These policies are in addition to the proposals made by the Federal Reserve Board in October 2009. The United Kingdom has announced a 50% tax on certain financial institutions in respect of discretionary bonuses in excess of £25,000 awarded to "relevant banking employees" at such institutions between Dec. 9, 2009 and April 5, 2010 or awarded under arrangements made between those dates. Separately, the FDIC has solicited comments on whether to amend its risk-based deposit insurance assessment system to potentially increase assessment rates on financial institutions with compensation programs that put the DIF at risk.

Insolvency of an Insured Depository Institution

If the FDIC is appointed the conservator or receiver of an insured depository institution such as The Bank of New York Mellon or BNY Mellon, N.A., upon its insolvency or in certain other events, the FDIC has the power:

- to transfer any of the depository institution's assets and liabilities to a new obligor without the approval of the depository institution's creditors;
- to enforce the terms of the depository institution's contracts pursuant to their terms; or
- to repudiate or disaffirm any contract or lease to which the depository institution is a party, the performance of which is determined by the FDIC to be burdensome and the disaffirmance or repudiation of which is determined by the FDIC to promote the orderly administration of the depository institution.

In addition, under federal law, the claims of holders of deposit liabilities and certain claims for administrative expenses against an insured depository institution would be afforded a priority over other general unsecured claims against such an institution, including claims of debt holders of the institution, in the "liquidation or other resolution" of such an institution by any receiver. As a result, whether or not the FDIC ever sought to repudiate any debt obligations of The Bank of New York Mellon or BNY Mellon, N.A. the debt holders would be treated differently from, and could receive, if anything, substantially less than, the depositors of the depository institution.

Depositor Preference

Under federal law, depositors and certain claims for administrative expenses and employee compensation against an insured depository institution are afforded a priority over other general unsecured claims against such an institution, including federal funds and letters of credit, in the "liquidation or other resolution" of such an institution by any receiver.

Anti-Money Laundering and the USA Patriot Act

A major focus of governmental policy on financial institutions in recent years has been aimed at combating money laundering and terrorist financing. The USA PATRIOT Act of 2001 (the "USA Patriot Act") substantially broadened the scope of U.S. anti-money laundering laws and regulations by imposing significant new compliance and due diligence obligations, creating new crimes and penalties and expanding the extra-territorial jurisdiction of the U.S. The U.S. Treasury Department has proposed and, in some cases, issued a number of implementing regulations which apply various requirements of the USA Patriot Act to financial institutions such as BNY Mellon's bank, broker-dealer and investment adviser subsidiaries and mutual funds and private investment companies advised or sponsored by our subsidiaries. Those regulations impose obligations on financial institutions to maintain appropriate policies, procedures and controls to detect, prevent and report money laundering and terrorist financing

and to verify the identity of their customers. Certain of those regulations impose specific due diligence requirements on financial institutions that maintain correspondent or private banking relationships with non-U.S. financial institutions or persons. Failure of a financial institution to maintain and implement adequate programs to combat money laundering and terrorist financing could have serious legal and reputational consequences for the institution.

Asset-backed Commercial Paper Liquidity Facility Program

In September 2008, the Federal Reserve announced an Asset Backed Commercial Paper ("ABCP") Money Market Mutual Fund ("MMMF") Liquidity Facility program (the "ABCP Program").

Eligible borrowers under the ABCP Program include all U.S. depository institutions, U.S. bank holding companies, U.S. branches and agencies of foreign banks and broker-dealers. Eligible borrowers were permitted to borrow funds under the ABCP Program in order to fund the purchase of eligible ABCP from an MMMF. The MMMF must be a fund that qualifies as a money market mutual fund under Rule 2a-7 of the '40 Act. ABCP used for collateral in the ABCP Program must be rated no lower than A1, F1 or P1, U.S. dollar denominated and from a U.S. issuer. The ABCP Program ended on Feb. 1, 2010.

Borrowings under the ABCP Program are non-recourse. Further, the ABCP pledged under the ABCP Program receives a 0% risk weight for risk-based capital purposes and is excluded from average total consolidated assets for leverage capital purposes.

BNY Mellon repaid all borrowings related to this program in early 2009.

Temporary Guarantee Program for Money Market Mutual Funds

In September 2008, the U.S. Treasury Department opened its Temporary Guarantee Program for Money Market Mutual Funds (the "Temporary Guarantee Program"), under which the U.S. Treasury guaranteed the share price of any publicly offered eligible money market fund that applied for and paid a fee to participate in the Temporary Guarantee Program. All money market funds that are structured within the confines of Rule 2a-7 of the '40 Act that maintain a stable share price of $1.00, are publicly offered and are registered with the SEC were eligible to participate in the Temporary Guarantee Program.

The Temporary Guarantee Program provided coverage to shareholders for amounts that they held in participating money market funds at the close of business on Sept. 19, 2008. The guarantee was triggered if the market value of assets held in a participating fund fell below $0.995 per share, the fund's sponsor chose not to maintain the $1.00 share price, and the fund's board determined to liquidate the fund. Each Dreyfus and BNY Mellon Funds Trust money market fund entered into a Guarantee Agreement with the Department of the Treasury which permitted these funds to participate in the Temporary Guarantee Program.

The Temporary Guarantee Program was designed to address temporary dislocations in credit markets and initially was scheduled to run through Dec. 18, 2008. The Department of the Treasury extended the Temporary Guarantee Program until Sept. 18, 2009 but chose not to further extend the program. Accordingly, as of Sept. 18, 2009, the program no longer provides any guarantee against loss to money market fund shareholders with respect to fund shares held.

U.S. Treasury Program – Investment in U.S. Financial Institutions

In October 2008, the U.S. government announced the Troubled Asset Relief Program ("TARP") Capital Purchase Program ("CPP") authorized under the Emergency Economic Stabilization Act of 2008 ("EESA"). The intention of this program is to encourage U.S. financial institutions to build capital, to increase the flow of financing to U.S. businesses and consumers and to support the U.S. economy. In connection with the CPP, BNY Mellon issued $3 billion of Fixed Rate Cumulative Perpetual Preferred Stock, Series B, and a warrant for common stock to the U.S. Treasury. In June 2009, we repurchased the Series B Preferred Stock for $3.0 billion, which reflects the liquidation value of the preferred stock. BNY Mellon paid the U.S. Treasury an aggregate of approximately $95 million in dividends on the Series B preferred shares from Oct. 28, 2008 through the repurchase date. In August 2009, we repurchased the warrant issued to the U.S. Treasury for $136 million.

FDIC Temporary Liquidity Guarantee Program

In October 2008, the FDIC announced the Temporary Liquidity Guarantee Program (the "TLGP"). This program:

- Guarantees certain types of senior unsecured debt issued by participating U.S. bank holding companies, U.S. savings and loan holding companies and FDIC-insured depositary institutions between Oct. 14, 2008 and Oct. 31, 2009, including promissory notes, commercial paper and any unsecured portion of senior debt. In 2009, BNY Mellon issued approximately $600 million of FDIC-guaranteed debt maturing June 29, 2012 under this program, which was the maximum amount of the debt permissible for it under the TLGP. At Dec. 31, 2009, $2 billion of other companies' debt guaranteed by the FDIC under the Temporary Liquidity Guarantee Program is included in BNY Mellon's investment securities portfolio.
- Provides full FDIC deposit insurance coverage for funds held by participating FDIC-insured depository institutions ("IDI") including deposits held at BNY Mellon for over $250,000 in noninterest bearing transaction deposit accounts until Dec. 31, 2009. This program was extended for participating IDIs until June 30, 2010. BNY Mellon elected to opt-out of the extension of this program. Our participation in the program ended on Dec. 31, 2009.

Money Market Investor Funding Facility

In October 2008, the Federal Reserve Board announced the creation of the Money Market Investor Funding Facility ("MMIFF"), which supports a private-sector initiative designed to provide liquidity to U.S. money market investors.

Under the MMIFF, the Federal Reserve Bank of New York provided senior secured financing to a series of special purpose vehicles ("SPVs") that purchase high-quality money market instruments maturing in 90 days or less from U.S. money market funds. Eligible assets include U.S. dollar-denominated certificates of deposit and commercial paper issued by highly rated financial institutions and having remaining maturities of 90 days or less. Eligible investors include U.S. money market mutual funds and over time may include other U.S. money market investors. In January 2009, the Federal Reserve Board expanded the set of institutions eligible to participate in the MMIFF from U.S. money market mutual funds to also include U.S.-based securities lending cash collateral reinvestment funds, portfolios and accounts (securities lenders) and U.S.-based investment funds that operate in a manner similar to money market mutual funds, such as certain local government investment pools, common trust funds and collective investment funds.

The MMIFF became operational on Nov. 24, 2008, with SPVs becoming eligible to begin purchasing assets on that date. The MMIFF expired on Oct. 30, 2009.

SEC Adopts Money Market Fund Reforms

In February 2010, the SEC adopted new rules intended to increase the resilience of money market funds to economic stresses and reduce the risks of runs on the funds by tightening maturity and credit quality standards and imposing new minimum liquidity requirements. In part, these rules (a) limit fund purchases of Second Tier securities (securities of other than the highest credit quality) to 3% of total net assets; (b) establish minimum Daily and Weekly Liquidity Standards for funds (10% of a fund's assets must be invested in "Daily Liquid Assets" and 30% in "Weekly Liquid Assets", which generally include cash, U.S. Government securities, or securities readily convertible to cash within one or five business days, respectively); (c) establish a General Liquidity Requirement and for funds to adopt related "Know Your Investor" procedures; (d) require funds to limit purchases of securities that are not "Liquid Assets" to 5% of total net assets; (e) reduce maximum portfolio weighted average maturity from 90 days to 60 days; (f) establish a maximum "weighted average life to maturity" of 120 days (to reduce spread risk); (g) require that funds

perform periodic stress tests of fund portfolios; (h) enhance fund portfolio holdings disclosure requirements; (i) mandate the ability to process investor redemption orders at a price of less than $1; and (j) empower fund boards to suspend redemptions if a fund is about to "break" the $1 share price and the board decides to liquidate the fund.

The SEC Commissioners, in voting to approve these reforms, indicated publicly that they anticipate a second round of rule-making with additional reforms in the foreseeable future. Issues mentioned for consideration include a private liquidity facility for money market funds, a floating net asset value ("NAV") money market fund to replace the fixed NAV money market fund that is prevalent today, a possible two-tiered regulatory system for fixed and floating NAV money market funds, and other matters raised in President Obama's Working Group Report (once issued).

We believe that the reforms adopted by the SEC in February 2010 will have a minimal impact on our money market mutual fund business. However, if further reforms of the type being contemplated by the SEC Commissioners are implemented, they may have a greater effect on altering money market mutual funds industry-wide.

Privacy

The privacy provisions of the Gramm-Leach-Bliley Act generally prohibit financial institutions, including BNY Mellon, from disclosing nonpublic personal financial information of consumer customers to third parties for certain purposes (primarily marketing) unless customers have the opportunity to "opt out" of the disclosure. The Fair Credit Reporting Act restricts information sharing among affiliates for marketing purposes.

Community Reinvestment Act

The Community Reinvestment Act of 1977 requires U.S. banks to help serve the credit needs of their communities, including credit to low and moderate income individuals and geographies. Should BNY Mellon or its U.S. bank subsidiaries fail to adequately serve these communities, potential penalties could be imposed, including regulatory denials to expand branches, relocate, add subsidiaries and affiliates, expand into new financial activities and merge with or purchase other financial institutions.

Acquisitions

Federal and state laws impose notice and approval requirements for mergers and acquisitions involving depository institutions or bank holding companies. The BHC Act requires the prior approval of the Federal Reserve Board for the direct or indirect acquisition of more than 5.0% of any class of the voting shares or all or substantially all of the assets of a commercial bank, savings and loan association or bank holding company. In reviewing bank acquisition and merger applications, the bank regulatory authorities will consider, among other things, the competitive effect of the transaction, financial and managerial issues including the capital position of the combined organization, convenience and needs factors, including the applicant's record under the Community Reinvestment Act, and the effectiveness of the subject organizations in combating money laundering activities. In addition, other acquisitions by BNY Mellon may be subject to informal notice and approval by the Federal Reserve Board or other regulatory authorities.

Legislative Initiatives

Various legislative initiatives, such as those discussed in this section, are from time to time introduced in Congress or relevant state legislatures. We cannot determine the ultimate effect that any such potential legislation, if enacted, would have upon our financial condition or operations.

Proposals to Limit Activities and Size of Financial Institutions and Tax Large Financial Firms

In January 2010, President Obama announced two initiatives aimed at U.S. financial institutions. The first proposes to limit both the size and scope of U.S. financial institutions (the "Volcker Rule"). The Volcker Rule would prohibit U.S. banks, bank holding companies and other depository institution holding companies from owning, investing in or sponsoring hedge funds, private equity funds and proprietary trading operations that are unrelated to serving client needs. In addition, the Volcker Rule seeks to limit the consolidation of the financial sector by restricting the growth of the market share of liabilities, including non-deposit funding, at the largest financial firms. This limit would supplement existing caps on the market share of deposits.

The second proposal is a "Financial Crisis Responsibility Fee," a tax that would be levied on bank, thrift and insurance companies and broker-

dealers with more than $50 billion in consolidated assets. As currently proposed, the fee would go into effect on June 30, 2010 and would remain in force for 10 years or longer. The fee would be calculated on total assets excluding Tier 1 capital and assessed deposits. Based on the amounts of assets on its balance sheet at Dec. 31, 2009, BNY Mellon estimates that it would be responsible for paying approximately $200 million annually under this proposal, if enacted as currently proposed.

Financial regulatory reform continues to be a top priority for the Obama Administration. The U.S. House of Representatives (the "House") passed the "Wall Street Reform and Consumer Protection Act" on Dec. 11, 2009. The U.S. Senate has not yet enacted legislation in this area. The Senate Banking Committee draft bill, "Restoring American Financial Stability Act of 2009" is still in draft form and currently under discussion. Both legislative products focus on measures to improve financial stability, provide for more effective bank supervision, enhance the regulation of consumer financial products and services through the establishment of a Consumer Financial Protection Agency and allow for better coordination between regulatory agencies. The House's bill would establish a Systemic Dissolution Fund to help wind down financial institutions when necessary. The fund would be pre-funded by FDIC assessments on large financial companies with assets exceeding $50 billion, to pay for the resolution of a bank holding company, a systemically important financial company, an insurance company or any other financial company. The Senate Banking Committee's draft proposal has a similar resolution mechanism and sets the threshold at $10 billion or more.

Competition

BNY Mellon is subject to intense competition in all aspects and areas of our business. Our Asset Management and Wealth Management business segments experience competition from asset management firms; hedge funds; investment banking companies; bank and financial holding companies; banks, including trust banks; brokerage firms; and insurance companies. These firms and companies may be domiciled domestically or internationally. Our Asset Servicing, Clearing and Treasury Services business segments compete with domestic and foreign banks that offer institutional trust, custody products and cash management products, as well as a wide range of technologically capable service providers, such as data processing and shareholder service firms and other firms that rely on automated data transfer services for institutional and retail customers.

Many of our competitors, with the particular exception of bank and financial holding companies, banks and trust companies, are not subject to regulation as extensive as that described under the "Supervision and Regulation" section and, as a result, may have a competitive advantage over us and our subsidiaries in certain respects.

As a result of current conditions in the global financial markets and the economy in general, competition could intensify and consolidation of financial service companies could increase.

As part of our business strategy, we seek to distinguish ourselves from competitors by the level of service we deliver to our clients. We also believe that technological innovation is an important competitive factor, and, for this reason, have made and continue to make substantial investments in this area. The ability to recover quickly from unexpected events is a competitive factor, and we have devoted significant resources to this. See Item 1A, "Risk Factors – Competition" below, which is incorporated into this Item by reference.

Employees

At Dec. 31, 2009, BNY Mellon and its subsidiaries had approximately 42,200 employees.

Statistical Disclosures by Bank Holding Companies

The Securities Act of 1933 Industry Guide 3 and the Securities Exchange Act of 1934 Industry Guide 3 (together "Guide 3") require that the following statistical disclosures be made in annual reports on Form 10-K filed by bank holding companies.

I. Distribution of Assets, Liabilities and Stockholders' Equity; Interest Rates and Interest Differential

Information required by this section of Guide 3 is presented in the Annual Report in "Net interest revenue" and the "Supplemental information – Rate/volume analysis" sections and in Note 11 of the Notes to Consolidated Financial Statements, which portions are incorporated herein by reference.

II. Investment Portfolio

A. Book Value of Investments;

B. Maturity Distribution and Yields of Investments; and,

C. Aggregate Book Value and Market Value of Investments where Issuer Exceed 10% of Stockholders' Equity

Information required by this section of Guide 3 is presented in the Annual Report in the "Net interest revenue" and "Consolidated balance sheet review – Investment securities" sections and in Note 5 of the Notes to Consolidated Financial Statements, which portions are incorporated herein by reference.

III. Loan Portfolio

A. Types of Loans and

B. Maturities and Sensitivities of Loans to Changes in Interest Rates

Information required by these sections of Guide 3 is presented in the Annual Report in the "Consolidated balance sheet review– Loans" section and Note 1 and Note 6 of the Notes to Consolidated Financial Statements, which portions are incorporated herein by reference.

C. Risk Elements and

D. Other Interest-bearing Assets

Information required by these sections of Guide 3 is included in the Annual Report in the "Consolidated balance sheet review – Loans and Non-performing assets" and "International operations-Cross-border risk" sections and Note 1 and Note 6 of the Notes to Consolidated Financial Statements, which portions are incorporated herein by reference.

IV. Summary of Loan Loss Experience

Information required by this section of Guide 3 is included in the Annual Report in the "Asset Quality and Allowance for Credit Losses" section, which is incorporated herein by reference, and below.

When losses on specific loans are identified, the portion deemed uncollectible is charged off. The allocation of the reserve for credit losses is presented in the "Asset Quality and Allowance for Credit Losses" section in the Annual Report, as required by Guide 3, which is incorporated herein by reference.

Further information on our credit policies, the factors that influenced management's judgment in determining the level of the reserve for credit exposure, and the analyses of the reserve for credit exposure are set forth in the Annual Report "Credit Risk" section, in "Critical Accounting Estimates" in Note 1 of the Notes to Consolidated Financial Statements under "Allowance for Loan Losses and Allowance for Lending Related Commitments" and in Note 6 of the Notes to Consolidated Financial Statements, which portions are incorporated herein by reference.

V. Deposits

Information required by this section of Guide 3 is set forth in the Annual Report in the "Net interest revenue" and "Consolidated balance sheet review – Deposits" sections and in Note 9 of the Notes to Consolidated Financial Statements, which portions are incorporated herein by reference.

VI. Return on Equity and Assets

Information required by this section of Guide 3 is set forth in the Annual Report in the "Financial Summary" section, which portion is incorporated herein by reference.

VII. Short-Term Borrowings

Information required by this section of Guide 3 is set forth in the Annual Report in the "Other Borrowings" section, which portion is incorporated herein by reference.

Replacement Capital Covenant

On Sept. 19, 2006, Mellon Financial entered into a Replacement Capital Covenant (the "RCC") in connection with the issuance by Mellon Financial of £200,050,000 aggregate principal amount of Mellon Financial's 6.369% junior subordinated debentures (the "Junior Subordinated Debt Securities") to Mellon Capital III (the "Trust") and the issuance by the Trust of £200,000,000 aggregate principal amount of the Trust's 6.369% preferred securities (the "Preferred Securities"). We refer to the Junior Subordinated Debt Securities and the Preferred Securities collectively as the "Securities." Pursuant to the merger, BNY Mellon assumed Mellon Financial's obligations under the RCC.

BNY Mellon agreed in the RCC for the benefit of persons that buy, hold or sell a specified series of its long-term indebtedness for money borrowed, called

"Covered Debt" in the RCC, that, on or before Sept. 5, 2056:

- BNY Mellon and its subsidiaries will not repay, redeem or repurchase any of the Securities, with limited exceptions, unless
  - BNY Mellon has obtained the prior approval of the Federal Reserve Board to do so if such approval is then required under the Federal Reserve Board's capital guidelines applicable to bank holding companies, and
  - the principal amount repaid or the applicable redemption or repurchase amount does not exceed specified percentages of the aggregate amount of net cash proceeds that BNY Mellon and its subsidiaries have received during the six months prior to delivery of notice of such repayment or redemption or the date of such repurchase from issuance of other securities specified in the RCC that, generally described, based on current standards are expected to receive equity credit at the time of sale or issuance equal to or greater than the equity credit attributed to the Securities at the time of such repayment, redemption or repurchase; and
- BNY Mellon will not pay any interest that has been deferred on the Junior Subordinated Debt Securities other than out of the net proceeds of common stock or certain non-cumulative perpetual preferred stock that is subject to a replacement capital covenant similar to the RCC, subject to certain limitations, and BNY Mellon will not redeem interest on the Junior Subordinated Debt Securities that it has elected to capitalize, as permitted by the terms of such securities, except with the proceeds raised from the issuance or sale of common stock or rights to purchase common stock.

The series of long-term indebtedness for borrowed money that is Covered Debt under the RCC as of the date of this Form 10-K is BNY Mellon's 5.50% subordinated notes due Nov. 15, 2018, which have CUSIP No. 585515AE9. Each series of long-term indebtedness for money borrowed that is Covered Debt, including BNY Mellon's 5.50% subordinated notes due Nov. 15, 2018, will cease to be Covered Debt on the earliest to occur of (i) the date that is two years prior to the final maturity date of such series, (ii) if BNY Mellon or a subsidiary elects to redeem or repurchase such series in whole or in part and after giving effect to such redemption or repurchase the outstanding principal amount of such series is less than $100,000,000, the applicable redemption or repurchase date, and (iii) if such series meets the other eligibility requirements set forth in the RCC for Covered Debt but is not subordinated debt, then the date (if any) on which BNY Mellon issues a series of long term indebtedness for money borrowed that meets the eligibility requirements of the RCC but is subordinated debt. The RCC includes provisions under which a new series of BNY Mellon's long-term indebtedness for money borrowed will then be identified as and become the Covered Debt benefiting from the RCC.

The full text of the RCC is available as Exhibit 99.1 to Mellon Financial's current report on Form 8-K dated Sept. 20, 2006. The description of the RCC set forth above is qualified by reference to its full text.

On June 19, 2007, Mellon Financial entered into a Replacement Capital Covenant (the "2007 RCC") in connection with the issuance by Mellon Financial of $500,100,000 aggregate principal amount of Mellon Financial's 6.044% Junior Subordinated Notes (the "Junior Notes") to Mellon Capital IV (the "2007 Trust") and the issuance by the 2007 Trust of 500,000 of its 6.244% Fixed-to-Floating Rate Normal Preferred Capital Securities, or "Normal PCS" (together with Stripped PCS and Capital PCS issued pursuant to the terms of the Normal PCS, the "PCS"), having a stated amount of $1,000 per Normal PCS and $500,000,000 in the aggregate. Pursuant to the merger, BNY Mellon assumed Mellon Financial's obligation under the 2007 RCC.

BNY Mellon agreed in the 2007 RCC for the benefit of persons who buy, hold, or sell a specified series of its long-term indebtedness for money borrowed, called "Covered Debt" in the 2007 RCC, that on or before the "Stock Purchase Date", as defined in the 2007 RCC (anticipated to be June 20, 2012), with respect to the Junior Notes, and on or before a date ten years after the Stock Purchase Date, with respect to the PCS or Preferred Stock issuable pursuant to the terms of the PCS (collectively, the Junior Notes, PCS and Preferred Stock are referred to as the "2007 Securities"):

- BNY Mellon and its subsidiaries will not redeem or repurchase any of the 2007 Securities with limited exceptions, unless
  - BNY Mellon has obtained the prior approval of the Federal Reserve Board to do so if such approval is then required under the Federal Reserve Board's capital guidelines applicable to bank holding companies and

- the applicable redemption or repurchase amount does not exceed specified percentages of the aggregate amount of net cash proceeds that BNY Mellon and its subsidiaries have received during the 180 days prior to delivery of notice of such redemption or repurchase from issuance of common stock or other securities specified in the 2007 RCC that, generally described, based on current standards, are expected to receive equity credit at the time of issuance equal to or greater than the equity credit attributed to the 2007 Securities at the time of such redemption or repayment.

The series of long-term indebtedness for borrowed money that is Covered Debt under the 2007 RCC as of the date of this Form 10-K is BNY Mellon's 5.50% subordinated notes due Nov. 15, 2018, which have CUSIP No. 585515AE9. Each series of long-term indebtedness for money borrowed that is Covered Debt, including Mellon Financial's 5.50% subordinated notes due Nov. 15, 2018, will cease to be Covered Debt on the earliest to occur of (i) the date that is two years prior to the final maturity date or the defeasance of such series; (ii) if BNY Mellon or a subsidiary elects to redeem or repurchase such series in whole or in part and after giving effect to such redemption or repurchase the outstanding principal amount of such series is less than $100,000,000, the applicable redemption or repurchase date; and (iii) if such series meets the other eligibility requirements set forth in the 2007 RCC for Covered Debt but is not subordinated debt, then the date (if any) on which BNY Mellon issues a series of long-term indebtedness for money borrowed that meets the eligibility requirements of the 2007 RCC but is subordinated debt. The 2007 RCC includes provisions under which a new series of BNY Mellon's long-term indebtedness for money borrowed will then be identified as and become the Covered Debt benefiting from the 2007 RCC.

The full text of the 2007 RCC is available as Exhibit 99.1 to Mellon Financial's current report on Form 8-K dated June 20, 2007. The description of the 2007 RCC set forth above is qualified by reference to its full text.

ITEM 1A. RISK FACTORS

Making or continuing an investment in securities issued by us, including our common stock, involves certain risks that you should carefully consider. The following discussion sets forth some of the more important risk factors that could affect our business, financial condition or results of operations. However, other factors, besides those discussed below or elsewhere in this Annual Report on Form 10-K or other of our reports filed with or furnished to the SEC, also could adversely affect our business or results. We cannot assure you that the risk factors described below or elsewhere in this document are a complete set of all potential risks that we may face. These risk factors also serve to describe factors which may cause our results to differ materially from those described in forward-looking statements included herein or in other documents or statements that make reference to this Annual Report on Form 10-K. See "Forward-Looking Statements."

Current uncertainties in the global financial markets and the economy generally may materially adversely affect our business and results of operations.

Our results of operations are materially affected by conditions in the domestic and global financial markets and the economy generally, both in the U.S. and elsewhere around the world. While there are indications that both the financial markets and the economy have recovered somewhat from the recent world-wide recession, there appear to remain depressed home prices and increasing foreclosures, volatile equity market values, high unemployment, declining business and consumer confidence and the risk of increased inflation. These factors continue to have a significant effect on both the global economy and our business. The resulting economic pressure on consumers and lack of confidence in the financial markets may adversely affect certain portions of our business and our financial condition and results of operations. A worsening of these conditions would likely exacerbate the adverse effects of these difficult market conditions on us and others in the financial institutions industry. In particular, we may face the following risks in connection with these events:

- The amount and range of our market risk exposures have been increasing over the past several years, and may continue to do so.
- During periods of unfavorable market or economic conditions, the level of individual investor participation in the global markets, as well as the level of client assets, may also decrease, which would negatively impact the results of our Asset and Wealth Management segments.
- Fluctuations in global market activity could impact the flow of investment capital into or

from assets under management or supervision and the way customers allocate capital among money market, equity, fixed income or other investment alternatives, which could negatively impact our Asset Management segment.

- Our ability to continue to operate certain commingled investment funds at a net asset value of $1.00 per unit and to allow unrestricted cash redemptions by investors in those commingled funds (or by investors in other funds managed by us which are invested in those commingled investment funds) may be adversely affected by depressed mark-to-market prices of the underlying portfolio securities held by such funds, or by material defaults on such securities or by the limited sources of liquidity that are available to such funds; and we may be faced with claims from investors and exposed to financial loss as a result of our operation of such funds.
- We expect to face increased regulation of our industry. Compliance with such regulation may increase our costs and limit our ability to pursue business opportunities.
- The process we use to estimate losses inherent in our credit exposure and to ascertain the fair value of securities held by us is subject to uncertainty in that it requires difficult, subjective, and complex judgments, including forecasts of economic conditions and how these conditions might impair the ability of our borrowers and others to meet their obligations.
- Our ability to access the public capital markets on favorable terms or at all could be adversely affected by further disruptions in the markets or other events, including actions by rating agencies and deteriorating investor expectations.
- FDIC premiums have become considerably higher recently because market developments have significantly depleted the DIF and reduced the ratio of reserves to insured deposits. Premiums may continue to increase until the value of the fund has returned to levels the FDIC determines appropriate.
- The value of our investments in equity and debt securities, including our marketable debt securities and pension and other post-retirement plan assets, may decrease.

Levels of market volatility have been unprecedented.

The capital and credit markets have been experiencing volatility and disruption for more than two years. While markets have stabilized in recent months, further upheaval could produce downward pressure on stock prices and credit availability for certain issuers without regard to those issuers' underlying financial strength. Under these extreme conditions, hedging and other risk management strategies may not be as effective at mitigating trading losses as they would be under less volatile market conditions. Moreover, under these conditions market participants are particularly exposed to trading strategies employed by many market participants simultaneously and on a large scale, such as crowded trades. Our risk management and monitoring processes seek to quantify and mitigate risk to more extreme market moves. Severe market events have historically been difficult to predict, however, and we could realize significant losses if unprecedented extreme market events were to continue, such as the recent conditions in the global financial markets and global economy. See the "Risk Management" section of the Annual Report, which is incorporated herein by reference.

If markets experience further upheavals, there can be no assurance that we will not experience an adverse effect, which may be material, on our ability to access capital and on our business, financial condition and results of operations.

We may experience further write-downs of our financial instruments and other losses related to volatile and illiquid market conditions ; impairment of our instruments could harm our earnings.

We maintain an investment securities portfolio of various holdings, types, and maturities. These securities are generally classified as available-for-sale and, consequently, are recorded on our Consolidated Balance Sheet at fair value with unrealized gains or losses reported as a component of accumulated other comprehensive income, net of tax. Our portfolio consists of non-agency residential mortgage-backed securities, commercial mortgage-backed securities and credit cards, the values of which are subject to market price volatility to the extent unhedged. If such investments suffer credit losses, as we experienced with some of our investments in fiscal 2009, we may recognize in earnings the credit losses as an other-than-temporary impairment. For information regarding the sensitivity of and risks associated with the market value of portfolio investments and interest rates, refer to the section titled "Market Risk" in our Annual Report, which section is incorporated herein by reference.

Competition—We are subject to intense competition in all aspects of our business, which could negatively affect our ability to maintain or increase our profitability.

Many businesses in which we operate are intensely competitive around the world. Other domestic and international banks and financial service companies such as trading firms, broker dealers, investment banks, specialized processing companies, outsourcing companies, data processing companies and asset managers aggressively compete with us for fee-based business. We also face competition from both unregulated and regulated financial services organizations such as mutual funds, insurance companies, credit unions, money market funds and investment counseling firms, whose products and services span the local, national and global markets in which we conduct operations. In addition, insurance companies, investment counseling firms, brokerage houses and other business firms and individuals offer active competition for personal trust services and investment counseling services.

Regulators have recently put forward various proposals that may impact our ability to conduct certain of our businesses in a cost-effective manner or at all, including proposals relating to restrictions on the type of activities in which financial institutions are permitted to engage and the size of financial institutions, and proposals to impose additional taxes on certain financial institutions. These or other similar proposals, which may not apply to all of our competitors, could adversely impact our ability to compete effectively.

Dependence on fee-based business—We are dependent on fee-based business for a substantial majority of our revenue and our fee-based revenues could be adversely affected by a slowing in capital market activity, significant declines in market values or negative trends in savings rates or in individual investment preferences.

Our principal operational focus is on fee-based business, as distinct from commercial banking institutions that earn most of their revenues from traditional interest-generating products and services. We have redeployed our assets away from traditional retail banking to concentrate our resources further on fee-based businesses, including cash management, custody, mutual fund services, unit investment trusts, corporate trust, depositary receipts, stock transfer, securities execution and clearance, collateral management, and asset management.

Fees for many of our products and services are based on the volume of transactions processed, the market value of assets managed and administered, securities lending volume and spreads, and fees for other services rendered. Corporate actions, cross-border investing, global mergers and acquisitions activity, new debt and equity issuances, and secondary trading volumes all affect the level of our revenues.

Asset-based fees are typically determined on a sliding scale so that, as the value of a client portfolio grows, we receive a smaller percentage of the increasing value as fee income. This is particularly important to our asset management, global funds services and global custody businesses. Significant declines in the values of capital assets would reduce the market value of some of the assets that we manage and administer and result in a corresponding decrease in the amount of fees we receive and therefore would have an adverse effect on our results of operations. Similarly, significant declines in the volume of capital markets activity would reduce the number of transactions we process and the amount of securities lending we do and therefore would also have an adverse effect on our results of operations.

Pricing pressures, as a result of the ability of competitors to offer comparable or improved products or services at a lower price and customer pricing reviews, may result in a reduction in the price we can charge for our products and services which would likely negatively affect our ability to maintain or increase our profitability.

Our business generally benefits when individuals invest their savings in mutual funds and other collective funds, in defined benefit plans, unit investment trusts or exchange traded funds. If there is a decline in the savings rates of individuals, or if there is a change in investment preferences that leads to less investment in mutual funds, other collective funds and defined contribution plans, our revenues could be adversely affected.

Our fee-based revenues could be adversely affected by a stable exchange-rate environment or decreased cross-border investing activity.

The degree of volatility in foreign exchange rates can affect the amount of our foreign exchange trading revenue. Most of our foreign exchange revenue is derived from our securities servicing client base. Activity levels and spreads are generally higher when there is more volatility. Accordingly, we benefit from currency volatility and our foreign exchange revenue is likely to decrease during times of decreased currency volatility.

Our future revenue may increase or decrease depending upon the extent of increases or decreases in cross-border or other investments made by our clients. Economic and political uncertainties resulting from terrorist attacks, military actions or other events, including changes in laws or regulations governing cross-border transactions, such as currency controls, could result in decreased cross-border investment activity. Decreased cross-border investing could lead to decreased demand for investor services that we provide.

The trend towards use of electronic trade networks instead of traditional modes of exchange may result in unfavorable pressure on our foreign exchange business which could adversely impact our foreign exchange revenue.

Our ability to retain existing business and obtain new business is dependent on our consistent execution of the fee-based services we perform.

We provide custody, accounting, daily pricing and administration, master trust and master custody, investment management, trustee and recordkeeping, foreign exchange, securities lending, securities execution and clearance, correspondent clearing, stock transfer, cash management, trading and information services to clients worldwide. Assets under custody and assets under management are held by us in a custodial or fiduciary capacity and are not included in our assets. If we fail to perform these services in a manner consistent with our fiduciary, custodial and other obligations, existing and potential clients may lose confidence in our ability to properly perform these services and our business may be adversely affected. In addition, any such failure may result in contingent liabilities that could have an adverse effect on our financial condition or losses that could have an adverse effect on our results of operations.

Our internal strategies and forecasts assume a growing client base and increasing client usage of our services. A decline in the pace at which we attract new clients and a decline of the pace at which existing and new clients use additional services and assign additional assets to us for management or custody would adversely affect our future results of operations. A decline in the rate at which our clients outsource functions, such as their internal accounts payable activities, would also adversely affect our results of operations.

Strategic acquisitions may pose integration risks.

From time to time, to achieve our strategic objectives, we have acquired or invested in other companies or businesses, and may do so in the future. Each of these poses integration challenges, including successfully retaining clients and key employees of both businesses and capitalizing on certain revenue synergies. We cannot assure you that we will realize, when anticipated or at all, the positive benefits expected as a result of our acquisitions or that any businesses acquired will be successfully integrated.

The soundness of other financial institutions could adversely affect us.

Our ability to engage in routine funding transactions could be adversely affected by the actions and commercial soundness of other financial institutions. Financial services institutions are interrelated as a result of trading, clearing, counterparty or other relationships. We have exposure to many different industries and counterparties, and we routinely execute transactions with counterparties in the financial industry, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds, and other institutional clients. As a result, defaults by, or even rumors or questions about, one or more financial services institutions, or the financial services industry generally, have led to market-wide liquidity problems and could lead to losses or defaults by us or by other institutions. Many of these transactions expose us to credit risk in the event of default of our counterparties or clients. In addition, our credit risk may be exacerbated when the collateral held by us cannot be realized upon or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure due us. There is no assurance that any such losses would not materially and adversely affect our results of operations.

Any material reduction in our credit rating could increase the cost of our funding from the capital markets.

Our long-term debt is currently rated investment grade by the major rating agencies. These rating agencies regularly evaluate us and their ratings of our long-term debt are based on a number of factors, including our financial strength as well as factors not entirely within our control, including conditions affecting the financial services industry generally.

In addition, rating agencies may employ different models and formulas to assess the financial strength

of a rated company, and from time to time rating agencies have, in their discretion, altered these models. Changes to the models, general economic conditions, or other circumstances outside our control could impact a rating agency's judgment of its rating and the rating it assigns us. In view of the difficulties experienced recently by many financial institutions, we believe that the rating agencies may heighten the level of scrutiny that they apply to such institutions, may increase the frequency and scope of their credit reviews, may request additional information from the companies that they rate, and may adjust upward the capital and other requirements employed in the rating agency models for maintenance of certain ratings levels.

The outcome of such a review may have adverse ratings consequences, which could have a material adverse effect on our results of operations and financial condition and affect the cost and other terms upon which we are able to obtain funding and increase our cost of capital. We cannot predict what actions rating agencies may take, or what actions we may be required to take in response to the actions of rating agencies, which may adversely affect us.

Interest Rate Environment—Our revenues and profits are sensitive to changes in interest rates.

Our net interest revenue and cash flows are sensitive to interest rate changes and changes in valuations in the debt or equity markets over which we have no control. Our net interest revenue is the difference between the interest income earned on our interest-earning assets, such as the loans we make and the securities we hold in our investment portfolio, and the interest expense incurred on our interest-bearing liabilities, such as deposits and borrowed money. We also earn net interest revenue on interest-free funds we hold.

The global market crisis has triggered a series of cuts in interest rates. During fiscal 2009, the Federal Open Market Committee kept the target federal funds rate between 0% and 0.25%. The low interest rate environment has compressed our net interest spread and reduced our spread-based revenues. It has also resulted in our voluntarily waiving fees on certain money market mutual funds and related distribution fees in order to prevent our clients' yields on such funds from becoming negative. Changes in interest rates could affect the interest earned on assets differently than interest paid on liabilities. A rising interest rate environment generally results in our earning a larger net interest spread. Conversely, a falling interest rate environment generally results in our earning a smaller net interest spread. If we are unable to effectively manage our interest rate risk, changes in interest rates could have a material adverse effect on our profitability. Further volatility in interest rates could trigger one or more of the following additional effects:

- changes in net interest revenue depending on our balance sheet position at the time of change. See discussion under "Asset/liability management" in the Annual Report, which portion of the Annual Report is incorporated herein by reference;
- an increased number of delinquencies, bankruptcies or defaults and more nonperforming assets and net charge-offs as a result of abrupt increases in interest rates, including with respect to financial guaranty monoline insurers as to which we have credit exposure;
- a decline in the value of our fixed-income investment portfolio as a result of increasing interest rates;
- increased borrowing costs and reduced access to the capital markets caused by unfavorable financial conditions; and
- decreased fee-based revenues due to a slowing of capital market activity or significant declines in market value.

A more detailed discussion of the interest rate and market risks we face is contained in the "Risk Management" section of the Annual Report, which is incorporated herein by reference.

Capital Adequacy—We are subject to capital adequacy guidelines and, if we fail to meet these guidelines, our financial condition would be adversely affected.

Under regulatory capital adequacy guidelines and other regulatory requirements, BNY Mellon and our subsidiary banks and broker-dealers must meet guidelines that include quantitative measures of assets, liabilities and certain off-balance sheet items, subject to qualitative judgments by regulators about components, risk weightings and other factors. From time to time, the regulators implement changes to these regulatory capital adequacy guidelines. If our company, our subsidiary banks, or broker-dealers failed to meet these minimum capital guidelines and other regulatory requirements, their respective financial conditions would be materially and adversely affected. In light of recent market events, proposed regulations, including President Obama's recent proposal to limit the market share of liabilities

at large financial firms, and proposed changes in regulatory accords on international banking institutions formulated by the Basel Committee on Banking Supervision and implemented by the Federal Reserve Board, BNY Mellon and our subsidiary banks may be required to satisfy additional, more stringent, capital adequacy standards. We cannot fully predict the final form of, or the effects of, these regulations. Failure by our largest subsidiary to maintain its status as “well-capitalized” and “well managed,” if unremedied over a period of time, would cause us to lose our status as a FHC and could affect the confidence of clients in us, thus also compromising our competitive position. See “Supervision and Regulation” above and “Liquidity and dividends”, “Capital — Capital Framework” and “— Capital Adequacy” in the Annual Report, which portions are incorporated herein by reference.

Access to Capital Markets—If our ability to access the capital markets is diminished, our business may be adversely affected.

Our business is dependent in part on our ability to access successfully the capital markets on a regular basis. We rely on access to both short-term money markets and long-term capital markets as significant sources of liquidity to the extent liquidity requirements are not satisfied by the cash flow from our consolidated operations. Events or circumstances, such as rising interest rates, market disruptions or loss of confidence of debt purchasers or counterparties in us or in the funds markets, could limit our access to capital markets, increase our cost of borrowing, adversely affect our liquidity, or impair our ability to execute our business plan. In addition, our ability to raise funding could be impaired if lenders develop a negative perception of our long-term or short-term financial prospects. Such negative perceptions could be developed if we incur large trading losses, we are downgraded or put on (or remain on) negative watch by the rating agencies, we suffer a decline in the level of our business activity, regulatory authorities take significant action against us, or we discover significant employee misconduct or illegal activity, among other reasons. If we are unable to raise funding using the methods described above, we would likely need to finance or liquidate unencumbered assets, such as our investment and trading portfolios, to meet maturing liabilities. We may be unable to sell some of our assets, or we may have to sell assets at a discount from market value, either of which could adversely affect our results of operations.

We are subject to extensive government regulation and supervision, including regulation and supervision in non-U.S. jurisdictions.

We operate in a highly regulated environment, being subject to a comprehensive statutory regulatory regime as well as oversight by governmental agencies. In light of the current conditions in the global financial markets and economy, the Obama administration, Congress and regulators have increased their focus on the regulation of the financial services industry. Failure to comply with laws, regulations or policies could result in sanctions by regulatory agencies, civil money penalties and reputational damage, which could have a material adverse effect on our business, financial condition and results of operations. Although we have policies and procedures designed to prevent any such violations, there can be no assurance that such violations will not occur. Laws, regulations or policies, including accounting standards and interpretations, currently affecting us and our subsidiaries may change at any time. Regulatory authorities may also change their interpretation of these statutes and regulations. Therefore, our business may be adversely affected by future changes in laws, regulations, policies or interpretations or regulatory approaches to compliance and enforcement. See “Supervision and Regulation” above. Some of the governmental authorities which may assert jurisdictional regulatory authority over us are located in and operate under jurisdictions outside the United States. Such jurisdictions may utilize legal principles and systems that differ materially from those encountered in the United States. Among other things, litigation in foreign jurisdictions may be decided much more quickly than in the U.S., trials may not involve testimony of witnesses who are in the courtroom and subject to cross-examination, and trials may be based solely on submission of written materials. These factors can make issues of regulatory compliance and legal proceedings more difficult to assess.

Recent legislative and regulatory initiatives may significantly impact our financial condition, operations, capital position and ability to pursue business opportunities.

The recent economic and political environment has led to legislative and regulatory initiatives, both enacted and proposed, that could substantially intensify the regulation of the financial services industry and may significantly impact us. For example, the Obama administration, Congress and our

regulators are currently considering a variety of proposals that would make far reaching changes to the financial regulatory system and significantly affect the financial services industry, including: the Volcker Rule, which would prohibit banks and financial institutions from owning, investing or sponsoring a hedge fund or private equity fund, or engaging in proprietary trading operations for their own profit unrelated to serving customers; increased capital requirements for banks and other financial institutions (and even higher capital requirements for systemically important financial firms, such as BNY Mellon) and the imposition of formulaic liquidity requirements, as proposed by the Basel Committee and discussed above under “Supervision and Regulation”; limitations on the size of large banking institutions, including allowing regulators to dismantle large or systemically important banks and financial institutions, even healthy ones, if they are considered a grave risk to the economy; limits on the growth of market share of liabilities; a “Financial Crisis Responsibility Fee” proposed by the Obama administration on covered liabilities of the largest U.S. financial institutions, including BNY Mellon, that would be assessed for at least the next ten years; heightened standards for and increased scrutiny of the compensation practices of financial institutions; a new Financial Services Oversight Council chaired by the U.S. Treasury Secretary; a Consumer Financial Protection Agency; potential limits on the scope of federal preemption of state laws as applied to national banks; greater powers to regulate risk across the financial system; new requirements for the securitizations market, changes in the regulatory agencies and rules to more closely regulate credit default swaps and other derivative transactions. The proposals generally call for increased scrutiny and regulation for financial firms whose combination of size, leverage, and interconnectedness could pose a threat to financial stability if they were to fail. Additionally, substantial regulatory and legislative initiatives, including a comprehensive overhaul of the regulatory system in the U.S., are possible in the years ahead.

These legislative and regulatory initiatives could require us to change certain of our business practices, impose additional costs on us, limit the products that we offer, result in a loss of revenue, limit our competitiveness or our ability to pursue business opportunities, cause business disruptions, impact the value of assets that we hold or otherwise adversely affect our business, results of operations or financial condition. The long-term impact of these initiatives on our business practices and revenues will depend upon the successful implementation of our strategies and competitors’ responses to such initiatives, all of which are difficult to predict. For more information regarding the regulatory environment in which we operate, see “Supervision and Regulation” above.

Monetary and Other Governmental Policies—Our business is influenced by monetary and other governmental policies.

The monetary, tax and other policies of the government and its agencies, including the Federal Reserve, have a significant impact on interest rates and overall financial market performance. Due to current market conditions, we anticipate that monetary, tax and other government policies will become more rigorous. Heightened regulatory scrutiny and increased sanctions, changes or potential changes in domestic and international legislation and regulation as well as domestic or international regulatory investigations impose compliance, legal, review and response costs that may impact our profitability and may allow additional competition, facilitate consolidation of competitors, or attract new competitors into our businesses. The cost of geographically diversifying and maintaining our facilities to comply with regulatory mandates necessarily results in additional costs. Various legislative initiatives are from time to time introduced in Congress or relevant state legislatures. We cannot determine the ultimate effect that any such potential legislation, if enacted, would have upon our financial condition or operations. See “Supervision and Regulation” above.

Operational Risk—We are exposed to operational risk as a result of providing certain services, which could adversely affect our results of operations.

We are exposed to operational risk as a result of providing various fee-based services including certain securities servicing, global payment services, private banking and asset management services. Operational risk is the risk of loss resulting from errors related to transaction processing, breaches of the internal control system and compliance requirements, fraud by employees or persons outside the company, business interruption due to system failures or other events, or other risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk. We regularly assess and monitor operational risk in our business and provide for disaster and business recovery planning, including geographical diversification of our facilities; however, the

occurrence of various events, including unforeseeable and unpreventable events such as hurricanes or other natural disasters, could still damage our physical facilities or our computer systems or software, cause delay or disruptions to operational functions, impair our clients, vendors and counterparties and negatively impact our results of operations. Operational risk also includes potential legal or regulatory actions that could arise as a result of noncompliance with applicable laws and regulatory requirements which could have an adverse effect on our reputation. See "Risk Management" in the Annual Report, which portion is incorporated herein by reference.

Reputational and Legal Risk—Our business may be negatively affected by adverse publicity, regulatory actions or litigation with respect to us, other well-known companies and the financial services industry generally.

Adverse publicity and damage to our reputation arising from the recent events in the financial markets, our failure or perceived failure to comply with legal and regulatory requirements, actions of errant employees, financial reporting irregularities involving ourselves or other large and well known companies, increasing regulatory scrutiny of "know your customer," anti-money laundering and anti-terrorist procedures and their effectiveness, regulatory investigations of the mutual fund industry, including mutual funds advised by us, and litigation that arises from the failure or perceived failure of us to comply with compliance policies and procedures, could result in increased regulatory supervision, affect our ability to attract and retain customers or maintain access to the capital markets, result in suits, enforcement actions, fines and penalties or have adverse effects on us in ways that are not predictable. Investigations by various federal and state regulatory agencies, the Department of Justice and state attorneys general, and any related litigation, could have an adverse effect on investment activity generally and on us. Such investigations also may be initiated by, and other compliance requirements may be asserted by, jurisdictions outside the United States, utilizing legal principles and systems that differ materially from those encountered in the United States. See Item 3 of this Form 10-K.

Our controls and procedures may fail or be circumvented.

Management regularly reviews and updates our internal controls, disclosure controls and procedures, and corporate governance policies and procedures. Any system of controls, however well designed and operated, is based in part on certain assumptions and can provide only reasonable, not absolute, assurances that the objectives of the system are met. Any failure or circumvention of our controls and procedures or failure to comply with regulations related to controls and procedures could have a material adverse effect on our business, results of operations and financial condition.

Our information systems may experience an interruption or breach in security.

We rely heavily on communications and information systems to conduct our business. Any failure, interruption or breach in security of these systems could result in failures or disruptions in our customer relationship management, general ledger, deposit, loan and other systems. While we have policies, procedures and technical safeguards designed to prevent or limit the effect of the failure, interruption or security breach of our information systems, there can be no assurance that any such failures, interruptions or security breaches will not occur or, if they do occur, that they will be adequately addressed. The occurrence of any failures, interruptions or security breaches of our information systems could damage our reputation, result in a loss of customer business, subject us to additional regulatory scrutiny, or expose us to civil litigation and possible financial liability, any of which could have a material adverse effect on our financial condition and results of operations. See "Risk Management" in the Annual Report, which portion of the Annual Report is incorporated herein by reference.

Technology—We depend on our technology and intellectual property; if third parties misappropriate our intellectual property, our business may be adversely affected.

We are dependent on technology because many of our products and services involve processing large volumes of data. Our technology platforms must therefore provide global capabilities and scale. Rapid technological changes require significant and ongoing investments in technology to develop competitive new products and services or adopt new technologies. Technological advances which result in lower transaction costs may adversely impact our revenues. In addition, unsuccessful implementation of technological upgrades and new products may adversely impact our ability to service and retain customers.

Developments in the securities processing industry, including shortened settlement cycles and straight-through-processing, will necessitate ongoing changes to our business and operations and will likely require additional investment in technology. Our financial performance depends in part on our ability to develop and market new and innovative services, to adopt or develop new technologies that differentiate our products or provide cost efficiencies and to deliver these products and services to the market in a timely manner at a competitive price.

Rapid technological change in the financial services industry, together with competitive pressures, require us to make significant and ongoing investments. We cannot provide any assurance that our technology spending will achieve gains in competitiveness or profitability, and the costs we incur in product development could be substantial. Accordingly, we could incur substantial development costs without achieving corresponding gains in profitability.

We use trademark, trade secret, copyright and other proprietary rights and procedures to protect our intellectual property and technology resources. Despite our efforts, we cannot be certain that the steps we take to prevent unauthorized use of our proprietary rights are sufficient to prevent misappropriation of our technology, particularly in foreign countries where laws or law enforcement practices may not protect our proprietary rights as fully as in the United States. In addition, we cannot be sure that courts will adequately enforce contractual arrangements we have entered into to protect our proprietary technologies. If any of our proprietary information were misappropriated by or otherwise disclosed to our competitors, our competitive position could be adversely affected. We may incur substantial costs to defend ownership of our intellectual property or to replace misappropriated proprietary technology. If a third party were to assert a claim of infringement of our proprietary rights, obtained through patents or otherwise, against us with respect to one or more of our methods of doing business or conducting our operations, we could be required to spend significant amounts to defend such claims, develop alternative methods of operations, pay substantial money damages or obtain a license from the third party.

Acts of Terrorism—Acts of terrorism may have a negative impact on our business.

Acts of terrorism could have a significant impact on our business and operations. While we have in place business continuity and disaster recovery plans, acts of terrorism could still damage our facilities and disrupt or delay normal operations, and have a similar impact on our clients, suppliers, and counterparties. Acts of terrorism and global conflicts could also negatively impact the purchase of our products and services to the extent they resulted in reduced capital markets activity, lower asset price levels, or disruptions in general economic activity in the United States or abroad, or in financial market settlement functions. The wars in Iraq and Afghanistan, the recent terror attacks in Pune and Mumbai, India, global conflicts, the national and global efforts to combat terrorism and other potential military activities and outbreaks of hostilities have affected and may further adversely affect economic growth, and may have other adverse effects on us in ways that we are necessarily unable to predict.

Our subsidiaries are subject to claims and litigation pertaining to fiduciary responsibility.

From time to time, customers of our subsidiaries may make claims and take legal action pertaining to performance of fiduciary responsibilities. Whether customer claims and legal action related to the subsidiary’s performance of its fiduciary responsibilities are founded or unfounded, if such claims and legal actions are not resolved in a manner favorable to the subsidiary they may result in material financial liability and materially impair the market perception of us and our products and services. In addition, in the performance of fiduciary duties or other contractual responsibilities, our subsidiaries may be required to withhold applicable taxes on income distributions to foreign and domestic persons. In the event such withholding were to be determined to have not been conducted in a manner supported by appropriate documentation, we could be subject to liability.

New lines of business or new products and services may subject us to additional risks.

From time to time, we may implement new lines of business or offer new products and services within existing lines of business. There are substantial risks and uncertainties associated with these efforts, particularly in instances where the markets are not fully developed. In developing and marketing new lines of business and/or new products and services, we may invest significant time and resources. Initial timetables for the introduction and development of new lines of business and/or new products or services

may not be achieved and price and profitability targets may not prove feasible.

We may not be able to attract and retain skilled people.

Our success depends, in large part, on our ability to attract new employees, retain and motivate our existing employees, and continue to compensate employees competitively amid intense public and regulatory scrutiny on the compensation practices of large financial institutions. Competition for the best people in most activities engaged in by us can be intense and we may not be able to hire people or to retain them.

Tax Laws and Regulations—Tax law changes or challenges to our tax positions with respect to historical transactions may adversely affect our net income, effective tax rate and our overall results of operations and financial condition.

In the course of our business, we receive inquiries from both U.S. and non-U.S. tax authorities on the amount of taxes we owe, such as those matters discussed in Note 26 of the Notes to Consolidated Financial Statements in the Annual Report, which is incorporated herein by reference. If we are not successful in defending these inquiries, we may be required to adjust the timing or amount of taxable income or deductions or the allocation of income among tax jurisdictions, all of which can require a greater provision for taxes or otherwise negatively affect earnings. Probabilities and outcomes are reviewed as events unfold, and adjustments to the reserves are made when necessary, but the reserves may prove inadequate because we cannot necessarily accurately predict the outcome of any challenge, settlement or litigation or to what extent it will negatively affect us or our business. In addition, changes in tax legislation or the interpretation of existing tax laws worldwide could have a material impact on our net income.

Accounting Principles—Changes in accounting standards could have a material impact on our financial statements.

From time to time, the Financial Accounting Standards Board, the SEC, and bank regulators change the financial accounting and reporting standards governing the preparation of our financial statements. In some cases, we could be required to apply a new or revised standard retroactively, resulting in our restating prior period financial statements. These changes are difficult to predict and can materially impact how we record and report our financial condition and results of operations and other financial data, although, in certain instances, these changes may not have an economic impact on our business.

For example, the Financial Accounting Standards Board ("FASB") recently issued SFAS No. 167, "Amendments to FASB Interpretation No. 46 (R)," effective January, 2010. SFAS No. 167 requires certain of our variable interest entities to be consolidated, which will increase our balance sheet and subject us to additional capital requirements. See "Recent Accounting and Regulatory Developments" in the Annual Report, which portion is incorporated herein by reference. Further revisions to SFAS No. 167 may have an additional impact on us, which cannot be predicted at this time.

Credit Reserves—We could incur income statement charges if our reserves for credit losses, including loan reserves, are inadequate.

We have credit exposure to residential mortgages, the airline, automotive, and telecommunications industries, monoline financial guaranty insurers and many other industries. We cannot provide any assurance as to whether charge-offs related to these sectors or to different credit risks may occur in the future. Though credit risk is inherent in lending activities, our revenues and profitability are adversely affected when our borrowers default in whole or in part on their loan obligations to us. We rely on our business experience to estimate future defaults, which we use to create loan loss reserves against our loan portfolio. In addition, current market developments may increase default and delinquency rates, which may impact our charge-offs. We cannot provide any assurance that these reserves, based on management estimates, will not be required to be augmented due to an unexpectedly high level of defaults. If reserves for credit losses are not sufficient, we would be required to record a larger credit loss reserve against current earnings.

Holding Company—We are a holding company, and as a result, are dependent on dividends from our subsidiaries, including our subsidiary banks, to meet our obligations, including our obligations with respect to our debt securities, and to provide funds for payment of dividends to our shareholders.

We are a non-operating holding company, whose principal assets and sources of income are our

principal bank subsidiaries – The Bank of New York Mellon and BNY Mellon, N.A. – and our other subsidiaries. We are a legal entity separate and distinct from our banks and other subsidiaries and, therefore, we rely primarily on dividends and interest from these banking and other subsidiaries to meet our obligations, including our obligations with respect to our debt securities, and to provide funds for payment of dividends to our shareholders, to the extent declared by our board of directors. There are various legal limitations on the extent to which these banking and other subsidiaries can finance or otherwise supply funds to us (by dividend or otherwise) and certain of our affiliates. For example, as a result of charges related to the restructuring of our securities portfolio in the third quarter of 2009, The Bank of New York Mellon and BNY Mellon, N.A. will require regulatory consent prior to paying a dividend to us. Although we maintain cash positions for liquidity at the holding company level, if these banking subsidiaries or other of our subsidiaries were unable to supply us with cash over time, we could be unable to meet our obligations, including our obligations with respect to our debt securities, or declare or pay dividends in respect of our capital stock. See "Supervision and Regulation" above and "Liquidity and Dividends" in the Annual Report, which portions are incorporated herein by reference.

Because we are a holding company, our rights and the rights of our creditors, including the holders of our debt securities, to a share of the assets of any subsidiary upon the liquidation or recapitalization of the subsidiary will be subject to the prior claims of the subsidiary's creditors (including, in the case of our banking subsidiaries, their depositors), except to the extent that we may ourselves be a creditor with recognized claims against the subsidiary. The rights of holders of our debt securities to benefit from those distributions will also be junior to those prior claims. Consequently, our debt securities will be effectively subordinated to all existing and future liabilities of our subsidiaries. A holder of our debt securities should look only to our assets for payments in respect of those debt securities.

Limits on common stock dividends.

Holders of our common stock are only entitled to receive such dividends as our board of directors may declare out of funds legally available for such payments. Although we have historically declared cash dividends on our common stock, we are not required to do so. As a result of charges relating to the restructuring of the securities portfolio, any increase in BNY Mellon's ongoing quarterly dividend would require consultation with the Federal Reserve. Any reduction of, or the elimination of, our common stock dividend in the future could adversely affect the market price of our common stock.

Anti-takeover provisions could negatively impact our stockholders.

Provisions of Delaware law and provisions of our certificate of incorporation and bylaws could make it more difficult for a third party to acquire control of us or have the effect of discouraging a third party from attempting to acquire control of us. Additionally, our certificate of incorporation authorizes our Board of Directors to issue additional series of preferred stock and such preferred stock could be issued as a defensive measure in response to a takeover proposal. These provisions could make it more difficult for a third party to acquire us even if an acquisition might be in the best interest of our stockholders.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We believe that our owned and leased facilities are suitable and adequate for our business needs. At a number of the locations described below, we are not currently occupying all of the space under our control. Where commercially reasonable and to the extent it is not needed for future expansion, we have leased or subleased, or seek to lease or sublease, this excess space. The following is a description of our principal properties, as of Dec. 31, 2009:

New York City properties

We own a 49-story office building located at One Wall Street that serves as our corporate headquarters. We also own our 23-story operations center building located at 101 Barclay Street, and lease the land on which that building sits under a ground lease expiring in 2080. In addition, we lease approximately 372,000 square feet of space in an office building located at 200 Park Avenue and approximately 318,000 square feet of space in an office building located at 2 Hanson Place in Brooklyn.

The New York City properties are utilized by all of our business segments.

Pittsburgh properties

We lease under a long-term, triple net lease the entire 54-story office building known as BNY Mellon Center located at 500 Grant Street. In addition, we own a 42-story office building located at 525 William Penn Place and a 14-story office building located at 500 Ross Street.

The Pittsburgh properties are utilized by all of our business segments, other than the Clearing Services business segment.

Boston properties

We lease approximately 362,000 square feet of space in a Boston office building located at One Boston Place, 201 Washington Street. We also lease under a triple net lease the entire 3-story office building located at 135 Santilli Highway in Everett, Massachusetts.

The Boston properties are utilized by all of our business segments other than Issuer Services and Clearing Services business segments.

New Jersey properties

We lease approximately 485,000 square feet of space in an office building located at 95 Christopher Columbus Drive, Jersey City, New Jersey and approximately 260,000 square feet of space in an office building located at Newport Office Center VII, 480 Washington Boulevard, Jersey City, New Jersey.

The New Jersey properties are primarily utilized by our Issuer Services and Clearing Services business segments.

United Kingdom properties

We have a number of leased office locations in London (including approximately 234,000 square feet of space at BNY Mellon Centre at 160-162 Queen Victoria Street and approximately 152,000 square feet of space at The Tower at One Canada Square at Canary Wharf), as well as other leased office locations throughout the United Kingdom, including locations in Manchester, Poole, Leeds, Brentwood, Liverpool, Swindon and Edinburgh.

The UK properties are utilized by all of our business segments.

Other properties

We also lease (and in a few instances own) office space and other facilities at numerous other locations both within and outside of the U.S., including properties located in New York, New Jersey, Pennsylvania, Massachusetts, Florida, Delaware, Texas, California, Illinois, Georgia, Washington, Colorado, the mid-south region of the U.S.; Brussels, Belgium; Dublin and Cork in Ireland; Senningerberg-Niederanven and Luxembourg City in Luxembourg; Frankfurt, Germany; Chennai and Pune in India; Singapore; Hong Kong and Shanghai in China, and Tokyo, Japan.

ITEM 3. LEGAL PROCEEDINGS

In the ordinary course of business, BNY Mellon and its subsidiaries are routinely defendants in or parties to a number of pending and potential legal actions, including actions brought on behalf of various classes of claimants, and regulatory matters. Claims for significant monetary damages are asserted in certain of these actions and proceedings. In regulatory enforcement matters, claims for disgorgement and the imposition of penalties and/or other remedial sanctions are possible. Due to the inherent difficulty of predicting the outcome of such matters, BNY Mellon cannot ascertain what the eventual outcome of these matters will be; however, on the basis of current knowledge and after consultation with legal counsel, we do not believe that judgments or settlements, if any, arising from pending or potential legal actions or regulatory matters, either individually or in the aggregate, after giving effect to applicable reserves and insurance coverage, will have a material adverse effect on the consolidated financial position or liquidity of BNY Mellon, although they could have a material effect on net income for a given period. BNY Mellon intends to defend itself vigorously against all of the claims asserted in these legal actions.

See the "Legal Proceedings" section in Note 26 to the Notes to Consolidated Financial Statements, which portion is incorporated by reference in response to this item.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to security holders for vote during the fourth quarter of 2009.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The information required by this Item is set forth in the following portions of the Annual Report: "Capital", "Liquidity and dividends", "Selected quarterly data" and Notes 18 and 22 of the Notes to Consolidated Financial Statements, which portions are incorporated herein by reference. The Bank of New York Mellon Corporation's common stock is traded on the New York Stock Exchange under the trading symbol BK. BNY Capital IV 6.875% Preferred Trust Securities Series E (symbol BKPrE) and BNY Capital V 5.95% Preferred Trust Securities Series F (symbol BKPrF) are also listed on the New York Stock Exchange.

In November 2009, we issued an aggregate of 2.0 million shares of our common stock in reliance upon the exemption from securities registration provided in Section 4(2) of the Securities Act of 1933. The shares were issued to HBOS Insurance and Investment Group Limited.

Also in November, we issued an aggregate of 1.0 million shares of our common stock in reliance upon the exemption from securities registration in Section 4(2) of the Securities Act of 1933. The shares were issued to Siguler Guff's shareholders in connection with our acquisition of a 20% minority interest in Siguler Guff.

ITEM 6. SELECTED FINANCIAL DATA

The information required by this Item is set forth in the following portions of the Annual Report: "Financial Summary", "Summary of financial results" and Note 1, Note 2 , Note 3 and Note 4 of the Notes to Consolidated Financial Statements, which portions are incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information required by this Item is set forth in the following portions of the Annual Report: "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 3, Note 17 and Note 22 of the Notes to Consolidated Financial Statements, which portions are incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information required by this Item is set forth in the following portions of the Annual Report: "Off-balance sheet arrangements", "Risk management", "Trading activities and risk management" and "Asset/liability management", Note 1 of the Notes to Consolidated Financial Statements under "Derivative financial instruments," Note 26, and Note 27 of the Notes to Consolidated Financial Statements, which portions are incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Reference is made to Item 15 on page 35 hereof for a detailed listing of the items under Financial Statements, Financial Statement Schedules, and Exhibits, which are incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure controls and procedures

Our management, including the Chief Executive Officer and Chief Financial Officer, with participation by the members of the Disclosure Committee, has responsibility for ensuring that there is an adequate and effective process for establishing, maintaining, and evaluating disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in our SEC reports is timely recorded, processed, summarized and reported and that information required to be disclosed by BNY Mellon is accumulated and communicated to BNY Mellon's management to allow timely decisions regarding the required disclosure. In addition, our ethics hotline can also be used by employees and others for the anonymous communication of concerns about financial controls or reporting matters. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

PART II (continued)

As of the end of the period covered by this report, an evaluation was carried out under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as defined in Exchange Act Rule 13a-15(e) and 15d-15(e). Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective.

Changes in internal control over financial reporting

In the ordinary course of business, we may routinely modify, upgrade or enhance our internal controls and procedures for financial reporting. There have not been any changes in our internal controls over financial reporting as defined in Rule 13a-15 (f) and 15d-15(f) of the Exchange Act during the fourth quarter of 2009 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management report on internal control over financial reporting and report of independent registered public accounting firm

See "Report of Management on Internal Control Over Financial Reporting" and "Report of Independent Registered Public Accounting Firm" on pages 89 and 90 of the Annual Report, each of which is incorporated herein by reference.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item is included in our proxy in the following sections: Election of Directors –Information About the Nominees and – Director Qualifications, Board Meetings and Board Committee Information – Audit Committee and – Election of Directors – Nomination Procedures and – Nominees for Election as Directors, Section 16(a) Beneficial Ownership Reporting Compliance and Director Compensation, each of which sections are incorporated herein by reference, and in the "Executive Officers of the Registrant" section below.

CODE OF ETHICS

We have adopted a code of ethics for our employees which we refer to as our Code of Conduct. The Code of Conduct applies to all employees of BNY Mellon and its subsidiaries, including our Chief Executive Officer (principal executive officer), Chief Financial Officer (principal financial officer) and Controller (principal accounting officer), as well as to the directors of BNY Mellon. The Code of Conduct is posted on our website at www.bnymellon.com/ethics/codeofconduct.pdf . We also have a code of ethics for our directors, which we refer to as our Directors' Code of Conduct. The Directors' Code of Conduct applies to all directors of The Bank of New York Mellon Corporation. The Directors' Code of Conduct is posted on our website at www. bnymellon.com/governance/directorscodeof conduct.pdf . Both the Code of Conduct and the Directors' Code of Conduct are available in print, without charge, to any shareholder who requests a copy. Requests should be sent to The Bank of New York Mellon Corporation, Office of the Secretary, One Wall Street, NY, NY 10286. We intend to disclose on our website any amendments to or waiver of the Code of Conduct relating to executive officers (including the officers specified above) and will disclose any amendments to or waivers of the Directors' Code of Conduct relating to our directors.

EXECUTIVE OFFICERS OF THE REGISTRANT

The name and age of, and positions and offices held by, each executive officer of BNY Mellon as of February 26, 2010, together with the offices held by each such person during the last five years, are listed below and on the following two pages. All executive officers serve at the pleasure of the appointing authority. No executive officer has a family relationship to any other executive officer.

	Age		Year appointed
Robert P. Kelly	56	Chairman and Chief Executive Officer	2007 (1)
Gerald L. Hassell	58	President	2007 (2)
Steven G. Elliott	63	Senior Vice Chairman	2007 (3)
Ronald P. O'Hanley	53	Vice Chairman	2007 (4)
David F. Lamere	49	Vice Chairman	2007 (5)
James P. Palermo	54	Vice Chairman	2007 (6)
Timothy F. Keaney	48	Senior Executive Vice President	2007 (7)
Thomas P. Gibbons	53	Senior Executive Vice President and Chief Financial Officer	2007 (8)

Richard F. Brueckner	60	Senior Executive Vice President	2007 (9)
Brian G. Rogan	52	Senior Executive Vice President and Chief Risk Officer	2007 (10)
Karen B. Peetz	54	Senior Executive Vice President	2007 (11)
Kurt D. Woetzel	55	Senior Executive Vice President	2007 (12)
Carl Krasik	65	Senior Executive Vice President and General Counsel	2007 (13)
Lisa B. Peters	52	Senior Executive Vice President	2007 (14)
Jonathan Little	45	Senior Executive Vice President	2007 (15)

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PART I II (continued)

	Age		Year appointed
Arthur Certosimo	54	Senior Executive Vice President	2009 (16)
John A. Park	57	Controller	2008 (17)

(1) Mr. Kelly also serves as Chairman and Chief Executive Officer of The Bank of New York Mellon and BNY Mellon, N.A. Prior to the merger, Mr. Kelly served as Chairman, President and Chief Executive Officer of Mellon Financial Corporation and Mellon Bank, N.A. since February 2006. From prior to 2004 to January 2006, Mr. Kelly was Chief Financial Officer of Wachovia Corporation and its predecessor, First Union Corporation.

(2) Mr. Hassell also serves as the President of The Bank of New York Mellon and BNY Mellon, N.A. Prior to the merger, Mr. Hassell served as President of The Bank of New York Company, Inc. and The Bank of New York since at least 2004.

(3) Mr. Elliott also serves as Senior Vice Chairman of BNY Mellon, N.A. Prior to the merger, Mr. Elliott served as Senior Vice Chairman of Mellon Financial Corporation and Mellon Bank, N.A. since at least 2004.

(4) Mr. O'Hanley also serves as Vice Chairman of BNY Mellon, N.A. and Executive Vice President of The Bank of New York Mellon. Prior to the merger, Mr. O'Hanley served as Vice Chairman of Mellon Financial Corporation and Mellon Bank, N.A. since at least 2004.

(5) Mr. Lamere also serves as Vice Chairman of BNY Mellon, N.A. and Executive Vice President of The Bank of New York Mellon. Prior to the merger, Mr. Lamere served as Vice Chairman of Mellon Financial Corporation and Mellon Bank, N.A. since at least 2004.

(6) Mr. Palermo also serves as Vice Chairman of BNY Mellon, N.A. and Executive Vice President of The Bank of New York Mellon. Prior to the merger, Mr. Palermo served as Vice Chairman of Mellon Financial Corporation and Mellon Bank, N.A. since at least 2004.

(7) Mr. Keaney also serves as Senior Executive Vice President of The Bank of New York Mellon and Vice President of BNY Mellon, N.A. Prior to the merger, Mr. Keaney served as Senior Executive Vice President of The Bank of New York since May 2006. He served as Executive Vice President of The Bank of New York from at least 2004 to May 2006.

(8) Mr. Gibbons also serves as Senior Executive Vice President and Chief Financial Officer of The Bank of New York Mellon and Vice President and Chief Financial Officer of BNY Mellon, N.A. Mr. Gibbons also served as Chief Risk Officer of BNY Mellon from July 1, 2007 to July 1, 2008. Prior to the merger, Mr. Gibbons served as Senior Executive Vice President and Chief Financial Officer of The Bank of New York Company, Inc. from September 2006 until June 2007. Prior to the merger, he also served as Senior Executive Vice President of The Bank of New York since April 2005 and as Chief Financial Officer from September 2006 until June 2007. He served as Executive Vice President of The Bank of New York from at least 2004 to 2005. Mr. Gibbons also served as Chief Risk Officer of The Bank of New York Company from at least 2004 to 2006.

(9) Mr. Brueckner also serves as Senior Executive Vice President of The Bank of New York Mellon and Vice President of BNY Mellon, N.A. Prior to the merger, Mr. Brueckner served as Senior Executive Vice President of The Bank of New York since May 2006 and as Chief Executive Officer of Pershing LLC since at least 2004.

(10) Mr. Rogan also serves as Senior Executive Vice President of The Bank of New York Mellon and Vice President of BNY Mellon, N.A. Prior to the merger, Mr. Rogan served as Senior Executive Vice President of The Bank of New York since November 2005. He served as Executive Vice President from at least 2004 to 2005.

(11) Ms. Peetz also serves as Senior Executive Vice President of The Bank of New York Mellon and Vice President of BNY Mellon, N.A. Prior to the merger, Ms. Peetz served as Senior Executive Vice President of The Bank of New York since May 2006. She served as Executive Vice President of The Bank of New York from at least 2004 to May 2006.

PART III (continued)

(12) Mr. Woetzel also serves as Senior Executive Vice President of The Bank of New York Mellon and Vice President of BNY Mellon, N.A. Prior to the merger, Mr. Woetzel served as Senior Executive Vice President of The Bank of New York since May 2006. He served as Executive Vice President of The Bank of New York from at least 2004 to May 2006.

(13) Mr. Krasik also serves as General Counsel and Assistant Secretary of The Bank of New York Mellon and BNY Mellon, N.A. Prior to the merger, Mr. Krasik served as General Counsel and Secretary of Mellon Financial Corporation and General Counsel and Assistant Secretary of Mellon Bank, N.A. since July 2006. He served as Associate General Counsel and Secretary of Mellon Financial Corporation and Associate General Counsel and Assistant Secretary of Mellon Bank, N.A. from at least 2004 to July 2006.

(14) Ms. Peters also serves as Senior Executive Vice President of BNY Mellon, N.A. and Vice President of The Bank of New York Mellon. Prior to the merger, Ms. Peters served as an Executive Vice President of Mellon Bank, N.A. since at least 2004.

(15) Mr. Little also serves as Senior Vice President of BNY Mellon, N.A. and Vice President of The Bank of New York Mellon. Prior to the merger, Mr. Little served as Senior Vice President of Mellon Bank, N.A., and as President of Mellon International Investment Corporation since at least 2004.

(16) Mr. Certosimo has served as Senior Executive Vice President of The Bank of New York Mellon and BNY Mellon, N.A., since March 1, 2009. Mr. Certosimo was an Executive Vice President of the Bank of New York Mellon beginning with our merger and ending in May 2009. Prior to the merger, Mr. Certosimo served as head of Broker Dealer Services and Alternative Investment Services and Executive Vice President of The Bank of New York since at least 2004.

(17) Mr. Park has served as Executive Vice President since August 2009, and Controller of The Bank of New York Mellon and Controller of BNY Mellon, N.A. since May 2008. Mr. Park served as Managing Director of The Bank of New York Mellon beginning with our merger and ending in May 2008. Prior to the merger, Mr. Park served as Managing Director of The Bank of New York since at least 2004.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is included in the following sections of the 2010 Proxy Statement: Director Compensation, Executive Compensation, Compensation Discussion and Analysis, Board Meetings and Board Committee Information — Compensation Committee Interlocks and Insider Participation, and the Report of the Human Resources and Compensation Committee, which are incorporated herein by reference. The information incorporated herein by reference to the Report of the Human Resources and Compensation Committee is deemed furnished hereunder.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item is included in the following sections of the 2010 Proxy Statement: Beneficial Ownership of Shares by Holders of 5% or More of Outstanding Stock, Beneficial Ownership of Shares by Directors and Executive Officers, and Executive Compensation — Equity Compensation Plans Table, which are incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item is included in the following sections of the 2010 Proxy Statement: Corporate Governance Matters – Director Independence and – Business Relationships and Related Party Transactions Policy, which are incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item is included in the following section of the 2010 Proxy Statement: Audit Fees, Audit-Related Fees, Tax Fees and All Other Fees which is incorporated herein by reference.

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PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The financial statements, schedules and exhibits required for this Form 10-K are included, attached or incorporated by reference as indicated in the following index. Page numbers refer to pages of the Annual Report for items (1) Financial Statements and (c) Other Financial Data.

(1) Financial Statements	Page No.
Consolidated Income Statement	91 and 92
Consolidated Balance Sheet	93
Consolidated Statement of Cash Flows	94
Consolidated Statement of Changes in Equity	95 and 96
Notes to Consolidated Financial Statements	97 through 155
Report of Independent Registered Public Accounting Firm	156

(2) Exhibits

See (b) below.

(b) The exhibits listed on the Index to Exhibits on pages 36 through 56 hereof are incorporated by reference or filed or furnished herewith in response to this Item.

(c) Other Financial Data	Page No.
Selected Quarterly Data	82

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, BNY Mellon has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized.

The Bank of New York Mellon Corporation

By: /s/ Robert P. Kelly
Robert P. Kelly
Chairman and Chief Executive Officer

DATED: February 26, 2010

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report has been signed below by the following persons on behalf of BNY Mellon and in the capacities and on the date indicated.

Signature	Capacities
By: /s/ Robert P. Kelly Robert P. Kelly Chairman and Chief Executive Officer	Director and Principal Executive Officer
By: /s/ Thomas P. Gibbons Thomas P. Gibbons Chief Financial Officer	Principal Financial Officer
By: /s/ John A. Park John A. Park Controller	Principal Accounting Officer
Ruth E. Bruch; Nicholas M. Donofrio; Gerald L. Hassell; Edmund F. Kelly; Richard J. Kogan; Michael J. Kowalski; John A. Luke, Jr.; Robert Mehrabian; Mark A. Nordenberg; Catherine A. Rein; William C. Richardson; Samuel C. Scott III; John P. Surma; and Wesley W. von Schack	Directors
By: /s/ Carl Krasik Carl Krasik Attorney-in-fact	DATED: February 26, 2010

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INDEX TO EXHIBITS

Pursuant to the rules and regulations of the SEC, BNY Mellon has filed certain agreements as exhibits to this annual report on Form 10-K. These agreements may contain representations and warranties by the parties. These representations and warranties have been made solely for the benefit of the other party or parties to such agreements and (i) may have been qualified by disclosures made to such other party or parties, (ii) were made only as of the date of such agreements or such other date(s) as may be specified in such agreements and are subject to more recent developments, which may not be fully reflected in BMY Mellon's public disclosure, (iii) may reflect the allocation of risk among the parties to such agreements and (iv) may apply materiality standards different from what may be viewed as material to investors. Accordingly, these representations and warranties may not describe BNY Mellon's actual state of affairs at the date hereof and should not be relied upon.

Exhibit	Description	Method of Filing
1.1	Underwriting agreement with Goldman, Sachs & Co. and Morgan Stanley & Co. Incorporated, as representatives for several underwriters, dated May 11, 2009.	Previously filed as Exhibit 1.1 to the Company's Current Report on Form 8-K (File No. 000-52710) as filed with the Commission on May 15, 2009, and incorporated herein by reference.
2.1	Amended and Restated Agreement and Plan of Merger, dated as of December 3, 2006, as amended and restated as of February 23, 2007, and as further amended and restated as of March 30, 2007, between The Bank of New York Company, Inc., Mellon Financial Corporation and The Bank of New York Mellon Corporation (the "Company").	Previously filed as Exhibit 2.1 to the Company's Current Report on Form 8-K (File No. 000-52710 and File No. 001-06152) as filed with the Commission on July 2, 2007, and incorporated herein by reference.
2.2	Stock Purchase Agreement, dated as of February 1, 2010, by and between The PNC Financial Services Group, Inc. and The Bank of New York Mellon Corporation.	Previously filed as Exhibit 2.1 to the Company's Current Report on Form 8-K (File No. 000-52710) as filed with the Commission on February 3, 2010, and incorporated herein by reference.
3.1	Restated Certificate of Incorporation of The Bank of New York Mellon Corporation.	Previously filed as Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 000-52710 and File No. 001-06152) as filed with the Commission on July 2, 2007, and incorporated herein by reference.
3.2	Amended and Restated By-Laws of The Bank of New York Mellon Corporation, as amended and restated on July 10, 2007 and subsequently amended on April 14, 2009, August 11, 2009 and February 9, 2010.	Filed herewith.
4.1	None of the instruments defining the rights of holders of long-term debt of the Company represent long-term debt in excess of 10% of the total assets of the Company. The Company hereby agrees to furnish to the Commission, upon request, a copy of any such instrument.	N/A

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INDEX TO EXHIBITS (continued)

Exhibit	Description	Method of Filing
10.1*	Trust Agreement dated November 16, 1993 ("Trust Agreement") related to certain executive compensation plans and agreements.	Previously filed as Exhibit 10(m) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended December 31, 1993, and incorporated herein by reference.
10.2*	Amendment Number 1 dated May 13, 1994 to the Trust Agreement related to executive compensation agreements.	Previously filed as Exhibit 10(b) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended December 31, 2003, and incorporated herein by reference.
10.3*	Amendment Number 2 dated April 11, 1995 to the Trust Agreement related to executive compensation agreements.	Previously filed as Exhibit 10(c) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended December 31, 2003, and incorporated herein by reference.
10.4*	Amendment dated October 11, 1994 to Trust Agreement related to certain executive compensation plans and agreements.	Previously filed as Exhibit 10(r) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended December 31, 1994, and incorporated herein by reference.
10.5*	Amendment Number 4 dated January 31, 1996 to the Trust Agreement related to executive compensation agreements.	Previously filed as Exhibit 10(e) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended December 31, 2003, and incorporated herein by reference.
10.6*	Amendment Number 5 dated January 14, 1997 to the Trust Agreement related to executive compensation agreements.	Previously filed as Exhibit 10(d) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended December 31, 1996, and incorporated herein by reference.
10.7*	Amendment Number 6 dated January 31, 1997 to the Trust Agreement related to executive compensation agreements.	Previously filed as Exhibit 10(c) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended December 31, 1996, and incorporated herein by reference.
10.8*	Amendment Number 7 dated May 9, 1997 to the Trust Agreement related to executive compensation agreements.	Previously filed as Exhibit 10(h) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended December 31, 2003, and incorporated herein by reference.

* Management contract or compensatory plan arrangement.

INDEX TO EXHIBITS (continued)

Exhibit	Description	Method of Filing
10.9*	Amendment Number 8 dated July 8, 1997 to the Trust Agreement related to executive compensation agreements.	Previously filed as Exhibit 10(i) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended December 31, 2003, and incorporated herein by reference.
10.10*	Amendment Number 9 dated October 1, 1997 to the Trust Agreement related to executive compensation agreements.	Previously filed as Exhibit 10(a) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended December 31, 1997, and incorporated herein by reference.
10.11*	Amendment Number 10 dated September 11, 1998 to the Trust Agreement related to executive compensation agreements.	Previously filed as Exhibit 10(oo) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended December 31, 1998, and incorporated herein by reference.
10.12*	Amendment Number 11 dated December 23, 1999 to the Trust Agreement related to executive compensation.	Previously filed as Exhibit 10(gg) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended December 31, 1999, and incorporated herein by reference.
10.13*	Amendment Number 12 dated July 11, 2000 to the Trust Agreement related to executive compensation agreements.	Previously filed as Exhibit 10(f) to The Bank of New York Company, Inc.'s Quarterly Report on Form 10-Q (File No. 001-06152) for the quarter ended September 30, 2000, and incorporated herein by reference.
10.14*	Amendment Number 13 dated January 22, 2001 to the Trust Agreement related to executive compensation agreements.	Previously filed as Exhibit 10(jjj) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended December 31, 2000, and incorporated herein by reference.
10.15*	Amendment Number 14 dated June 28, 2002 to the Trust Agreement related to executive compensation agreements.	Previously filed as Exhibit 10(o) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended December 31, 2003, and incorporated herein by reference.
10.16*	Amendment Number 15 dated June 30, 2003 to the Trust Agreement related to executive compensation agreements.	Previously filed as Exhibit 10(p) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended December 31, 2003, and incorporated herein by reference.

* Management contract or compensatory plan arrangement.
** Non-shareholder approved compensatory plan pursuant to which BNY Mellon's Common Stock may be issued to employees of BNY Mellon. No executive officers or directors of BNY Mellon are permitted to participate in this plan

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INDEX TO EXHIBITS (continued)

Exhibit	Description	Method of Filing
10.17*	Amendment Number 16 dated September 15, 2003 to the Trust Agreement related to executive compensation agreements.	Previously filed as Exhibit 10(q) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended December 31, 2003, and incorporated herein by reference.
10.18*	Amendment Number 17 dated June 10, 2004 to the Trust Agreement related to executive compensation agreements.	Previously filed as Exhibit 10(r) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended December 31, 2004, and incorporated herein by reference.
10.19*	Amendment Number 18 dated June 29, 2005 to the Trust Agreement related to executive compensation agreements.	Previously filed as Exhibit 10(s) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended December 31, 2005, and incorporated herein by reference.
10.20*	Amendment Number 19 dated July 31, 2007 to the Trust Agreement related to executive compensation agreements.	Previously filed as Exhibit 10.20 to the Company's Annual Report on Form 10-K (File No. 000-52710) filed on February 28, 2008 and incorporated herein by reference.
10.21*	The Bank of New York Company, Inc. Excess Contribution Plan as amended through July 10, 1990.	Previously filed as Exhibit 10(b) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended December 31, 1990, and incorporated herein by reference.
10.22*	Amendments dated February 23, 1994 and November 9, 1993 to The Bank of New York Company, Inc. Excess Contribution Plan.	Previously filed as Exhibit 10(c) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended December 31, 1993, and incorporated herein by reference.
10.23*	Amendment to The Bank of New York Company, Inc. Excess Contribution Plan dated November 14, 1995.	Previously filed as Exhibit 10(l) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended December 31, 1997, and incorporated herein by reference.
10.24*	Amendment to The Bank of New York Company, Inc. Excess Contribution Plan dated November 12, 2002.	Previously filed as Exhibit 10(v) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended December 31, 2003, and incorporated herein by reference.
10.25*	Amendment to The Bank of New York Company, Inc. Excess Contribution Plan dated December 15, 2006.	Previously filed as Exhibit 10(y) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No.

001-06152) for the year ended December 31, 2006, and incorporated herein by reference.

* Management contract or compensatory plan arrangement.

** Non-shareholder approved compensatory plan pursuant to which BNY Mellon's Common Stock may be issued to employees of BNY Mellon. No executive officers or directors of BNY Mellon are permitted to participate in this plan

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INDEX TO EXHIBITS (continued)

Exhibit	Description	Method of Filing
10.26*	The Bank of New York Company, Inc. Excess Benefit Plan as amended through December 8, 1992.	Previously filed as Exhibit 10(d) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended December 31, 1993, and incorporated herein by reference.
10.27*	Amendment dated May 10, 1994 to The Bank of New York Company, Inc. Excess Benefit Plan.	Previously filed as Exhibit 10(g) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended December 31, 1994, and incorporated herein by reference.
10.28*	Amendment dated November 14, 1995 to The Bank of New York Company, Inc. Excess Benefit Plan.	Previously filed as Exhibit 10(i) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended December 31, 1995, and incorporated herein by reference.
10.29*	Amendment dated December 10, 1996 to The Bank of New York Company, Inc. Excess Benefit Plan.	Previously filed as Exhibit 10(kk) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended December 31, 1999, and incorporated herein by reference.
10.30*	The Bank of New York Company, Inc. 2003 Long-Term Incentive Plan.	Previously filed as Exhibit B to The Bank of New York Company, Inc.'s Definitive Proxy Statement (File No. 001-06152) dated March 31, 2003, and incorporated herein by reference.
10.31*	Amendment dated December 28, 2005 to the 2003 Long-Term Incentive Plan of The Bank of New York Company, Inc.	Previously filed as Exhibit 10(ee) to The Bank of New York Company, Inc.'s Form 10-K (File No. 001-06152) for the year ended December 31, 2005, and incorporated herein by reference.
10.32*	Amendment dated December 15, 2006 to the 2003 Long-Term Incentive Plan of The Bank of New York Company, Inc.	Previously filed as Exhibit 10(gg) to The Bank of New York Company, Inc.'s Form 10-K (File No. 001-06152) for the year ended December 31, 2006, and incorporated herein by reference.
10.33*	Amendment dated February 21, 2008 to the 2003 Long-Term Incentive Plan of The Bank of New York Company, Inc.	Previously filed as Exhibit 99.1 to the Company's Current Report on Form 8-K (File No. 000-52710) dated February 27, 2008, and incorporated herein by reference.
10.34*	The Bank of New York Company, Inc. 1999 Long-Term Incentive Plan.	Previously filed as Exhibit 10(aa) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended December 31, 1998, and incorporated herein by reference.

* Management contract or compensatory plan arrangement.
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INDEX TO EXHIBITS (continued)

Exhibit	Description	Method of Filing
10.35*	Amendment dated July 11, 2000 to The Bank of New York Company, Inc. 1999 Long-Term Incentive Plan.	Previously filed as Exhibit 10(b) to The Bank of New York Company, Inc.'s Quarterly Report on Form 10-Q (File No. 001-06152) for the quarter ended September 30, 2000, and incorporated herein by reference.
10.36*	Amendment dated December 28, 2005 to the 1999 Long-Term Incentive Plan of The Bank of New York Company, Inc.	Previously filed as Exhibit 10(qq) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended December 31, 2005, and incorporated herein by reference.
10.37*	Amendment dated December 15, 2006 to the 1999 Long-Term Incentive Plan of The Bank of New York Company, Inc.	Previously filed as Exhibit 10(uu) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the period ended December 31, 2006, and incorporated herein by reference.
10.38*	The Bank of New York Company, Inc. Supplemental Executive Retirement Plan.	Previously filed as Exhibit 10(n) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended December 31, 1992, and incorporated herein by reference.
10.39*	Amendment dated March 9, 1993 to The Bank of New York Company, Inc. Supplemental Executive Retirement Plan.	Previously filed as Exhibit 10(k) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended December 31, 1993, and incorporated herein by reference.
10.40*	Amendment effective October 11, 1994 to The Bank of New York Company, Inc. Supplemental Executive Retirement Plan.	Previously filed as Exhibit 10(o) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended December 31, 1994, and incorporated herein by reference.
10.41*	Amendment dated June 11, 1996 to The Bank of New York Company, Inc. Supplemental Executive Retirement Plan.	Previously filed as Exhibit 10(a) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended December 31, 1996, and incorporated herein by reference.
10.42*	Amendment dated November 12, 1996 to The Bank of New York Company, Inc. Supplemental Executive Retirement Plan.	Previously filed as Exhibit 10(b) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended December 31, 1996, and incorporated herein by reference.

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INDEX TO EXHIBITS (continued)

Exhibit	Description	Method of Filing
10.43*	Amendment dated July 11, 2000 to The Bank of New York Company, Inc. Supplemental Executive Retirement Plan.	Previously filed as Exhibit 10(e) to The Bank of New York Company, Inc.'s Quarterly Report on Form 10-Q (File No. 001-06152) for the quarter ended September 30, 2000, and incorporated herein by reference.
10.44*	Amendment dated February 13, 2001 to The Bank of New York Company, Inc. Supplemental Executive Retirement Plan.	Previously filed as Exhibit 10(ggg) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended December 31, 2000, and incorporated herein by reference.
10.45*	Amendment dated December 13, 2005 to The Bank of New York Company, Inc. Supplemental Executive Retirement Plan.	Previously filed as Exhibit 10(yy) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended December 31, 2005, and incorporated herein by reference.
10.46*	Deferred Compensation Plan for Non-Employee Directors of The Bank of New York Company, Inc.	Previously filed as Exhibit 10(s) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended December 31, 1993, and incorporated herein by reference.
10.47*	Amendment dated November 8, 1994 to Deferred Compensation Plan for Non-Employee Directors of The Bank of New York Company, Inc.	Previously filed as Exhibit 10(z) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended December 31, 1994, and incorporated herein by reference.
10.48*	Amendment dated February 11, 1997 to the Directors' Deferred Compensation Plan for The Bank of New York Company, Inc.	Previously filed as Exhibit 10(j) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended December 31, 1996, and incorporated herein by reference.
10.49*	Amendment to Deferred Compensation Plan for Non-Employee Directors of The Bank of New York Company, Inc. effective as of December 1, 1993.	Previously filed as Exhibit 10(d) to The Bank of New York Company, Inc.'s Quarterly Report on Form 10-Q (File No. 001-06152) for the quarter ended September 30, 2000, and incorporated herein by reference.
10.50*	Amendment dated November 12, 2002 to Deferred Compensation Plan for Non-Employee Directors of The Bank of New York Company, Inc.	Previously filed as Exhibit 10(yy) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended December 31, 2003, and incorporated herein by reference.

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INDEX TO EXHIBITS (continued)

Exhibit	Description	Method of Filing
10.51*	Form of Stock Option Agreement under The Bank of New York Company, Inc.'s 2003 Long-Term Incentive Plan.	Previously filed as Exhibit 10.3 to The Bank of New York Company, Inc.'s Quarterly Report on Form 10-Q (File No. 001-06152) for the quarter ended September 30, 2006, and incorporated herein by reference.
10.52*	Form of Restricted Stock Agreement under The Bank of New York Company, Inc.'s 2003 Long-Term Incentive Plan.	Previously filed as Exhibit 10.2 to The Bank of New York Company, Inc.'s Quarterly Report on Form 10-Q (File No. 001-06152) for the quarter ended June 30, 2006, and incorporated herein by reference.
10.53*	Form of Stock Option Agreement under The Bank of New York Company, Inc.'s 2003 Long-Term Incentive Plan.	Previously filed as Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q (File No. 000-52710) for the quarter ended June 30, 2007, and incorporated herein by reference.
10.54*	Form of April 2, 2007 Restricted Share Unit Agreement under The Bank of New York Company, Inc.'s 2003 Long-Term Incentive Plan.	Previously filed as Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q (File No. 000-52710) for the quarter ended June 30, 2007, and incorporated herein by reference.
10.55*	Mellon Financial Corporation Long-Term Profit Incentive Plan (2004), as amended effective April 17, 2007.	Previously filed as Exhibit 10.2 to Mellon Financial Corporation's Quarterly Report on Form 10-Q (File No. 001-07410) for the quarter ended March 31, 2007, and incorporated herein by reference.
10.56*	Mellon Financial Corporation Stock Option Plan for Outside Directors (2001), effective February 20, 2001.	Previously filed as Exhibit 10.1 to Mellon Financial Corporation's Quarterly Report on Form 10-Q (File No. 001-07410) for the quarter ended June 30, 2001, and incorporated herein by reference.
10.57*	Mellon Financial Corporation Director Equity Plan (2006).	Previously filed as Exhibit A to Mellon Financial Corporation's Proxy Statement (File No. 001-07410) dated March 15, 2006, and incorporated herein by reference.

* Management contract or compensatory plan arrangement.
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INDEX TO EXHIBITS (continued)

Exhibit	Description	Method of Filing
10.58*	Mellon Financial Corporation 1990 Elective Deferred Compensation Plan for Directors and Members of the Advisory Board, as amended, effective January 1, 2002.	Previously filed as Exhibit 10.9 to Mellon Financial Corporation's Annual Report on Form 10-K (File No. 001-07410) for the year ended December 31, 2001, and incorporated herein by reference.
10.59*	Form of Mellon Financial Corporation Elective Deferred Compensation Plan for Directors (Post December 31, 2004).	Previously filed as Exhibit 99.3 to Mellon Financial Corporation's Current Report on Form 8-K (File No. 001-07410) dated October 16, 2006, and incorporated herein by reference.
10.60*	The Bank of New York Mellon Corporation Deferred Compensation Plan for Directors, effective January 1, 2008.	Previously filed as Exhibit 10.71 to the Company's Annual Report on Form 10-K (File No. 000-52710) filed on February 28, 2008 and incorporated herein by reference.
10.61*	Mellon Financial Corporation Elective Deferred Compensation Plan for Senior Officers, as amended, effective January 1, 2003.	Previously filed as Exhibit 4.2 to Mellon Financial Corporation's Registration Statement on Form S-8 (File No. 333-109193) dated September 26, 2003, and incorporated herein by reference.
10.62*	Form of Mellon Financial Corporation Elective Deferred Compensation Plan for Senior Officers (Post December 31, 2004).	Previously filed as Exhibit 99.1 to Mellon Financial Corporation's Current Report on Form 8-K (File No. 001-07410) dated October 16, 2006, and incorporated herein by reference.
10.63*	Form of Mellon Financial Corporation Elective Deferred Compensation Plan (Post December 31, 2004).	Previously filed as Exhibit 99.2 to Mellon Financial Corporation's Current Report on Form 8-K (File No. 001-07410) dated October 16, 2006, and incorporated herein by reference.
10.64*	Mellon Bank IRC Section 401(a)(17) Plan, as amended, effective September 15, 1998.	Previously filed as Exhibit 10.2 to Mellon Financial Corporation's Quarterly Report on Form 10-Q (File No. 001-07410) for the quarter ended September 30, 1998, and incorporated herein by reference.
10.65*	Mellon Bank Optional Life Insurance Plan, as amended, effective January 15, 1999.	Previously filed as Exhibit 10.9 to Mellon Financial Corporation's Annual Report on Form 10-K (File No. 001-07410) for the year ended December 31, 1998, and incorporated herein by reference.
10.66*	Mellon Bank Executive Life Insurance Plan, as amended, effective January 15, 1999.	Previously filed as Exhibit 10.10 to Mellon Financial Corporation's Annual Report on Form 10-K (File No. 001-07410) for the year ended December 31, 1998, and incorporated herein by reference.

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INDEX TO EXHIBITS (continued)

Exhibit	Description	Method of Filing
10.67*	Mellon Bank Senior Executive Life Insurance Plan, as amended, effective January 15, 1999.	Previously filed as Exhibit 10.11 to Mellon Financial Corporation's Annual Report on Form 10-K (File No. 001-07410) for the year ended December 31, 1998, and incorporated herein by reference.
10.68*	Mellon Bank Executive Life Insurance Plan (2005).	Previously filed as Exhibit 99.2 to Mellon Financial Corporation's Annual Report on Form 10-K (File No. 001-07410) for the year ended December 31, 2004, and incorporated herein by reference.
10.69*	Form of Change in Control Severance Agreement between Mellon Financial Corporation and members of what was previously referred to as the Executive Management Group of Mellon Financial Corporation.	Previously filed as Exhibit 10.19 to Mellon Financial Corporation's Annual Report on Form 10-K (File No. 001-07410) for the year ended December 31, 2000, and incorporated herein by reference.
10.70*	Form of Change in Control Severance Agreement between Mellon Financial Corporation and members of what was previously referred to as the Senior Management Committee of Mellon Financial Corporation.	Previously filed as Exhibit 10.20 to Mellon Financial Corporation's Annual Report on Form 10-K (File No. 001-07410) for the year ended December 31, 2000, and incorporated herein by reference.
10.71**	Mellon Financial Corporation ShareSuccess Plan, as amended, effective May 21, 2002.	Previously filed as Exhibit 10.1 to Mellon Financial Corporation's Quarterly Report on Form 10-Q (File No. 001-07410) for the quarter ended June 30, 2002, and incorporated herein by reference.
10.72*	Form of Mellon Financial Corporation, Long-Term Profit Incentive Plan, Type I Stock Option Agreement.	Previously filed as Exhibit 10.1 to Mellon Financial Corporation's Quarterly Report on Form 10-Q (File No. 001-07410) for the quarter ended September 30, 2004, and incorporated herein by reference.
10.73*	Form of Mellon Financial Corporation, Performance Accelerated Restricted Stock Agreement – Corporate Performance Goals.	Previously filed as Exhibit 99.1 to Mellon Financial Corporation's Current Report on Form 8-K (File No. 001-07410) dated January 18, 2005, and incorporated herein by reference.
10.74*	Form of Mellon Financial Corporation, Performance Accelerated Restricted Stock Agreement – Asset Management Performance Goals.	Previously filed as Exhibit 99.2 to Mellon Financial Corporation's Current Report on Form 8-K (File No. 001-07410) dated January 18, 2005, and incorporated herein by reference.

* Management contract or compensatory plan arrangement.
** Non-shareholder approved compensatory plan pursuant to which BNY Mellon's Common Stock may be issued to employees of BNY Mellon. No executive officers or directors of BNY Mellon are permitted to participate in this plan.

INDEX TO EXHIBITS (continued)

Exhibit	Description	Method of Filing
10.75*	Form of Mellon Financial Corporation, Performance Accelerated Restricted Stock Agreement – Mellon Institutional Asset Management Performance Goals.	Previously filed as Exhibit 99.4 to Mellon Financial Corporation's Current Report on Form 8-K (File No. 001-07410) dated January 18, 2005, and incorporated herein by reference.
10.76*	Form of Mellon Financial Corporation, Deferred Share Award Agreement (Performance Accelerated Restricted Stock) – Corporate Performance Goals.	Previously filed as Exhibit 99.7 to Mellon Financial Corporation's Current Report on Form 8-K (File No. 001-07410) dated January 18, 2005, and incorporated herein by reference.
10.77*	Form of Type I Stock Option Agreement of Mellon Financial Corporation.	Previously filed as Exhibit 99.8 to Mellon Financial Corporation's Current Report on Form 8-K (File No. 001-07410) dated January 18, 2005, and incorporated herein by reference.
10.78*	Form of Option Agreement for Directors of Mellon Financial Corporation.	Previously filed as Exhibit 10.35 to Mellon Financial Corporation's Annual Report on Form 10-K (File No. 001-07410) for the year ended December 31, 2004, and incorporated herein by reference.
10.79*	Form of Nonqualified Stock Option Agreement of Mellon Financial Corporation.	Previously filed as Exhibit 99.2 to Mellon Financial Corporation's Current Report on Form 8-K (File No. 001-07410) dated December 19, 2005, and incorporated herein by reference.
10.80*	Description regarding administration and compliance with Section 409A of the Internal Revenue Code for Mellon Financial Corporation.	Previously filed as Item 1.01(1) to Mellon Financial Corporation's Current Report on Form 8-K (File No. 001-07410) dated February 15, 2005, and incorporated herein by reference.
10.81*	Description regarding administration and compliance with Section 409A of the Internal Revenue Code for Mellon Financial Corporation.	Previously filed as Item 1.01(1) to Mellon Financial Corporation's Current Report on Form 8-K (File No. 001-07410) dated December 19, 2005, and incorporated herein by reference.
10.82*	Form of Non-Qualified Stock Option Agreement for Mellon Financial Corporation.	Previously filed as Exhibit 99.1 to Mellon Financial Corporation's Current Report on Form 8-K (File No. 001-07410) dated January 23, 2006, and incorporated herein by reference.
10.83*	Form of Type I Stock Option Agreement for Mellon Financial Corporation.	Previously filed as Exhibit 99.2 to Mellon Financial Corporation's Current Report on Form 8-K (File No. 001-07410) dated January 23, 2006, and incorporated herein by reference.

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INDEX TO EXHIBITS (continued)

Exhibit	Description	Method of Filing
10.84*	Form of Restricted Stock Agreement for Mellon Financial Corporation.	Previously filed as Exhibit 99.3 to Mellon Financial Corporation's Current Report on Form 8-K (File No. 001-07410) dated January 23, 2006, and incorporated herein by reference.
10.85*	Mellon Financial Corporation Long-Term Profit Incentive Plan (2004) Non-Qualified Stock Option Agreement, dated February 20, 2007.	Previously filed as Exhibit 10.98 to the Company's Annual Report on Form 10-K (File No. 000-52710) filed on February 28, 2008 and incorporated herein by reference.
10.86*	Mellon Financial Corporation Long-Term Profit Incentive Plan (2004) Restricted Stock Agreement dated February 20, 2007.	Previously filed as Exhibit 10.99 to the Company's Annual Report on Form 10-K (File No. 000-52710) filed on February 28, 2008 and incorporated herein by reference.
10.87*	Form of Indemnification Agreement with Directors and Senior Officers of Mellon Financial Corporation and Mellon Bank, N.A.	Previously filed as Exhibit B to Mellon Financial Corporation's Proxy Statement (File No. 001-07410) dated March 13, 1987, and incorporated herein by reference.
10.88*	Letter Agreement entered into by Mellon Financial Corporation and Robert P. Kelly dated January 30, 2006, accepted January 31, 2006.	Previously filed as Exhibit 99.1 to Mellon Financial Corporation's Current Report on Form 8-K (File No. 001-07410) dated January 31, 2006, and incorporated herein by reference.
10.89*	Amendment to Change in Control Severance Agreement between Mellon Financial Corporation and Robert P. Kelly dated December 22, 2006.	Previously filed as Exhibit 10.51 to Mellon Financial Corporation's Annual Report on Form 10-K (File No. 001-07410) for the year ended December 31, 2006, and incorporated herein by reference.
10.90*	Description regarding amendments entered into on December 22, 2006 by Robert P. Kelly and Mellon Financial Corporation to his Change in Control Severance Agreement, employment letter agreement and equity award agreement.	Previously filed as Item 5.02 to Mellon Financial Corporation's Current Report on Form 8-K (File No. 001-07410) dated December 22, 2006, and incorporated herein by reference.
10.91*	Transition Agreement dated as of June 25, 2007, between The Bank of New York Company, Inc. and Bruce W. Van Saun.	Previously filed as Exhibit 10.5 to The Bank of New York Company, Inc.'s Current Report on Form 8-K (File No. 001-06152) as filed with the Commission on June 29, 2007, and incorporated herein by reference.
10.92*	Stock Option Agreement dated as of June 25, 2007, between The Bank of New York Company, Inc. and Gerald L. Hassell.	Previously filed as Exhibit 10.3 to The Bank of New York Company, Inc.'s Current Report on Form 8-K (File No. 001-06152) as filed with the Commission on June 29, 2007, and incorporated herein by reference.

* Management contract or compensatory plan arrangement.

** Non-shareholder approved compensatory plan pursuant to which BNY Mellon's Common Stock may be issued to employees of BNY Mellon. No executive officers or directors of BNY Mellon are permitted to participate in this plan

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INDEX TO EXHIBITS (continued)

Exhibit	Description	Method of Filing
10.93*	Transition Agreement dated as of June 25, 2007, between The Bank of New York Company, Inc. and Gerald L. Hassell.	Previously filed as Exhibit 10.4 to The Bank of New York Company, Inc.'s Current Report on Form 8-K (File No. 001-06152) as filed with the Commission on June 29, 2007, and incorporated herein by reference.
10.94*	Employee Severance Agreement dated July 11, 2000 with Gerald L. Hassell.	Previously filed as Exhibit 10(h) to The Bank of New York Company, Inc.'s Quarterly Report on Form 10-Q (File No. 001-06152) for the quarter ended September 30, 2000, and incorporated herein by reference.
10.95*	Service Agreement dated as of June 25, 2007, between The Bank of New York Company, Inc. and Thomas A. Renyi.	Previously filed as Exhibit 10.1 to The Bank of New York Company, Inc.'s Current Report on Form 8-K (File No. 001-06152) as filed with the Commission on June 29, 2007, and incorporated herein by reference.
10.96*	Stock Option Agreement dated as of June 25, 2007, between The Bank of New York Company, Inc. and Thomas A. Renyi.	Previously filed as Exhibit 10.2 to The Bank of New York Company, Inc.'s Current Report on Form 8-K (File No. 001-06152) as filed with the Commission on June 29, 2007, and incorporated herein by reference.
10.97*	Employment Agreement between Mellon Financial Corporation and Steven G. Elliott, effective as of February 1, 2004.	Previously filed as Exhibit 10.16 to Mellon Financial Corporation's Annual Report on Form 10-K (File No. 001-07410) for the year ended December 31, 2003, and incorporated herein by reference.
10.98*	Amendment to Change in Control Severance Agreement between Mellon Financial Corporation and Steven G. Elliott dated December 22, 2006.	Previously filed as Exhibit 10.52 to Mellon Financial Corporation's Annual Report on Form 10-K (File No. 001-07410) for the year ended December 31, 2006, and incorporated herein by reference.
10.99*	Description regarding amendments entered into on December 22, 2006 by Steven G. Elliott and Mellon Financial Corporation to his Change in Control Severance Agreement, employment agreement, equity award agreement and related matters.	Previously filed as Item 5.02 to Mellon Financial Corporation's Current Report on Form 8-K (File No. 001-07410) dated December 22, 2006, and incorporated herein by reference.
10.100*	Form of Nonqualified Stock Option Agreement – Chief Executive Officer and Senior Vice Chairman of Mellon Financial Corporation.	Previously filed as Exhibit 99.3 to Mellon Financial Corporation's Current Report on Form 8-K (File No. 001-07410) dated May 17, 2005, and incorporated herein by reference.

* Management contract or compensatory plan arrangement.
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INDEX TO EXHIBITS (continued)

Exhibit	Description	Method of Filing
10.101*	Form of Performance Accelerated Restricted Stock Agreement – Senior Vice Chairman.	Previously filed as Exhibit 99.2 to Mellon Financial Corporation's Current Report on Form 8-K (File No. 001-07410) dated May 17, 2005, and incorporated herein by reference.
10.102*	Letter Agreement entered into by Mellon Financial Corporation and Ronald P. O'Hanley dated April 19, 2006, accepted April 20, 2006.	Previously filed as Exhibit 99.1 to Mellon Financial Corporation's Current Report on Form 8-K (File No. 001-07410) dated April 20, 2006, and incorporated herein by reference.
10.103*	Confidentiality and Non-Solicitation Agreement made as of April 20, 2006, by and between Mellon Financial Corporation and Ronald P. O'Hanley.	Previously filed as Exhibit 99.2 to Mellon Financial Corporation's Current Report on Form 8-K (File No. 001-07410) dated April 20, 2006, and incorporated herein by reference.
10.104*	Amendment to Change in Control Severance Agreement between Mellon Financial Corporation and Ronald P. O'Hanley dated December 22, 2006.	Previously filed as Exhibit 10.53 to Mellon Financial Corporation's Annual Report on Form 10-K (File No. 001-07410) for the year ended December 31, 2006, and incorporated herein by reference.
10.105*	Description regarding amendments entered into on December 22, 2006 by Ronald P. O'Hanley and Mellon Financial Corporation to his Change in Control Severance Agreement, employment letter agreement, equity award agreement and related matters.	Previously filed as Item 5.02 to Mellon Financial Corporation's Current Report on Form 8-K (File No. 001-07410) dated December 22, 2006, and incorporated herein by reference.
10.106*	Description regarding team equity incentive awards, replacement equity awards and special stock option award to executives named therein.	Previously field as Item 5.02 to the Company's Current Report on Form 8-K (File No. 000-52710) dated July 13, 2007, and incorporated herein by reference.
10.107	Lease agreement dated July 16, 2004 between Suntrust Equity Funding, LLC and Tennessee Processing Center LLC.	Previously filed as Exhibit 10(ooo) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended December 31, 2005, and incorporated herein by reference.
10.108	Master Agreement dated July 16, 2004 between The Bank of New York Company, Inc. and Tennessee Processing Center LLC, Suntrust Equity Funding, LLC.	Previously filed as Exhibit 10(ppp) to The Bank of New York Company, Inc.'s Annual Report on Form 10-K (File No. 001-06152) for the year ended December 31, 2005, and incorporated herein by reference.

* Management contract or compensatory plan arrangement.
** Non-shareholder approved compensatory plan pursuant to which BNY Mellon's Common Stock may be issued to employees of BNY Mellon. No executive officers or directors of BNY Mellon are permitted to participate in this plan

INDEX TO EXHIBITS (continued)

Exhibit	Description	Method of Filing
10.109	Purchase & Assumption Agreement, dated as of April 7, 2006 by and between The Bank of New York Company, Inc. and JPMorgan Chase & Co.	Previously filed as Exhibit 99.1 to The Bank of New York Company, Inc.'s Current Report on Form 8-K (File No. 001-06152) as filed with the Commission on April 13, 2006, and incorporated herein by reference.
10.110	Amended and Restated Purchase & Assumption Agreement, dated as of October 1, 2006, by and between The Bank of New York Company, Inc. and JPMorgan Chase & Co.	Previously filed as Exhibit 10.2 to The Bank of New York Company, Inc.'s Quarterly Report on Form 10-Q (File No. 001-06152) for the quarter ended September 30, 2006, and incorporated herein by reference.
10.111	Lease dated as of December 31, 2004, between 500 Grant Street Associates Limited Partnership and Mellon Bank, N.A. with respect to One Mellon Center.	Previously filed as Exhibit 99.1 to Mellon Financial Corporation's Annual Report on Form 10-K (File No. 001-07410) for the year ended December 31, 2004, and incorporated herein by reference.
10.112	Non-prosecution agreement with the U.S. Attorney's Offices for the Eastern and Southern Districts of New York.	Previously filed as Exhibit 99.1 to The Bank of New York Company, Inc.'s Current Report on Form 8-K (File No. 001-06152) as filed with the Commission on November 8, 2005, and incorporated herein by reference.
10.113	Letter from the United States Attorney, Western District of Pennsylvania, dated August 14, 2006, addressed to W. Thomas McGough, Jr., Esq., Efrem Grail, Esq., and Michael Bleier, Esq., setting forth the Settlement Agreement between the United States Attorney for the Western District of Pennsylvania and Mellon Bank, N.A., signed on behalf of Mellon Bank, N.A. on August 17, 2006.	Previously filed as Exhibit 99.1 to Mellon Financial Corporation's Current Report on Form 8-K (File No. 001-07410) dated August 18, 2006, and incorporated herein by reference.
10.114*	Form of 2008 Performance Award Agreement between The Bank of New York Mellon Corporation and Robert P. Kelly.	Previously filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q (File No. 000-52710) for the quarter ended March 31, 2008, and incorporated herein by reference.
10.115*	Form of 2008 Performance Award Agreement between The Bank of New York Mellon Corporation and Thomas A. Renyi.	Previously filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q (File No. 000-52710) for the quarter ended March 31, 2008, and incorporated herein by reference.

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INDEX TO EXHIBITS (continued)

Exhibit	Description	Method of Filing
10.116*	Form of 2008 Performance Award Agreement between The Bank of New York Mellon Corporation and Gerald L. Hassell.	Previously filed as Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q (File No. 000-52710) for the quarter ended March 31, 2008, and incorporated herein by reference.
10.117*	Form of 2008 Performance Award Agreement between The Bank of New York Mellon Corporation and Bruce W. Van Saun.	Previously filed as Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q (File No. 000-52710) for the quarter ended March 31, 2008, and incorporated herein by reference.
10.118*	Form of 2008 Performance Award Agreement between The Bank of New York Mellon Corporation and Steven G. Elliott.	Previously filed as Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q (File No. 000-52710) for the quarter ended March 31, 2008, and incorporated herein by reference.
10.119*	Form of 2008 Performance Award Agreement between The Bank of New York Mellon Corporation and Ronald P. O'Hanley.	Previously filed as Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q (File No. 000-52710) for the quarter ended March 31, 2008, and incorporated herein by reference.
10.120*	Form of 2008 Stock Option Agreement between The Bank of New York Mellon Corporation and Robert P. Kelly.	Previously filed as Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q (File No. 000-52710) for the quarter ended March 31, 2008, and incorporated herein by reference.
10.121*	Form of 2008 Stock Option Agreement between The Bank of New York Mellon Corporation and Thomas A. Renyi.	Previously filed as Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q (File No. 000-52710) for the quarter ended March 31, 2008, and incorporated herein by reference.
10.122*	Form of 2008 Stock Option Agreement between The Bank of New York Mellon Corporation and Messrs. Gerald L. Hassell and Bruce W. Van Saun.	Previously filed as Exhibit 10.11 to the Company's Quarterly Report on Form 10-Q (File No. 000-52710) for the quarter ended March 31, 2008, and incorporated herein by reference.
10.123*	Form of 2008 Stock Option Agreement between The Bank of New York Mellon Corporation and Steven G. Elliott.	Previously filed as Exhibit 10.12 to the Company's Quarterly Report on Form 10-Q (File No. 000-52710) for the quarter ended March 31, 2008, and incorporated herein by reference.

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INDEX TO EXHIBITS (continued)

Exhibit	Description	Method of Filing
10.124*	Form of 2008 Stock Option Agreement between The Bank of New York Mellon Corporation and Ronald P. O'Hanley.	Previously filed as Exhibit 10.12 to the Company's Quarterly Report on Form 10-Q (File No. 000-52710) for the quarter ended March 31, 2008, and incorporated herein by reference.
10.125*	Form of Long Term Incentive Plan Deferred Stock Unit Agreement for Directors of The Bank of New York Corporation.	Previously filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q (File No. 000-52710) for the quarter ended June 30, 2008, and incorporated herein by reference.
10.126*	General Release of Thomas A. Renyi, dated July 22, 2008.	Previously filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q (File No. 000-52710) for the quarter ended September 30, 2008, and incorporated herein by reference.
10.127*	General Release of Bruce Van Saun, dated Aug. 29, 2008.	Previously filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q (File No. 000-52710) for the quarter ended September 30, 2008, and incorporated herein by reference.
10.128*	Letter Agreement entered into by The Bank of New York Mellon Corporation and Thomas P. Gibbons, dated July 10, 2008, accepted July 16, 2008.	Previously filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q (File No. 000-52710) for the quarter ended September 30, 2008, and incorporated herein by reference.
10.129*	Letter Agreement entered into by The Bank of New York Mellon Corporation and Bruce Van Saun, dated Aug. 22, 2008, accepted Aug. 25, 2008.	Previously filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q (File No. 000-52710) for the quarter ended September 30, 2008, and incorporated herein by reference.
10.130*	Description regarding amendments entered into on July 7, 2008 by The Bank of New York Mellon Corporation and Thomas P. Gibbons.	Previously filed as Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q (File No. 000-52710) for the quarter ended September 30, 2008, and incorporated herein by reference.
10.131	Letter Agreement, dated October 26, 2008, including Securities Purchase Agreement – Standard Terms incorporated by reference therein, between the Company and the United States Department of the Treasury.	Previously filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 000-52710) filed on October 30, 2008, and incorporated herein by reference.

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INDEX TO EXHIBITS (continued)

Exhibit	Description	Method of Filing
10.132*	Form of Waiver, executed by each of Messrs. Robert P. Kelly, Gerald L. Hassell, Thomas P. Gibbons, Steven G. Elliott and Ronald P. O'Hanley.	Previously filed as Exhibit 10.2 to the Company's Current Report on Form 8-K (File No. 000-52710) filed on October 30, 2008, and incorporated herein by reference.
10.133*	Form of Letter Agreement, executed by each of Messrs. Robert P. Kelly, Gerald L. Hassell, Thomas P. Gibbons, Steven G. Elliott and Ronald P. O'Hanley with the Company.	Previously filed as Exhibit 10.3 to the Company's Current Report on Form 8-K (File No. 000-52710) filed on October 30, 2008, and incorporated herein by reference.
10.134*	Amendment to The Bank of New York Company, Inc. Supplemental Executive Retirement Plan, dated December 18, 2008.	Previously filed as Exhibit 10.156 to the Company's Annual Report on Form 10-K (File No. 000-52710) filed on February 27, 2009, and incorporated herein by reference.
10.135*	Amendment to The Bank of New York Company, Inc. Amended and Restated 2003 Long-Term Incentive Plan, dated December 18, 2008.	Previously filed as Exhibit 10.157 to the Company's Annual Report on Form 10-K (File No. 000-52710) filed on February 27, 2009, and incorporated herein by reference.
10.136*	Amendment to The Bank of New York Company, Inc. Excess Benefit Plan, dated December 18, 2008.	Previously filed as Exhibit 10.158 to the Company's Annual Report on Form 10-K (File No. 000-52710) filed on February 27, 2009, and incorporated herein by reference.
10.137*	Amendment to The Bank of New York Company, Inc. Excess Contribution Plan, dated December 18, 2008.	Previously filed as Exhibit 10.159 to the Company's Annual Report on Form 10-K (File No. 000-52710) filed on February 27, 2009, and incorporated herein by reference.
10.138*	Amendment to Change in Control Agreement, dated December 15, 2008, between The Bank of New York Mellon Corporation and Steven G. Elliott.	Previously filed as Exhibit 10.160 to the Company's Annual Report on Form 10-K (File No. 000-52710) filed on February 27, 2009, and incorporated herein by reference.
10.139*	Amendment to Change in Contract Agreement, dated December 15, 2008, between The Bank of New York Mellon Corporation and Ronald P. O'Hanley.	Previously filed as Exhibit 10.161 to the Company's Annual Report on Form 10-K (File No. 000-52710) filed on February 27, 2009, and incorporated herein by reference.
10.140*	Amendment to Continuing Terms of Employment Agreement, dated December 15, 2008, between The Bank of New York Mellon Corporation and Steven G. Elliott.	Previously filed as Exhibit 10.162 to the Company's Annual Report on Form 10-K (File No. 000-52710) filed on February 27, 2009, and incorporated herein by reference.
10.141*	Amendment to Employment Letter Agreement, dated December 12, 2008, between The Bank of New York Mellon Corporation and Ronald P. O'Hanley.	Previously filed as Exhibit 10.163 to the Company's Annual Report on Form 10-K (File No. 000-52710) filed on February 27, 2009, and incorporated herein by

reference.

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INDEX TO EXHIBITS (continued)

Exhibit	Description	Method of Filing
10.142*	Amendment to Letter Agreement relating to Section 409A of the Internal Revenue Code, dated December 15, 2008, between The Bank of New York Mellon Corporation and Robert P. Kelly.	Previously filed as Exhibit 10.164 to the Company's Annual Report on Form 10-K (File No. 000-52710) filed on February 27, 2009, and incorporated herein by reference.
10.143*	Amendment to Letter Agreement, dated December 15, 2008, Between The Bank of New York Mellon Corporation and Robert P. Kelly.	Previously filed as Exhibit 10.165 to the Company's Annual Report on Form 10-K (File No. 000-52710) filed on February 27, 2009, and incorporated herein by reference.
10.144*	Form of Indemnification Agreement with Executive Officers of The Bank of New York Mellon Corporation.	Previously filed as Exhibit 10.166 to the Company's Annual Report on Form 10-K (File No. 000-52710) filed on February 27, 2009, and incorporated herein by reference.
10.145*	Form of Indemnification Agreement with Directors of The Bank of New York Mellon Corporation.	Previously filed as Exhibit 10.167 to the Company's Annual Report on Form 10-K (File No. 000-52710) filed on February 27, 2009, and incorporated herein by reference.
10.146*	Amendment to Change in Control Letter Agreement, dated December 11, 2008, between The Bank of New York Mellon Corporation and Gerald L. Hassell.	Previously filed as Exhibit 10.168 to the Company's Annual Report on Form 10-K (File No. 000-52710) filed on February 27, 2009, and incorporated herein by reference.
10.147*	Amendment to Transition Agreement, dated December 15, 2008, between The Bank of New York Mellon Corporation and Gerald L. Hassell.	Previously filed as Exhibit 10.169 to the Company's Annual Report on Form 10-K (File No. 000-52710) filed on February 27, 2009, and incorporated herein by reference.
10.148*	Amendment to Change in Control Letter Agreement, dated December 11, 2008, between The Bank of New York Mellon Corporation and Thomas P. Gibbons.	Previously filed as Exhibit 10.170 to the Company's Annual Report on Form 10-K (File No. 000-52710) filed on February 27, 2009, and incorporated herein by reference.
10.149*	Amendment to the Mellon Bank IRC Section 401(a)(17) Plan and Mellon Bank Benefit Restoration Plan, dated December 22, 2008.	Previously filed as Exhibit 10.171 to the Company's Annual Report on Form 10-K (File No. 000-52710) filed on February 27, 2009, and incorporated herein by reference.
10.150*	Amendment to the Mellon Financial Corporation Executive Deferred Compensation Plan for Senior Officers, dated December 22, 2008.	Previously filed as Exhibit 10.172 to the Company's Annual Report on Form 10-K (File No. 000-52710) filed on February 27, 2009, and incorporated herein by reference.
10.151*	Amendment to the Mellon Financial Corporation Executive Deferred Compensation Plan, dated December 22, 2008.	Previously filed as Exhibit 10.173 to the Company's Annual Report on Form 10-K (File No. 000-52710) filed on February 27, 2009, and incorporated herein by

reference.

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INDEX TO EXHIBITS (continued)

Exhibit	Description	Method of Filing
10.152*	Form of Amended and Restated Indemnification Agreement with Directors of The Bank of New York Mellon Corporation.	Previously filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q (File No. 000-52710) filed on November 6, 2009, and incorporated herein by reference.
10.153*	Form of Amended and Restated Indemnification Agreement with Executive Officers of The Bank of New York Mellon Corporation.	Previously filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q (File No. 000-52710) filed on November 6, 2009, and incorporated herein by reference.
10.154	Settlement and Release Agreement dated October 21, 2009, by and between The Federal Customs Service of the Russian Federation and The Bank of New York Mellon (English version).	Previously filed as Exhibit 99.2 to the Company's Current Report on Form 8-K (File No. 000-52710) filed on October 23, 2009 and incorporated herein by reference.
10.155*	Transition Agreement dated as of June 25, 2007, between The Bank of New York Company, Inc. and Torry Berntsen.	Filed herewith.
10.156*	General Release of Torry Berntsen, dated August 6, 2009.	Filed herewith.
12.1	Computation of Ratio of Earnings to Fixed Charges.	Filed herewith.
13.1	All portions of The Bank of New York Mellon Corporation 2009 Annual Report to Shareholders that are incorporated herein by reference. The remaining portions are furnished for the information of the Securities and Exchange Commission and are not "filed" as part of this filing.	Filed herewith.
21.1	Primary subsidiaries of the Company.	Filed herewith.
23.1	Consent of KPMG LLP.	Filed herewith.
24.1	Power of Attorney.	Filed herewith.
31.1	Certification of the Chairman and Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith.
32.1	Certification of the Chairman and Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Furnished herewith.

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INDEX TO EXHIBITS (continued)

Exhibit	Description	Method of Filing
32.2	Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Furnished herewith.
101.INS	XBRL Instance Document.	Furnished herewith.
101.SCH	XBRL Taxonomy Extension Schema Document.	Furnished herewith.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.	Furnished herewith.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.	Furnished herewith.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.	Furnished herewith.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.	Furnished herewith.

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Exhibit 3.2

THE BANK OF NEW YORK MELLON CORPORATION

AMENDED AND RESTATED BY-LAWS
(As Amended April 14, 2009, August 11, 2009 and February 9, 2010)

ARTICLE ONE

Meetings of Stockholders

Section 1. ANNUAL MEETINGS. The annual meeting of the stockholders of the Corporation for the election of Directors and the transaction of all other business that may properly come before the meeting shall be held on such date as the Board of Directors shall determine and specify in the notice of such meeting. The annual meeting shall be held at such time and place, and upon such notice, as the Board of Directors shall determine, in the city of New York, New York, or such other city as the Board of Directors shall determine, except that, at least once every three years, the meeting shall be held in Pittsburgh, Pennsylvania.

Section 2. SPECIAL MEETINGS. Special meetings of the stockholders may be called for any purpose by the Board of Directors, the Chief Executive Officer or the Chairman, and any such special meeting shall be held at the place, day and time and upon such notice as the Board of Directors or such person shall determine.

Section 3. NOTICE OF MEETINGS. Whenever stockholders are required or permitted to take any action at a meeting, a notice of the meeting shall be given in any manner permitted by law which shall state the place, date and hour of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise provided by law, the notice of any meeting shall be given not less than 10 nor more than 60 days before the date of the meeting to each stockholder entitled to vote at such meeting. If mailed, such notice shall be deemed to be given when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the Corporation.

Section 4. ORGANIZATION. Only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in Section 11(a) of this Article One with respect to an annual meeting of stockholders and Section 11(b) of this Article One with respect to a special meeting of stockholders. The officer presiding at the meeting shall have the power and the duty to determine whether any business proposed to be brought before a meeting was proposed in accordance with the procedures set forth in these By-Laws and, if any business is not in compliance with such procedures, to declare that such defective proposal shall be disregarded. The officer presiding at the meeting shall have authority on his or her own motion to adjourn the meeting from time to time without the approval of the stockholders who are present in person or represented by proxy and entitled to vote, whether or not constituting a quorum, and without notice other than announcement at the meeting. The Board of Directors may, to the extent not prohibited by law, adopt

such rules and regulations for the conduct of the meetings of stockholders as it deems appropriate. Except to the extent inconsistent with the rules and regulations adopted by the Board of Directors, the officer presiding at the meeting of stockholders shall have the right and authority to prescribe rules, regulations and procedures and to do all acts as, in the judgment of such officer, are appropriate for the proper conduct of the meeting.

Section 5. VOTING. Unless otherwise provided in the certificate of incorporation (including any certificate of designations with respect to any series of preferred stock), each stockholder entitled to vote at any meeting of stockholders shall be entitled to one vote for each share of stock held by such stockholder that has voting power on the matter in question. Stockholders may vote at any meeting in person or may authorize another person or persons to act for such stockholder by proxy in any manner permitted by law. No proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. A proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by delivering to the Secretary of the Corporation a revocation of the proxy or a new proxy bearing a later date. Voting at meetings of stockholders need not be by written ballot.

Section 6. RECORD DATES.

(a) Record Date for Meetings of Stockholders . In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than 60 nor less than 10 days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be the day immediately preceding the day on which notice is given, or, if notice is waived, the day immediately preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided , however , that the Board of Directors may fix a new record date for the adjourned meeting.

(b) Record Date for Consents of Stockholders in Lieu of Meetings . In order that the Corporation may determine the stockholders entitled to consent to any corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than 10 days after the date on which the resolution fixing the record date is adopted by the Board of Directors. If no record date has been fixed by the Board of Directors, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior

action by the Board of Directors is required by law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business or an officer or agent of the Corporation having custody of the book in which such proceedings of meetings of stockholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be the day on which the Board of Directors adopts the resolution taking such prior action.

(c) Record Date for Dividends, Distributions and Other Rights in Respect of Stock . In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights, or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than 60 days prior to such action. If no record date has been fixed by the Board of Directors, the record date for determining stockholders for any such purpose shall be the day on which the Board of Directors adopts the resolution relating thereto.

Section 7. QUORUM; STOCKHOLDER ACTION. The presence, in person or by proxy, of stockholders entitled to cast at least a majority of the votes that all stockholders are entitled to cast shall constitute a quorum for the transaction of business at any meeting of stockholders. Without limiting the power and authority of the officer presiding at a meeting, pursuant to Section 4 of this Article One, to adjourn such meeting without a vote of stockholders, in the absence of a quorum of the holders of all outstanding shares of stock entitled to vote on a matter, the holders of such shares so present or represented may, by majority vote, adjourn such meeting from time to time until a quorum shall be so present or represented, without notice other than announcement at the meeting. When a quorum is once present, it shall not be broken by the subsequent withdrawal of any stockholder from the meeting. Shares of its own capital stock belonging on the record date for the meeting to the Corporation or to another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation is held, directly or indirectly by the Corporation, shall neither be entitled to vote nor be counted for quorum purposes; provided , however , that the foregoing shall not limit the right of the Corporation to vote stock, including but not limited to its own stock, held by it in a fiduciary capacity. Unless otherwise provided by law or the Certificate of Incorporation, any action of the stockholders to be taken at a meeting of stockholders (other than election of Directors to the extent set forth in Section 8 of this Article One) may be taken by a majority of the votes cast with respect to the matter at any duly convened stockholders' meeting.

Section 8. REQUIRED VOTE FOR DIRECTORS. In order to be elected as a director by the stockholders, a person must, except as otherwise provided by law, receive a plurality of the votes cast by the holders of shares entitled to vote thereon at a meeting of the stockholders for the election of directors at which a quorum shall be present.

Section 9. LIST OF STOCKHOLDERS. The Secretary or other officer of the Corporation who has charge of the stock ledger shall prepare and make, at least 10 days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to examination by any stockholder, for any purpose germane to the meeting, for a period of at least 10 days prior to the meeting, either (at the election of the Corporation) (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is included in the notice of the meeting or (ii) during ordinary business hours at the principal place of business of the Corporation. The list of stockholders shall also be open to examination by any stockholder at the meeting (and for the duration thereof) as required by applicable law. Except as otherwise provided by law, the identity of stockholders entitled to examine the list of stockholders required by this Section 9, to vote in person or by proxy at any meeting of stockholders or to execute written consents to corporate action without a meeting shall be conclusively determined by reference to the stock ledger.

Section 10. INSPECTOR OF ELECTIONS. The Corporation may, and shall if required by law, in advance of any meeting of stockholders, appoint one or more inspectors of election, who may be employees of the Corporation, to act at the meeting or any adjournment thereof and to make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. In the event that no inspector so appointed or designated is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath to execute faithfully the duties of inspector with strict impartiality and according to the best of his or her ability. The inspector or inspectors so appointed or designated shall (i) ascertain the number of shares of capital stock of the Corporation outstanding and the voting power of each such share, (ii) determine the shares of capital stock of the Corporation represented at the meeting and the validity of proxies and ballots, (iii) count all votes and ballots, (iv) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors, and (v) certify their determination of the number of shares of capital stock of the Corporation represented at the meeting and such inspectors' count of all votes and ballots. Such certification and report shall specify such other information as may be required by law. In determining the validity and counting of proxies and ballots cast at any meeting of stockholders of the Corporation, the inspectors may consider such information as is permitted by applicable law. No person who is a candidate for an office at an election may serve as an inspector at such election.

Section 11. NOTICE OF BUSINESS TO BE PRESENTED AT STOCKHOLDER MEETINGS.

(a) Annual Meetings of Stockholders . The proposal of business to be considered by the stockholders at an annual meeting of stockholders may be made (x) pursuant to the Corporation's notice of meeting, (y) by or at the direction of the Board of Directors or (z) by any stockholder of the Corporation who was a stockholder of record at the time of giving of notice provided for in this Section 11, who is entitled to vote at the meeting and who has complied with the notice procedures set forth in this Section 11. For business to be properly brought before an annual meeting by a stockholder pursuant to clause (z) of the preceding sentence, such business must be a proper matter for stockholder action and the stockholder must have given timely notice in compliance with the following requirements in writing to the Secretary of the Corporation:

(i) To be timely, a stockholder's notice given pursuant to this Section 11 must be received at the principal executive offices of the Corporation, addressed to the Secretary, not less than 90 calendar days or more than 120 calendar days before the anniversary date of the Corporation's proxy statement released to stockholders in connection with the previous year's annual meeting; provided that the first such anniversary date occurring after the effective date of these By-Laws shall be deemed to be March 10, 2008. Notwithstanding the preceding sentence, if the date of the annual meeting at which such business is to be presented has been changed by more than 30 calendar days from the date of the most recent previous annual meeting, a stockholder's notice shall be considered timely if so received by the Corporation (A) on or before the later of (1) 120 calendar days before the date of the annual meeting at which such business is to be presented or (2) 30 calendar days following the first public announcement by the Corporation of the date of such annual meeting and (B) not later than 15 calendar days prior to the scheduled mailing date of the Corporation's proxy materials for such annual meeting. In no event shall the public announcement of an adjournment of an annual meeting commence a new time period for the giving of a stockholder's notice as described above.

(ii) A stockholder's notice given pursuant to this Section 11 shall set forth (A) the name and address of the stockholder who intends to make the proposal and the classes and numbers of shares of the Corporation's stock beneficially owned by such stockholder, (B) a representation that the stockholder is and will at the time of the annual meeting be a holder of record of stock of the Corporation entitled to vote at such meeting on the proposal(s) specified in the notice and intends to appear in person or by proxy at the meeting to present such proposal(s), (C) a description of the business the stockholder intends to bring before the meeting, including the text of any proposal or proposals to be presented for action by the

stockholders, (D) the name and address of any beneficial owner(s) of the Corporation's stock on whose behalf such business is to be presented and the class and number of shares beneficially owned by each such beneficial owner and (E) the reasons for conducting such business at the meeting and any material interest in such business of such stockholder or any such beneficial owner.

(b) Special Meetings of Stockholders . The matters to be considered and brought before any special meeting of stockholders shall be limited to only such matters as shall be brought properly before such meeting pursuant to the Corporation's notice of such special meeting.

(c) General .

(i) For purposes of this Section, (A) "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") and (B) "beneficial ownership" shall be determined in accordance with Rule 13d-3 under the Exchange Act or any successor rule.

(ii) Notwithstanding the foregoing provisions of this Section 11, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section.

(iii) Nothing in this Section 11 shall be deemed to affect any rights of a stockholder to request inclusion of a proposal in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act, or any successor rule, or to present for action at an annual meeting any proposal so included.

ARTICLE TWO

Directors

Section 1. BOARD OF DIRECTORS. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. Except as expressly limited by law, all corporate powers of the Corporation shall be vested in and may be exercised by the Board of Directors.

Section 2. NUMBER. Except as otherwise provided in Article Five, the Board of Directors shall consist of such number of Directors as shall be fixed from time to time by a majority vote of the entire Board of Directors.

Section 3. ELECTION; TERM OF OFFICE. Each Director hereafter elected shall hold office until the next annual meeting of stockholders and until his or her successor is elected and has qualified, or until his or her death or until he or she shall resign or shall have been removed or disqualified.

Section 4. NOMINATION. Nominations for the election of Directors may be made by the Board of Directors, a committee thereof or any officer of the Corporation to whom the Board of Directors or such committee shall have delegated such authority. Upon proper notice given to the Corporation, nominations may also be made by any stockholder entitled to vote in the election of Directors. Written notice of a stockholder's intent to make a nomination or nominations for Director must be given to the Corporation either by United States mail or personal delivery to the Secretary of the Corporation (i) in the case of an annual meeting, not less than 90 calendar days or more than 120 calendar days before the anniversary date of the Corporation's proxy statement released to stockholders in connection with the previous year's annual meeting; provided that the first such anniversary date occurring after the effective date of these By-Laws shall be deemed to be March 10, 2008 and (ii) in the case of a special meeting at which directors are to be elected, not later than the close of business on the tenth calendar day following the earlier of the day on which notice of the date of the meeting was mailed and the day on which public announcement of the date of the meeting was made. Notwithstanding clause (i) of the preceding sentence, if the date of the annual meeting at which Directors are to be elected has been changed by more than 30 calendar days from the date of the most recent previous annual meeting, a stockholder's notice of intent to make a nomination or nominations for Director shall be considered timely if so received by the Corporation (A) on or before the later of (x) 120 calendar days before the date of the annual meeting at which such business is to be presented or (y) 30 calendar days following the first public announcement by the Corporation of the date of such annual meeting and (B) not later than 15 calendar days prior to the scheduled mailing date of the Corporation's proxy materials for such annual meeting. The notice must include: (1) the name and address of the stockholder who intends to make the nomination and a representation that the stockholder is and will at the time of the annual meeting be a holder of record of Common Stock entitled to vote at such annual meeting and that the stockholder intends to appear in person or by proxy at the annual meeting to make the nomination or nominations set forth in the notice, (2) the name and address of the person or persons to be nominated for election as Director and such other information regarding the proposed nominee or nominees as would be required to be included in a proxy statement filed pursuant to the rules and regulations of the Securities and Exchange Commission, (3) a description of all arrangements or undertakings between the stockholder and each proposed nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder and (4) a consent signed by each of the proposed nominees agreeing to serve as a Director if so elected. The Board of Directors will be under no obligation to recommend a proposed nominee, even though the notice as set forth above has been given.

Section 5. VACANCIES. Subject to the provisions of Article Five, any vacancy on the Board of Directors resulting from death, resignation, disqualification or removal from office or other cause, as well as any vacancy resulting from an increase in the number of Directors which occurs between annual meetings of the stockholders at which Directors are elected, shall be filled only by a majority vote of the remaining Directors then in office, whether or not a quorum, except that those vacancies resulting from removal from office by a vote of the stockholders may be filled by a vote of the stockholders at the same meeting at which such removal occurs. The Directors chosen to fill vacancies shall hold office for a term expiring at the end of the next annual meeting of stockholders. No decrease in the number of Directors constituting the Board of Directors shall shorten the term of any incumbent Director.

Section 6. REMOVAL. Any Director may be removed from office at any time without assigning any cause by the holders of a majority of the shares then entitled to vote at an election of directors.

Section 7. EXCEPTIONS FOR PREFERENCE DIRECTORS. The provisions of Sections 4 through 6 of this Article Two shall not apply to any Director of the Corporation who may be elected under specified circumstances by holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation of the Corporation.

Section 8. ORGANIZATIONAL MEETING. A meeting of the Board of Directors for the purpose of organizing the new Board, appointing the officers of the Corporation for the ensuing year and transacting other business shall be held without notice immediately following the annual election of Directors or as soon thereafter as is practicable at such time and place as the Secretary may designate.

Section 9. REGULAR MEETINGS. Regular meetings of the Board of Directors shall be held at such times and places as the Board of Directors shall determine in accordance with the Corporate Governance Guidelines or which are otherwise furnished to the Directors at its Organization Meeting each year, and if so determined or furnished, notice of such meetings need not be given.

Section 10. SPECIAL MEETINGS. The Chief Executive Officer, the Chairman or the President may call a special meeting of the Board of Directors at any time. Any such officer or the Secretary shall call a special meeting of the Board upon the written request of any three members of the Board. A special meeting shall be held at such time and place as may be designated by the person or persons calling the meeting. The person or persons calling the meeting shall cause such notice of the meeting and of its purpose to be given as hereinafter provided in this Section 10, but, except as otherwise expressly provided by law or by these By-Laws, the purposes thereof need not be stated in such notice. Except as otherwise provided by law, notice of the special meeting stating the place, date and hour of the meeting shall be given to each Director either (i) by mail or courier not less than 48 hours before the date of the meeting or (ii) by telephone, telegram or facsimile or electronic transmission, not less than 24 hours before the time of the

meeting or on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate in the circumstances (provided that notice of any meeting need not be given to any director who shall either submit, before or after such meeting, a waiver of notice or attend the meeting without protesting, at the beginning thereof, the lack of notice).

Section 11. QUORUM; BOARD ACTION. A majority of the entire Board of Directors (as defined in Article Five) shall constitute a quorum for the transaction of business at any meeting. Unless otherwise provided by law, by these By-Laws or in the Certificate of Incorporation of the Corporation, any action of the Board may be taken upon the affirmative vote of a majority of the Directors present at a duly convened meeting or upon the unanimous written consent of all Directors. In case at any meeting of the Board of Directors a quorum shall not be present, a majority of the members of the Board of Directors present may adjourn the meeting from time to time until a quorum shall be present.

Section 12. PARTICIPATION OTHER THAN BY ATTENDANCE. To the full extent permitted by law, any Director may participate in any regular or special meeting of the Board of Directors or of any committee of the Board of Directors of which he or she is a member by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting are able to hear each other.

Section 13. ACTION BY DIRECTORS WITHOUT A MEETING. Unless otherwise restricted by the Certificate of Incorporation or these By-Laws, any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board of Directors or of such committee, as the case may be, consent thereto in writing (which writing may include by electronic mail), and the writing or writings are filed with the minutes of proceedings of the Board of Directors or such committee, as the case may be.

Section 14. COMPENSATION. Each Director who does not receive a salary from the Corporation or any affiliate thereof shall be entitled to such compensation as the Board shall determine for his or her service upon the Board of Directors and any of its committees, for his or her attendance at meetings of the Board and any of its committees and for his or her expenses incident thereto. Directors shall also be entitled to such compensation as the Board shall determine for services rendered to the Corporation in any capacity other than as Directors.

Section 15. RESIGNATION. Any Director may resign by submitting his or her resignation to the Chief Executive Officer, the Chairman, the President or the Secretary of the Corporation. Such resignation shall become effective upon its submission or at any later time specified therein.

ARTICLE THREE

Committees of the Board of Directors

Section 1. APPOINTMENT; POWERS. The Board of Directors may appoint one or more standing or temporary committees consisting of two or more Directors. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. The Board of Directors may invest such committees with such powers and authority, subject to such conditions, as it may see fit, but no such committee shall have the power or authority with respect to the following matters: (i) approving or adopting, or recommending to the stockholders, any action or matter expressly required by law to be submitted to stockholders for approval or (ii) adopting, amending or repealing these By-Laws.

Section 2. EXECUTIVE COMMITTEE. Subject to the provisions of Article Five, the Board of Directors shall appoint from among its members an Executive Committee which, so far as may be permitted by law and except as specifically limited by the Board of Directors pursuant to Section 1 of this Article Three, shall have all the powers and may exercise all the authority of the Board of Directors during the intervals between the meetings thereof. All acts done and powers conferred by the Executive Committee shall be deemed to be, and may be certified as being, done by or conferred under authority of the Board of Directors.

Section 3. AUDIT COMMITTEE. Subject to the provisions of Article Five, the Board of Directors shall appoint from among its members, none of whom shall be an officer of the Corporation, an Audit Committee, which, so far as may be permitted by law and except as specifically limited by the Board of Directors pursuant to Section 1 of this Article Three, shall have all the powers and responsibilities and shall perform the functions specified in the Charter of the Audit Committee, as approved by the Board of Directors, and in any supplemental statement that the Board of Directors may adopt with regards to the functions of the Audit Committee.

Section 4. CORPORATE GOVERNANCE AND NOMINATING COMMITTEE. Subject to the provisions of Article Five, the Board of Directors shall appoint from among its members, none of whom shall be an officer of the Corporation, a Corporate Governance and Nominating Committee, which, so far as may be permitted by law and except as specifically limited by the Board of Directors pursuant to Section 1 of this Article Three, shall have all the powers and responsibilities and shall perform the functions specified in the Charter of the Corporate Governance and Nominating Committee, as approved by the Board of Directors, and in any supplemental statement that the Board of Directors may adopt with regards to the functions of the Corporate Governance and Nominating Committee.

Section 5. HUMAN RESOURCES AND COMPENSATION COMMITTEE. Subject to the provisions of Article Five, the Board of Directors shall appoint from among its members, none of whom shall be an officer of the Corporation, a Human Resources and Compensation Committee, which, so far as may be permitted by law and

except as specifically limited by the Board of Directors pursuant to Section 1 of this Article Three, shall have all the powers and responsibilities and shall perform the functions specified in the Charter of the Human Resources and Compensation Committee, as approved by the Board of Directors, and in any supplemental statement that the Board of Directors may adopt with regards to the functions of the Human Resources and Compensation Committee.

Section 6. RISK COMMITTEE. Subject to the provisions of Article Five, the Board of Directors shall appoint from among its members, a Risk Committee, which, so far as may be permitted by law and except as specifically limited by the Board of Directors pursuant to Section 1 of this Article Three, shall have all the powers and responsibilities and shall perform the functions specified in the Charter of the Risk Committee, as approved by the Board of Directors, and in any supplemental statement that the Board of Directors may adopt with regards to the functions of the Risk Committee.

Section 7. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE. Subject to the provisions of Article Five, the Board of Directors shall appoint from among its members, a Corporate Social Responsibility Committee, which, so far as may be permitted by law and except as specifically limited by the Board of Directors pursuant to Section 1 of this Article Three, shall have all the powers and responsibilities and shall perform the functions specified in the Charter of the Corporate Social Responsibility Committee, as approved by the Board of Directors, and in any supplemental statement that the Board of Directors may adopt with regards to the functions of the Corporate Social Responsibility Committee.

Section 8. [Intentionally omitted.]

Section 9. TERM; VACANCIES. Subject to the provisions of Article Five: (a) all committee members appointed by the Board of Directors shall serve at the pleasure of the Board of Directors; and (b) the Board of Directors may fill any committee vacancy.

Section 10. ORGANIZATION. All committees shall determine their own organization, procedures and times and places of meeting, unless otherwise directed by the Board of Directors and except as otherwise provided in these By-Laws. In the absence of a provision by the Board of Directors or a provision in the rules of such committee to the contrary, a majority of the entire authorized number of members of such committee shall constitute a quorum for the transaction of business, the vote of a majority of the members present at a meeting at the time of such vote if a quorum is then present shall be the act of such committee, and in other respects each committee shall conduct its business in the same manner as the Board of Directors conducts its business pursuant to Article Two of these By-Laws.

ARTICLE FOUR

Officers

Section 1. CHIEF EXECUTIVE OFFICER. Subject to the provisions of Article Five, the Board of Directors shall appoint a Chief Executive Officer. The Chief Executive Officer shall be the chief executive officer of the Corporation, shall report directly to the Board of Directors and shall be responsible for the general management of the affairs of the Corporation. The Chief Executive Officer shall see that all orders and resolutions of the Board of Directors and of any committee thereof are carried into effect. The Chief Executive Officer shall have general executive powers concerning all the operations and business of the Corporation and shall have and exercise such further powers and duties as may be conferred upon, or assigned to, him or her by the Board of Directors or as may be provided by law, and he or she may delegate to any other officer such executive and other powers and duties as he or she deems advisable.

Section 2. CHAIRMAN. Subject to the provisions of Article Five, the Board of Directors shall appoint one of its members to be Chairman. During the period beginning at the Effective Time and ending on the Succession Date (as such terms are defined in Article Five), the Chairman shall be designated “Executive Chairman”, shall be an officer of the Corporation, and the Chief Auditor (for administrative purposes only) shall report to the Executive Chairman. In addition, until the Succession Date, the Executive Chairman shall be in charge of the integration of the Corporation following the Merger (as defined in Article Five) and shall report to the Integration Committee with respect to such responsibilities. The Chairman shall preside at all meetings of the stockholders and of the Board of Directors and shall have and exercise such further powers as may be conferred upon, or assigned to, him or her by the Board of Directors or as may be provided by law. In the event of the absence or temporary disability of the Chairman, the Lead Director shall preside at the applicable meetings of the stockholders and/or the Board of Directors during which such absence or disability exists and, in the event of the absence or temporary disability of the Chairman and the Lead Director, any other officer of the Corporation or Director designated by the Board of Directors (provided that if such absence or temporary disability occurs during the Specified Period, only by an affirmative vote of at least 75 percent of the entire Board of Directors) shall preside at the applicable meetings of the stockholders and/or Board of Directors during which such absence or disability exists.

Section 3. PRESIDENT. Subject to the provisions of Article Five, the Board of Directors shall appoint a President. The President shall have and exercise such powers and duties as may be conferred upon, or assigned to, him or her by the Board of Directors or the Chief Executive Officer or as may be provided by law.

Section 4. SENIOR OFFICERS. The Board of Directors may appoint, or the Chief Executive Officer may appoint, subject to confirmation by the Board of Directors, one or more senior officers of the Corporation, any of whom may be designated as Vice Chairmen or as senior executive vice presidents or given any other descriptive titles, as the Board of Directors or the Human Resources and Compensation Committee of the Board of Directors shall specify from time to time. Each senior officer shall have and

exercise such powers and duties as may be conferred upon, or assigned to, him or her by the Board of Directors or the Chief Executive Officer.

Section 5. SECRETARY; ASSISTANT SECRETARIES. The Board of Directors shall appoint a Secretary. The Secretary shall act as secretary of all meetings of the stockholders, of the Board of Directors and of the Executive Committee, and he or she shall keep minutes of all such meetings. The Secretary shall give such notice of the meetings as is required by law or these By-Laws. The Secretary shall be the custodian of the minute book, stock record and transfer books and all other general corporate records. The Secretary shall be the custodian of the corporate seal and shall have the power to affix and attest the same, and he or she may delegate such power to one or more officers, employees or agents of the Corporation. The Secretary shall have and exercise such further powers and duties as may be conferred upon, or assigned to, him or her by the Board of Directors or the Chief Executive Officer or as may be provided by law. The Board of Directors or the Chief Executive Officer may appoint one or more Assistant Secretaries who shall assist the Secretary in the performance of his or her duties. At the direction of the Secretary or in the event of his or her absence or disability, an Assistant Secretary shall perform the duties of the Secretary. Each Assistant Secretary shall have and exercise such further powers and duties as may be conferred upon, or assigned to, him or her by the Board of Directors, the Chief Executive Officer or the Secretary.

Section 6. TREASURER; ASSISTANT TREASURERS. The Board of Directors shall appoint a Treasurer. The Treasurer shall have and exercise such powers and duties as may be conferred upon, or assigned to, him or her by the Board of Directors or the Chief Executive Officer. The Board of Directors or the Chief Executive Officer may appoint one or more Assistant Treasurers who shall assist the Treasurer in the performance of his or her duties. At the direction of the Treasurer or in the event of his or her absence or disability, an Assistant Treasurer shall perform the duties of the Treasurer. Each Assistant Treasurer shall have and exercise such further powers and duties as may be conferred upon, or assigned to, him or her by the Board of Directors, the Chief Executive Officer or the Treasurer.

Section 7. CHIEF AUDITOR. Subject to any requirement of law or the rules of any exchange on which shares of Common Stock of the Corporation are listed, the Board of Directors shall appoint a Chief Auditor who shall be the chief auditing officer of the Corporation. He or she shall report to the Audit Committee and shall continuously examine the affairs of the Corporation under the general supervision and direction of the Board of Directors. He or she shall have and exercise such further powers and duties as may be conferred upon, or assigned to, him or her by the Audit Committee or the Board of Directors. The Board of Directors may also appoint other officers who shall perform such auditing duties as may be assigned to them by the Board of Directors or the Chief Auditor of the Corporation.

Section 8. OTHER OFFICERS. The Board of Directors, the Chief Executive Officer or the delegate of either of them may appoint or hire such additional officers of the Corporation, who may be designated as executive vice presidents, managing

directors, senior vice presidents, first vice presidents, vice presidents, assistant vice presidents, officers, assistant officers, senior associates, associates, or given any other descriptive titles, and may hire such additional employees, as it or he or she may deem necessary or desirable to transact the business of the Corporation, and may establish the conditions of employment of any of the persons mentioned above and may fix their compensation and dismiss them. Such persons may have such descriptive titles as may be appropriate, and they shall, respectively, have and exercise such powers and duties as pertain to their several offices or as may be conferred upon, or assigned to, them by the appropriate appointing authority and as are not inconsistent with any provisions of these By-Laws.

Section 9. TENURE OF OFFICE. Subject to the provisions of Article Five, the Chief Executive Officer, the Chairman and the President shall each hold office for the year for which the Board of Directors was elected and until the appointment and qualification of his or her successor or until his or her earlier death, resignation, disqualification or removal. All other officers and employees shall hold office at the pleasure of the appropriate appointing authority. Subject to the provisions of Article Five, in particular subsection 2(b) of Article Five, the Board of Directors may remove any officer with or without cause at any time.

Section 10. COMPENSATION. Subject to the provisions of Article Five, the Board of Directors shall fix the compensation of those officers appointed pursuant to Sections 1, 2, 3 and 7 of this Article Four and of any other officers of the Corporation or any officers of any subsidiary of the Corporation that the Board of Directors shall deem appropriate, and it may award additional compensation to any officer or employee of the Corporation or any officer of any subsidiary for any year or years based upon the performance of that person during any such period, the success of the operations of the Corporation or any subsidiary thereof during any such period or any other reason that the Board of Directors shall deem appropriate. Unless the Board of Directors shall otherwise direct, the Chief Executive Officer or his or her delegate shall fix the compensation of all other officers or employees of the Corporation or any subsidiary thereof.

ARTICLE FIVE

Certain Governance Matters

Section 1. DEFINITIONS. The following definitions shall apply to this Article Five and otherwise as applicable in these By-Laws:

(a) “BNY” means The Bank of New York Company, Inc., a New York corporation.

(b) “Continuing BNY Directors” shall mean the Directors as of the Effective Time who were nominated to be Directors by the Board of Directors of BNY prior to the Effective Time and additional Directors who take office after

the Effective Time who are nominated by the Continuing BNY Directors Committee pursuant to Section 3(a) of this Article Five.

(c) "Continuing BNY Directors Committee" shall mean the committee established by Section 3(b) of this Article Five.

(d) "Continuing Mellon Directors" shall mean the Directors as of the Effective Time who were nominated to be Directors by the Board of Directors of Mellon prior to the Effective Time and additional Directors who take office after the Effective Time who are nominated by a majority of the Continuing Mellon Directors Committee pursuant to Section 3(a) of this Article Five.

(e) "Continuing Mellon Directors Committee" shall mean the committee established by Section 3(c) of this Article Five.

(f) "Effective Time" has the meaning specified in the Merger Agreement.

(g) "entire Board of Directors" means the total number of Directors which the Corporation would have if there were no vacancies; provided , that with respect to any provisions of these By-Laws requiring the unanimous affirmative vote of the entire Board of Directors, "entire Board of Directors" shall mean all the Directors of the Corporation then in office.

(h) "Mellon" means Mellon Financial Corporation, a Pennsylvania corporation.

(i) "Merger" has the meaning specified in the Merger Agreement.

(j) "Merger Agreement" means the Agreement and Plan of Merger, dated as of December 3, 2006, by and between Mellon and BNY (as the same may be amended from time to time).

(k) "Specified Period" shall mean the period beginning at the Effective Time and ending on the thirty-six-month anniversary of the Effective Time.

(l) "Succession Date" has the meaning specified in Section 2(a) of this Article Five.

Section 2. CHAIRMAN SUCCESSION; CEO AND PRESIDENT. (a) Effective as of the Effective Time, Mr. Thomas Renyi shall become and serve as Executive Chairman of the Board of Directors, Mr. Robert Kelly shall become and serve as Chief Executive Officer of the Corporation and Mr. Gerald Hassell shall become and serve as President of the Corporation. Mr. Robert Kelly shall be the successor to Mr. Thomas Renyi as Chairman of the Board of Directors, with such succession to become effective on the eighteen-month anniversary of the Effective Time or any such earlier date as of

which Mr. Thomas Renyi ceases for any reason to serve in the position of Executive Chairman of the Board of Directors (the date of succession, the "Succession Date").

(b) During the Specified Period, any removal of, or failure to reelect (if such person is willing to serve), any of the individuals serving in the capacities set forth in subsection 2(a) above, any failure to appoint or elect Mr. Robert Kelly as Chairman of the Board of Directors on the Succession Date, any amendment or modification to or termination of any employment or similar agreement with any of Messrs. Thomas Renyi, Robert Kelly or Gerald Hassell in effect as of the Effective Time, or any modification to any of their respective duties, authority or reporting relationships as set forth in Article Four, shall require the affirmative vote of at least 75 percent of the entire Board of Directors. In the event that during the Specified Period any of the individuals set forth in subsection 2(a) above shall be unable (whether by reason of death, permanent disability, retirement or otherwise) or unwilling to continue in such office, other than as expressly set forth in subsection 2(a) with respect to the succession of Mr. Robert Kelly as Chairman of the Board of Directors on the Succession Date, the vacancy created thereby shall be filled only by the affirmative vote of at least 75 percent of the entire Board of Directors.

Section 3. COMPOSITION OF THE BOARD OF DIRECTORS. (a) During the period beginning on the Effective Time and ending on the Succession Date, the Board of Directors shall consist of 18 Directors, of which 10 shall be Continuing BNY Directors and eight shall be Continuing Mellon Directors. Beginning on the Succession Date and during the remainder of the Specified Period, the Board of Directors shall consist of 16 Directors, of which nine shall be Continuing BNY Directors (one of whom shall be the President of the Corporation, if he or she is then a member of the Board of Directors, and the remainder of whom shall consist of Directors who are not officers of the Corporation) and seven shall be continuing Mellon Directors (one of whom shall be the Chief Executive Officer of the Corporation, if he or she is then a member of the Board of Directors, and the remainder of whom shall consist of Directors who are not officers of the Corporation). During the Specified Period, all vacancies on the Board of Directors created by the cessation of service of a Continuing BNY Director shall be filled by a nominee selected by the Continuing BNY Directors Committee and all vacancies on the Board of Directors created by the cessation of service of a Continuing Mellon Director shall be filled by a nominee selected by the Continuing Mellon Directors Committee. During the Specified Period, the Continuing BNY Directors Committee shall have the exclusive authority to nominate, on behalf of the Board of Directors, Directors for election at each annual meeting, or at any special meeting at which Directors are to be elected, to fill each seat previously held by a Continuing BNY Director. During the Specified Period, the Continuing Mellon Directors Committee shall have the exclusive authority to nominate, on behalf of the Board of Directors, Directors for election at each annual meeting, or at any special meeting at which Directors are to be elected, to fill each seat previously held by a Continuing Mellon Director.

(b) The Board of Directors shall constitute a Continuing BNY Directors Committee, which shall consist of all the Continuing BNY Directors. The Continuing BNY Directors Committee shall have all the power and may exercise all the authority of the Board of Directors to (i) fill all vacancies on the Board of Directors created by the

cessation of service of a Continuing BNY Director and (ii) to nominate Directors for election at each annual meeting, or at any special meeting at which Directors are to be elected, to fill each seat previously held by a Continuing BNY Director. At the end of the Specified Period, the Continuing BNY Directors Committee shall be automatically disbanded.

(c) The Board of Directors shall constitute a Continuing Mellon Directors Committee, which shall consist of all the Continuing Mellon Directors. The Continuing Mellon Directors Committee shall have all the power and may exercise all the authority of the Board of Directors to (i) fill all vacancies on the Board of Directors created by the cessation of service of a Continuing Mellon Director and (ii) to nominate Directors for election at each annual meeting, or at any special meeting at which Directors are to be elected, to fill each seat previously held by a Continuing Mellon Director. At the end of the Specified Period, the Continuing Mellon Directors Committee shall be automatically disbanded.

Section 4. LEAD DIRECTOR. During the period beginning at the Effective Time and ending on the eighteen-month anniversary of the Effective Time, the Lead Director of the Corporation shall be a Continuing BNY Director selected by the Continuing BNY Directors Committee. During the period beginning on the eighteen-month anniversary of the Effective Time and ending on the thirty-six month anniversary of the Effective Time, the Lead Director of the Corporation shall be a Continuing Mellon Director selected by the Continuing Mellon Directors Committee. Thereafter, the Lead Director shall be a Director selected by a majority of the entire Board of Directors. The Lead Director shall have such duties and responsibilities as may be set forth in these By-Laws and the Corporation's Corporate Governance Guidelines from time to time.

Section 5. [Intentionally omitted.]

Section 6. CORPORATE NAME. During the period beginning at the Effective Time and ending on the fifth anniversary of the Effective Time, the Board of Directors shall not recommend for adoption by the stockholders of the Corporation, or otherwise approve or effect, any change to the name of the Corporation without the unanimous affirmative vote of the entire Board of Directors.

Section 7. AMENDMENTS. During the Specified Period, the provisions of this Article Five (other than Section 6) and Section 1 of Article One, Section 9 of Article Two and Section 1 of Article Three may be modified, amended or repealed, and any By-Law provision or other resolution inconsistent with this Article Five (other than Section 6) or Section 1 of Article One, Section 9 of Article Two or Section 1 of Article Three may be adopted, or any such modification, amendment, repeal or inconsistent By-Law provisions or other resolutions recommended for adoption by the stockholders of the Corporation, only by an affirmative vote of at least 75 percent of the entire Board of Directors. Prior to the fifth anniversary of the Effective Time, the provisions of Section 6 of this Article Five may be modified, amended or repealed, and any By-Law provision or other resolution inconsistent with Section 6 may be adopted, or any such modification,

amendment, repeal or inconsistent By-Law provisions or other resolutions recommended for adoption by the stockholders of the Corporation, only by the unanimous affirmative vote of the entire Board of Directors. In the event of any inconsistency between any other provision of these By-Laws and any provision of this Article Five, the provisions of this Article Five shall control.

ARTICLE SIX

Stock, Stock Certificates and Holders of Record

Section 1. STOCK CERTIFICATES. Shares of stock of the Corporation shall be represented by certificates or, to the extent provided in Sections 5 and 6 of this Article Six or as otherwise required by law, shall be uncertificated. Stock certificates shall be in such form as the Board of Directors may from time to time prescribe in accordance with law and the requirements of any exchange upon which such shares are listed. Such certificates shall be signed by the Chairman, President or Vice President, countersigned by the Secretary, the Treasurer or any other officer so authorized by the Board of Directors and permitted by law and sealed with the seal of the Corporation, and such signatures and seal may be facsimile or otherwise as permitted by law. In case any officer, registrar or transfer agent who has signed, or whose facsimile signature has been placed upon, any stock certificate shall have ceased to be such officer, registrar or transfer agent, as the case may be, before the certificate is issued, as a result of death, resignation or otherwise, the certificate may be issued by the Corporation with the same effect as if the officer, registrar or transfer agent, as the case may be, had not ceased to be such at the date of the certificate's issue.

Section 2. TRANSFER OF STOCK. Except as otherwise provided by law, transfers of shares of stock of the Corporation shall be made only upon the books of the Corporation only by the registered holder thereof, or by his or her attorney thereunto authorized by power of attorney duly executed and filed with the Secretary, or with a transfer agent duly appointed, and upon surrender of the certificate or certificates for such shares properly endorsed, if such shares are represented by a certificate, and payment of all taxes thereon.

Section 3. LOST, STOLEN OR DESTROYED CERTIFICATES. The Corporation may issue a new certificate of stock or uncertificated shares in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative, to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or shares.

Section 4. HOLDERS OF RECORD. The Corporation shall be entitled to treat any person in whose name shares of stock of the Corporation stand on its books as the holder and owner in fact thereof for all purposes.

Section 5. UNCERTIFICATED SECURITIES. All or part of the shares of common stock of the Corporation may be uncertificated shares to the extent determined by the Board of Directors from time to time; however, in no event shall shares of common stock represented by a certificate be deemed uncertificated until the certificate is surrendered to the Corporation.

Section 6. DETERMINATIONS AS TO ISSUANCE, TRANSFER AND REGISTRATION. The Board of Directors (or any officer or other person as the Board of Directors may designate) from time to time may make such rules, policies and procedures as it, he or she may deem appropriate concerning the issue, transfer and registration of shares of stock of the Corporation, whether certificated or uncertificated.

ARTICLE SEVEN

Signing Authority and Corporate Transactions

Section 1. SIGNING AUTHORITY. The Chief Executive Officer, the Chairman, the President, any senior officer or any Vice President of the Corporation shall have full power and authority, in the name and on behalf of the Corporation, under seal of the Corporation or otherwise, to execute, acknowledge and deliver any and all agreements, instruments or other documents relating to property or rights of all kinds held or owned by the Corporation or to the operation of the Corporation, all as may be incidental to the operation of the Corporation and subject to such limitations as the Board of Directors or the Chief Executive Officer may impose. Any such agreement, instrument or document may also be executed, acknowledged and delivered in the name and on behalf of the Corporation, under seal of the Corporation or otherwise, by such other officers, employees or agents of the Corporation as the Board of Directors, the Chief Executive Officer or the delegate of either of them may from time to time authorize. In each such case, the authority so conferred shall be subject to such limitations as the Board of Directors, the Chief Executive Officer or the delegate may impose. Any officer, employee or agent authorized hereunder to execute, acknowledge and deliver any such agreement, instrument or document is also authorized to cause the Secretary, any Assistant Secretary or any other authorized person to affix the seal of the Corporation thereto and to attest it.

Section 2. VOTING AND ACTING WITH RESPECT TO STOCK AND OTHER SECURITIES OWNED BY THE CORPORATION. The Chief Executive Officer, the Chairman, the President, any senior officer or any Vice President shall have the power and authority to vote and act with respect to all stock and other securities in any other corporation owned by this Corporation, subject to such limitations as the Board of Directors or the Chief Executive Officer may impose. Such power and authority may be conferred upon any other officer, employee or agent by the Board, the Chief Executive Officer or the delegate of either of them, and such authority may be general or may be limited to specific instances. Any person so authorized shall have the power to appoint an attorney or attorneys, with general power of substitution, as proxies for the

Corporation with full power to vote and act on behalf of the Corporation with respect to such stock and other securities.

ARTICLE EIGHT

General Provisions

Section 1. FISCAL YEAR. The fiscal year of the Corporation shall be determined by the Board of Directors.

Section 2. RECORDS. The Certificate of Incorporation, By-Laws and the proceedings of all meetings of the stockholders, the Board of Directors, the Executive Committee, and any other committee of the Board of Directors shall be recorded in appropriate minute books provided for this purpose or in any other information storage device (whether in paper or electronic form), provided that the records so kept can be converted into clearly legible form within a reasonable period of time. The Corporation shall so convert any records so kept upon the request of any person entitled to inspect the same. The minutes of each meeting shall be signed by the Secretary or other person acting as secretary of the meeting.

Section 3. SEAL. The Board of Directors may from time to time prescribe the form of a suitable corporate seal.

Section 4. NUMBER. Any reference in these By-Laws to the singular includes the plural and vice versa unless the context indicates otherwise.

ARTICLE NINE

By-Laws

Section 1. AMENDMENTS. Except as otherwise provided in Article Five of these By-Laws or in Article SIXTH, Section (b) of the Certificate of Incorporation, these By-Laws may be amended, altered and repealed, and new By-Laws may be adopted, either by action of the stockholders or (except as otherwise provided by law or these By-Laws) by action of the Board of Directors.

Section 2. INSPECTION. A copy of the By-Laws, with all amendments thereto, shall at all times be kept in a convenient place at the principal office of the Corporation and shall be open for inspection to all stockholders during normal business hours.

Exhibit 10.155

June 25, 2007

Mr. Torry Berntsen
The Bank of New York
One Wall Street
New York, New York 10286

Re: Transition Agreement

Dear Torry:

As you are aware, The Bank of New York Company, Inc. (together with its affiliates, the " *Company* ") and Mellon Financial Corporation (together with its affiliates, " *Mellon* ") have entered an agreement and plan of merger dated as of December 3, 2006 (as amended and restated from time to time, the " *Merger Agreement* "), pursuant to which the Company and Mellon will merge (the " *Merger* ") to form a new corporation as of the consummation of the Merger (the date of consummation, the " *Effective Date* ") to be named The Bank of New York Mellon Corporation (together with its affiliates, " *BNY-Mellon* "). By operation of the Merger, BNY-Mellon will succeed to all of the rights and obligations of the Company under this Agreement from and after the Effective Date.

You are currently a senior executive officer of The Bank of New York (the " *Bank* "). As such, you are an integral part of the Company's management, and a key participant in the decision-making process relative to the planning and policy for BNY-Mellon. You will become a member of BNY-Mellon's newly formed "Executive Committee" as of the Effective Date.

The Company believes that it is critical to its continued success, and to the ultimate success of the Merger, that you remain employed with the Bank through the Effective Date, and with BNY-Mellon after the consummation of the Merger. In order to induce you to remain with the Bank through the Merger and with BNY-Mellon after the Merger, the Company offers you the position and benefits provided for in this Transition Agreement (this " *Agreement* "), including the special protections applicable during the 36-month period following the Effective Date (such period, the " *Transition Period* ") as described in this Agreement. This Agreement will become effective on the Effective Date; in the event the consummation of the

Merger does not occur for any reason before the date the Merger Agreement terminates by its terms, this Agreement will terminate and will be of no force or effect. Unless you become eligible to receive benefits under Section 3 of this Agreement during the Transition Period, this Agreement will terminate and be of no force and effect as of the end of the Transition Period.

1. Position with BNY-Mellon.

Your employment with BNY-Mellon will begin on the Effective Date. You will have the position of Senior Executive Vice President of BNY-Mellon and will serve on the BNY-Mellon Executive Committee. Your responsibilities, authority and entitlements will be consistent and commensurate with your position.

2. Special Team Bonus Award.

The Company and Mellon will propose to BNY-Mellon that, at its organizational meeting, BNY-Mellon adopt a special Transition Team Bonus Award Program for members of BNY-Mellon's Executive Committee (the " *Team Bonus Award Program* ") and that you become a participant in, and be granted an award under, the Team Bonus Award Program as of such date (your " *Team Bonus Award* "). Your proposed Team Bonus Award would generally vest and be payable to you only if you remain continuously employed with BNY-Mellon through the end of the Transition Period, except as otherwise provided in Section 3. The proposed amount of your Team Bonus Award under the proposed Team Bonus Award Program is set forth in the *Schedule* attached hereto.

3. Termination Provisions.

(a) *Severance Payments* . If your employment with BNY-Mellon is terminated during the Transition Period either by BNY-Mellon other than for Cause (as defined in Section 3(c)) or by you for Good Reason (as defined in Section 3(c)), which under either circumstance does not include a termination for death, disability (as defined in Section 3(e)), Retirement (as defined in Section 3(c)) or resignation without Good Reason, then BNY-Mellon will provide to you, within 30 days following your Termination Date (as defined in Section 3(c)) or for Performance Shares and Performance Units, as soon as practicable after the end of the applicable performance period in accordance with the applicable award agreements, if later, the following, subject in each case to Section 2(c) and Section 4(i):

(i) Cash Severance. BNY-Mellon will pay you a lump sum in cash equal to 2 times the sum of (x) your annual base salary in effect immediately before the time a Notice of Termination (as defined in Section 3(c)) is provided to you or is provided by you or, if higher, your annual base salary in effect immediately before the Effective Date, and (y) the highest annual cash bonus earned by you from the Company or BNY-Mellon during the Company's and BNY-Mellon's previous 3 completed fiscal years immediately before your Termination Date (the " *Bonus Amount* ").

(ii) Pro Rata Bonus for Year of Termination. BNY-Mellon will pay you a lump sum in cash equal to the pro rata portion of your annual bonus for the fiscal year in which the Termination Date occurs, in an amount equal to the result of multiplying (x) the Bonus

Amount, and (y) a fraction, the numerator of which is the number of calendar days in the year in which the Termination Date occurs through the Termination Date, and the denominator of which is 365.

(iii) Equity Awards.

(A) Unearned Performance Units. BNY-Mellon will pay you a pro rata portion of any of your unearned Performance Units, based on the number of full months of the relevant "Performance Cycle Measurement Period" (as defined in the Performance Share Agreement of the Company's 2003 Long-Term Incentive Plan (" *LTIP* ")) which have elapsed before your Termination Date, to the extent such Performance Units are earned based on actual performance at the end of the applicable Performance Cycle Measure Period, and the remainder of your Performance Units will be cancelled.

(B) Earned Unvested Performance Shares. At your Termination Date, any Performance Shares awarded to you under the Performance Share Agreement of the LTIP (or any successor plans) to the extent earned as of your Termination Date based on actual performance at the end of the applicable performance period will be deemed non-forfeitable, and you will be fully vested in such Performance Shares.

(C) Restricted Stock Awards. Except as otherwise provided for in your April 2, 2007 restricted share unit award, at your Termination Date, the restrictions applicable to all shares of restricted stock and restricted share units awarded under the LTIP (or any successor plans) will lapse, and you will be fully vested in all such shares and share units.

(D) Stock Options. Except as otherwise provided for in your April 2, 2007 stock option award, any stock options granted under the LTIP (or any prior or successor plans) (the " *Options* ") that are unvested at your Termination Date will fully vest upon your Termination Date or if later, one year following the grant date of the applicable Option, and such Options will remain exercisable for 5 years after the Termination Date if you are eligible for Retirement on such date, or (y) 3 years after the Termination Date if you are not eligible for Retirement on such date (but in no event later than the original expiration date of the Options), notwithstanding any Option terms which may be to the contrary.

(E) BNY-Mellon Equity. Any shares of restricted stock and restricted share units and any other forms of equity compensation (other than performance shares, performance units and stock options) awarded to you following the Effective Date by BNY-Mellon that remain unvested at your Termination Date will immediately vest in full, and all restrictions thereon will immediately lapse. Any options to purchase shares of BNY-Mellon granted to you by BNY-Mellon after the Effective Date will vest and remain exercisable in accordance with the terms of the applicable BNY-Mellon plans and award agreements. Any performance shares and performance units granted to you by BNY-Mellon after the Effective Date will vest on a pro-rata basis, based on the number of full months of the relevant performance period which have elapsed before your

Termination Date, and will be payable to the extent earned based on actual performance as of the end of such performance period in accordance with the terms of the applicable BNY-Mellon plans and award agreements.

(iv) Team Bonus Award. Your Team Bonus Award, if granted by BNY-Mellon, will vest in full and be paid in accordance with the terms of the Team Bonus Award Program.

(v) Retirement Plan Payment. BNY-Mellon will pay to you the lump sum actuarial equivalent (utilizing actuarial assumptions no less favorable to you than those in effect under the Company's Retirement Plan on the date of this Agreement) of the excess of the (A) benefits under the Company's Retirement Plan and Excess Benefit Plan and any other defined benefit retirement plans of the Company and BNY-Mellon (excluding, however, any nonqualified supplemental executive retirement plan (" *SERP* ") in which you may have rights) (collectively, the " *Defined Benefit Plans* ") which you would receive if your employment continued for 2 years after your Termination Date, assuming for this purpose that (x) your accrued benefits under the Defined Benefit Plans were fully vested, (y) in each of the 2 years you received salary at the annual rate in effect immediately before your Termination Date and bonus compensation equal to the Bonus Amount and (z) there was no reduction or offset under the Defined Benefit Plans for the actuarial value of your account under the Company's Employee Stock Ownership Plan (the " *ESOP* "), over (B) the vested accrued benefits payable under the Defined Benefit Plans as of your Termination Date if there was no reduction or offset thereunder for the actuarial value of your ESOP account. For the avoidance of doubt, the payments under this Section 3(a)(v) are in addition to any rights to payment you may have with respect to vested accrued benefits under the Defined Benefit Plans as of your Termination Date.

(vi) Welfare Benefits. BNY-Mellon will maintain in full force and effect, for you and your dependents, for a period terminating on the earliest of (a) 2 years after your Termination Date, (b) the commencement date of equivalent benefits from a new employer or (c) your attainment of age 65, all insured and self-insured employee welfare benefit plans in which you were entitled to participate immediately before your Termination Date, to the extent that your continued participation is possible under the general terms and provisions of such plans (and any applicable funding media) and that you continue to pay an amount equal to your regular contribution to participate in such plans. If your participation in any such plan is barred, BNY-Mellon will arrange, at its sole cost and expense, to cause to have issued for your dependents' and your benefit individual policies of insurance providing benefits substantially similar (on a pre-tax basis) to those which you otherwise would have been entitled to receive under such plans pursuant to this Section 3(a)(vi). If such insurance is not available at a reasonable cost to BNY-Mellon, BNY-Mellon will provide you and your dependents with equivalent benefits (on a pre-tax basis). You will not be required to pay any premiums or other charges (other than any applicable taxes) in an amount greater than that which you would have paid in order to participate in such plans. Notwithstanding anything to the contrary herein, no benefits will be provided pursuant to this Section 3(a)(vi) to the extent such benefits would result in the duplication of any benefits provided to you under another BNY-Mellon plan.

(b) *Release Condition and Restrictive Covenants* . In consideration of and as a condition to your receipt of the compensation and benefits to be provided to you under this

Agreement, and in recognition of your access to the confidential and proprietary information and valued client relationships and trade secrets of the Company and, in the future, BNY-Mellon, if on your Termination Date you are eligible to receive Severance Payments under Section 3(a) of this Agreement, you agree that (A) you will execute a release in favor of BNY-Mellon and all of its affiliates substantially in the form attached to this Agreement as *Exhibit A* , and the release must become effective and irrevocable in accordance with its terms and (B) you will be subject to the following:

(i) Noncompete. During your employment and through the end of the Restricted Period, you will not, directly or indirectly (A) hold a 3% or greater equity, voting or profit participation interest in a Competitive Enterprise (as defined below) or (B) render any services, whether as an employee, officer, consultant, agent or otherwise, to a Competitive Enterprise (as defined in Section 3(c)) including, without limitation, engaging in, directly or indirectly, or managing or supervising personnel engaged in, any of the Relevant Activities (as defined in Section 3(c)).

(ii) Nonsolicit of Employees. During your employment and through the end of the Restricted Period, you will not, directly or indirectly, for yourself or for any third party, solicit, influence, encourage, induce, recruit or cause any employee of BNY-Mellon or any person who was an employee of the Company, Mellon or BNY-Mellon within the 6 month period before your Termination Date to resign from BNY-Mellon or to apply for or accept employment with any Competitive Enterprise.

(iii) Nonsolicit of Customers. During your employment and through the end of the Restricted Period, you will not directly or indirectly (A) solicit or attempt to solicit any of the BNY-Mellon clients and/or customers for whom you, the Company, Mellon or BNY-Mellon either performed the Relevant Activities, or actively solicited work from during the 6-month period before your Termination Date, to transact business with a Competitive Enterprise or to reduce or refrain from doing any business with BNY-Mellon or (B) otherwise interfere with or damage any relationship between BNY-Mellon and any such client or customers.

(iv) Nondisclosure. During your employment and thereafter, you will not at any time communicate or disclose to any unauthorized person, without the written consent of BNY-Mellon, any proprietary processes of BNY-Mellon or other confidential information concerning its business, affairs, products, suppliers or customers which, if disclosed, would have a material adverse effect upon the business or operations of BNY-Mellon. You understand, however, that the obligations of this Section 3(b)(iv) shall not interfere with your: (a) making any disclosure of information in any action or proceeding relating to this Agreement or as otherwise required by law or legal process; or (b) participating, cooperating, or testifying in any action, investigation or proceeding brought by any governmental agency or legislative body, any self-regulatory organization, or BNY-Mellon's Legal or Compliance Departments; provided that, to the extent permitted by law, upon receipt of any such subpoena, court order or other legal process compelling the disclosure of any such information, you will give prompt written notice to BNY-Mellon so as to provide it an opportunity to protect its interests in confidentiality to the fullest extent possible. You understand that you will not be entitled to any compensation from BNY-Mellon or to recover monetary damages or any other form of personal relief from BNY-Mellon for your time incurred in responding to or participating in any proceeding relating to any

such subpoena, court order or other legal process or otherwise in connection with any such action, investigation or proceeding, provided however, that nothing contained in this Section shall (1) limit your rights or limit the obligations of BNY-Mellon (A) under Section 4(b)(i) of this Agreement or (B) under the by-laws and Certificate of Incorporation of BNY-Mellon, including without limitation, your rights to, and BNY-Mellon's obligation to provide, indemnification or (2) limit or restrict your rights and remedies against any party other than BNY-Mellon or any of its affiliates or subsidiaries. You also agree to cooperate with BNY-Mellon with respect to any past, present or future legal matters that relate to or arise out of your employment with it or its predecessors. The obligations of this Section 3(b)(iv)) will not apply to the extent that the aforesaid matters (a) are disclosed in circumstances where you are legally required to do so or (b) become generally known to and available for use by the public otherwise than by your wrongful act or omission.

(v) Nondisparagement. During your employment and thereafter, you will not, in any manner, directly or indirectly make or publish any statement (orally or in writing) that would libel, slander, disparage, denigrate, ridicule or criticize BNY-Mellon, any of its affiliates or any of their employees, officers or directors, and BNY-Mellon will instruct the Executive Chairman, the Chairman, the President and the Vice-Chairmen of BNY-Mellon, and the BNY-Mellon directors, not to, in any manner, directly or indirectly make or publish any statement (orally or in writing) that would libel, slander, disparage, denigrate, ridicule or criticize you.

(vi) Severability; Equitable Relief. You and the Company agree that the covenants contained herein are reasonable, that valid consideration has been and will be received therefor and that the agreements set forth herein are the result of arm's-length negotiations between the parties hereto. Notwithstanding the foregoing, you and the Company agree that if a court of competent jurisdiction determines that the length of time or any other restriction, or portion thereof, set forth in this Section 3(b) is overly restrictive and unenforceable, the court may reduce or modify such restrictions to those which it deems reasonable and enforceable under the circumstances, and as so reduced or modified, the restrictions of this Section 3(b) will remain in full force and effect. You and the Company further agree that if a court of competent jurisdiction determines that any provision of this Section 3(b) is invalid or against public policy, the remaining provisions of this Section 3(b) and the remainder of this Agreement will not be affected thereby, and will remain in full force and effect. Notwithstanding Section 4(h) of this Agreement, in the event of any violation by you of this Section 3(b), BNY-Mellon, in addition to any other remedies it may have, will have the right to institute and maintain a proceeding in a court of competent jurisdiction to compel specific performance of the provisions of this Section 3(b) or to issue an injunction restraining any action by you in violation of this Section 3(b), and/or to obtain other equitable and monetary relief.

(c) *Definitions* . The following definitions apply for purposes of this Agreement:

(i) " Cause " means termination upon (A) your willful and continued failure to substantially perform your duties with BNY-Mellon other than any such failure resulting from your incapacity due to physical or mental illness after the Board of Directors of BNY-Mellon delivers to you a demand for substantial performance, which specifically identifies the manner in which such Board believes that you have not substantially performed your duties, (B) your

willful engaging in illegal conduct or gross misconduct which is materially and demonstrably injurious to BNY-Mellon, (C) your conviction of, or plea or *nolo contendere* to, a felony, (D) your refusal to cooperate in any BNY-Mellon investigations after BNY-Mellon has requested your cooperation, or (E) any other material violations of BNY-Mellon's written Code of Conduct. For purposes of this paragraph (i), no act or failure to act on your part will be considered "willful" unless done, or omitted to be done, by you in bad faith and without reasonable belief that your action or omission was in, or not opposed to, BNY-Mellon's best interest. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board of Directors of BNY-Mellon or based upon the advice of counsel for BNY-Mellon will be conclusively presumed to be done, or omitted to be done, by you in good faith and in BNY-Mellon's best interests. It is also expressly understood that your attention to matters not directly related to BNY-Mellon's business will not provide a basis for termination for Cause so long as either the Board of Directors of the Company or BNY-Mellon has approved your engagement in such activities. Notwithstanding the foregoing, you will not be deemed to have been terminated for Cause unless and until there has been delivered to you a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board of Directors of BNY-Mellon at meeting held for that purpose after reasonable notice to you and an opportunity for you, together with your counsel, to be heard before the Board of Directors of BNY-Mellon, finding that in the good faith opinion of such Board you were guilty of the conduct set forth above in (A) through (E) of this paragraph (i) and specifying the particulars thereof in detail.

(ii) " Competitive Enterprise " means any business enterprise that either (A) is a banking institution, whether incorporated or not, a substantial portion of the business of which consists of exercising fiduciary powers similar to those permitted to national banks under the authority of the Comptroller of the Currency pursuant to 12. U.S.C. 92a, that competes anywhere with any trust, safekeeping, custodial or related activities that BNY-Mellon is then engaged in or (B) holds a 5% or greater equity, voting or profit participation interest in any such banking institution.

(iii) " Good Reason " means your termination of your employment during the Transition Period based on the occurrence of any of the following events without your prior written consent if within 30 days after receipt from you of a notice describing the circumstances that constitute Good Reason BNY-Mellon fails to cure such circumstances:

(A) your removal from BNY-Mellon's Executive Committee;

(B) any material and adverse change in your duties or responsibilities with BNY-Mellon (including your reporting responsibilities), or any material and adverse change in your corporate title or status with BNY-Mellon, in any case from that established by BNY-Mellon as of the Effective Date, consistent with the position set forth in Section 1 of this Agreement;

(C) BNY-Mellon's reduction of your base salary or reduction of your annual and long-term target bonus opportunities (other than any across-the-board bonus opportunity reductions applicable to all members of the Executive Committee), in each case as in effect immediately before the Effective Date. Subject to the foregoing, you

acknowledge that a reduction in your earned annual or long term bonus amounts do not constitute Good Reason under this Agreement as long as any such amounts have been determined and earned in accordance with the applicable bonus opportunity guidelines;

(D) BNY-Mellon's requirement that you are based at an office located more than 50 miles from where your office with BNY-Mellon is located established as of the Effective Date, except for travel required by BNY-Mellon's business or travel to an extent substantially consistent with your business travel obligations for the Company immediately before the Effective Date; or

(E) BNY-Mellon's failure to obtain from any Successor (defined below) the assent to this Agreement contemplated by Section 4(a)(i) hereof.

If you do not provide written notice to BNY-Mellon within 90 days after you have knowledge that an event constituting Good Reason has occurred and terminate employment within two years following the first occurrence of such event, that event will no longer constitute Good Reason.

(iv) " Relevant Activities " include any activity (A) which is similar or substantially related to any activities in which you were engaged, in whole or in part, at the Company or BNY-Mellon; (B) for which you had direct or indirect managerial or supervisory responsibility at the Company or BNY-Mellon or (C) which calls for the application of the same or similar specialized knowledge or skills as those used by you in your activities with the Company and BNY-Mellon.

(v) " Restricted Period " means the period beginning on your Termination Date and ending on the date 12 months thereafter.

(vi) " Retirement " means termination after you reach age 55.

(vii) " Termination Date " means (a) if your employment is terminated by BNY-Mellon for Cause or by you for Good Reason, the date specified in the Notice of Termination, or (b) if your employment is terminated by BNY-Mellon for any reason other than Cause, the date specified in the Notice of Termination, which in no event will be a date earlier than 90 days after the date on which a Notice of Termination is given, unless an earlier date has been expressly agreed to by you in writing either in advance of, or after, receiving such Notice of Termination. If BNY-Mellon terminates your employment for Cause, and if you have not previously expressly agreed in writing to the termination, then within 30 days after your receipt of the Notice of Termination with respect thereto, you may notify BNY-Mellon that a dispute exists concerning the termination, in which event the Termination Date will be the date set either by mutual written agreement of the parties or by the arbitrators in a proceeding as provided in Section 4(h) hereof. During the pendency of any such dispute, BNY-Mellon may place you on unpaid leave, provided that you will be permitted to continue to participate in any BNY-Mellon group health plans in which you were a participant just before the time the Notice of Termination is given and until the dispute is resolved in accordance with Section 4(h).

(d) *Notice of Termination* . Any purported termination by you or BNY-Mellon occurring after the Effective Date will be communicated to the other party by a written Notice of Termination. For purposes of this Agreement, " *Notice of Termination* " means a notice indicating the specific termination provision in this Agreement relied upon.

(e) *Death or Disability* . If your employment terminates due to your death or "disability" (as defined for purposes of the Team Bonus Award Program, or if no such definition applies, under the BNY-Mellon disability policy then in effect) during the Transition Period, in addition to any other rights you may have, you will be entitled to full vesting and payment of your Team Bonus Award. Notwithstanding anything to the contrary herein, for purposes of this Agreement, a termination as a result of your death or disability will not be treated as a termination other than for Cause pursuant to Section 3(a).

4. Additional Provisions.

(a) *Successors; Binding Agreement.*

(i) BNY-Mellon will require, by agreement in form and substance reasonably satisfactory to you, assent to the fulfillment of BNY-Mellon's obligations under this Agreement from any Successor (as defined herein). For purposes of this Agreement, " *Successor* " means any person (as such term is defined in Section 3(a)(9) and as used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended) that succeeds to, or has the practical ability to control (either immediately or with the passage of time), BNY-Mellon's business directly, by merger or consolidation, or indirectly, by purchase of the combined voting power of BNY-Mellon's then outstanding securities or otherwise.

(ii) This Agreement will inure to the benefit of and be enforceable by your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If you should die while any amount would still be payable to you hereunder if you had continued to live, all such amounts, unless otherwise provided herein, will be paid in accordance with the terms of this Agreement to your devisee, legatee or other designee or, if there is no such designee, to your estate.

(iii) For purposes of this Agreement, references to "BNY-Mellon" include any corporation or other entity which is the surviving or continuing entity in respect of any merger, consolidation or form of business combination in which BNY-Mellon ceases to exist, including but not limited to any Successor.

(b) *Fees, Expenses and Interest; Mitigation.*

(i) BNY-Mellon will reimburse you, on a current basis, for all reasonable legal fees and related expenses you incur in connection with this Agreement after the Merger, including, without limitation, all such fees and expenses, if any, that you incur in (1) contesting or disputing any termination of your employment, or which you incur in seeking advice with respect to the matters set forth in this Agreement; (2) your seeking to obtain or enforce any right or benefit provided by this Agreement, in each case, regardless of whether or not your claim is upheld or ultimately successful on the merits and (3) responding to any subpoena, court order or

other legal process as described in Section 3(b)(iv). You will be required, however, to repay any such amounts to BNY-Mellon to the extent that a court issues a final and non-appealable order setting forth the determination that the position taken by you was frivolous or advanced by you in bad faith. In addition to the fees and expenses provided herein, you will also be paid interest on any disputed amount ultimately paid to you at the prime rate announced by BNY-Mellon from time to time from the date payment should have been made until paid in full. Such rights are in addition to and shall not limit any indemnification rights you may have under the Certificate of Incorporation of BNY-Mellon, and the by-laws of the Company and The Bank of New York.

(ii) You will not be required to mitigate the amount of any payment BNY-Mellon becomes obligated to make to you in connection with this Agreement by seeking other employment or otherwise.

(c) *Taxes* . All payments to be made to you under this Agreement will be subject to required withholding of federal, state and local income and employment taxes.

(d) *Survival* . The respective obligations of, and benefits afforded to, BNY-Mellon and you under this Agreement will survive termination of this Agreement, except in the event that the consummation of the Merger does not occur.

(e) *Notice* . For the purposes of this Agreement, notices and all other communications provided for in the Agreement will be in writing and will be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid and addressed, to the appropriate address set forth on the first page of this Agreement, provided that all notices to BNY-Mellon will be directed to the attention of the General Counsel of BNY-Mellon, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address will be effective only upon receipt.

(f) *Miscellaneous* . No provision of this Agreement may be modified, waived or discharged unless such modification, waiver or discharge is agreed to in a writing signed by you and, before the Effective Date, the Company, and after the Effective Date, BNY-Mellon. No waiver by either party hereto at any time of any breach by the other party hereto of, or of compliance with, any condition or provision of this Agreement to be performed by such other party will be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement. The validity, interpretation, construction and performance of this Agreement will be governed by the laws of the State of New York applied without regard to conflict of laws principles.

(g) *Validity* . The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of any other provision of this Agreement, which will remain in full force and effect. Any such invalid or unenforceable provision shall be deemed severed from, and no longer a part of, the remaining provisions of this Agreement.

(h) *Arbitration* . Other than as specifically described in Section 3(b)(vi) of this Agreement, any dispute or controversy arising under or in connection with this Agreement will be settled exclusively by arbitration in New York City by 3 arbitrators in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrators' award in any court having jurisdiction. BNY-Mellon will bear all costs and expenses arising in connection with any arbitration proceeding pursuant to this Section 4(h).

(i) *Section 409A of the Code* . If your termination of employment occurs during 2007, there will be no payment under Section 3(a)(iii)(A), (B) or (C) until January 1, 2008 unless the LTIP and the accompanying award agreement would have provided for an earlier payment on such termination. In addition, if you are a "specified employee" within the meaning of Section 409A of the Code at the time of your termination of employment, any payments to you pursuant to Section 3(a)(i), Section 3(a)(iii) (other than with respect to stock options, restricted shares or performance shares that are not subject to Section 409A of the Code), Section 3(a)(v), and any benefits to you pursuant to Section 3(a)(vi) to the extent required by Treas. Reg. §409A-1(a)(5), will be delayed until the day after the six-month anniversary of your Termination Date, or if earlier, the date of your death (at which time you will be provided with all payments that would have been made to you through such time but for this sentence and provided reimbursement for all benefits that would have been provided to you through such time but for this sentence). Without limiting the foregoing, this Agreement will be interpreted in a manner to avoid adverse consequences to you under Section 409A of the Code. If any compensation or benefits provided by this Agreement may result in the application of Section 409A of the Code, after giving effect to the first two sentences of this Section 4(i), you and BNY-Mellon will agree on a modification to the Agreement in the least restrictive manner necessary in order to, where applicable (1) exclude such compensation from the definition of "deferred compensation" within the meaning of such Section 409A, or (2) comply with the provisions of Section 409A, other applicable provision(s) of the Code and/or any rules, regulations or other regulatory guidance issued under such statutory provisions and to make such modifications such that you will receive all payments and benefits hereunder in the shortest amount of time from the date otherwise due, while no portion of any payments to you hereunder will be subject to the excise taxes of Section 409A of the Code, in each case, without any diminution in the value of the payments to you.

*   *   *   *

If this Agreement is acceptable to you, please sign both copies of this letter indicating your agreement to its terms, keep one signed copy of the letter for yourself and return the other signed copy to me. This Agreement may be executed in two or more counterparts, each of which will be deemed to be an original. A signature transmitted by facsimile will be deemed an original signature.

We thank you for the valuable services you have performed for the Company, and we look forward to your continued contribution to the success of the Company through its transition into BNY-Mellon.

Sincerely,

The Bank of New York Company, Inc.

/s/ Thomas A. Renyi

Name: Thomas A. Renyi

Title: Chairman and Chief Executive Officer

Accepted and Agreed:

/s/ Torry Berntsen

Torry Berntsen

Date: June 25, 2007

Exhibit A

GENERAL RELEASE

GENERAL RELEASE (this " *Release* "), by Torry Berntsen (" *you* ") in favor of The Bank of New York Mellon Corporation (the " *Company* "), its subsidiaries, affiliates, and all of their officers, directors, employees, shareholders, attorneys and agents and their predecessors, successors and assigns, individually and in their official capacities (together, the " *Released Parties* ").

WHEREAS, you have been employed as [Title] of the Company; and

WHEREAS, you are seeking payments under your Transition Agreement, dated June 25, 2007 (as the same may have been amended from time to time, the *"Transition Agreement* "), with the Company that are conditioned on the effectiveness of this Release.

NOW, THEREFORE, in consideration of the covenants and agreements hereinafter set forth, the parties agree as follows:

1. General Release . You, for yourself and for your heirs, executors, administrators, successors and assigns, knowingly and voluntarily forever waive, terminate, cancel, release and discharge the Released Parties from and against any and all legally waivable claims, causes of action, allegations, rights, obligations, liabilities or charges (collectively, " *Claims* ") that you (or your heirs, executors, administrators, successors and assigns) have or may have, whether known or unknown, by reason of any matter, cause or thing occurring at any time before and including the date of this Release, including, without limitation, claims for compensation or bonuses (including, without limitation, any claim for an award under any compensation plan or arrangement); breach of contract; tort; wrongful, abusive, unfair, constructive or unlawful discharge or dismissal; impairment of economic opportunity defamation; age and national origin discrimination; sexual harassment; back pay; front pay; benefits' attorneys' fees; whistleblower claims; emotional distress' intentional infliction of emotional distress' assault' battery; pain and suffering; punitive or exemplary damages; violations of the Equal Pay Act, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Age Discrimination Employment Act of 1967 (" *ADEA* "), the Americans with Disabilities Act of 1991, the Employee Retirement Income Security Act, the Older Workers Benefit Protection Act of 1990, the Sarbanes-Oxley Act of 2002, the Worker Adjustment and Retraining Notification Act of 1989, the Family and Medical Leave Act of 1993, the New York State and New York City anti-discrimination laws, including all amendments to any of the aforementioned acts; and violations of any other federal, state, or municipal fair employment statutes or laws, including, without limitation, violations of any other law, rule, regulation or ordinance pertaining to employment, wages, compensation, hours worked, or any other matters related in any way to your employment with the Company and its affiliates (and their respective predecessors) or the termination of that employment. In addition, in consideration of the provisions of this Release, you further agree to waive any and all rights under the laws of any jurisdiction in the United States or any other country that limit a general

release to those claims that are known or suspected to exist in your favor as of the Effective Release Date (as defined below). You also understand you are releasing any rights or claims concerning bonus(es) and any award(s) or grant(s) under any incentive compensation plan or program, except as specifically set forth in the Transition Agreement.

2. Surviving Claims : Notwithstanding anything herein to the contrary, this Release shall not:

(a) release any Claims relating to the payments and benefits set forth in the Transition Agreement;

(b) release any Claims arising after the date of this Release;

(c) limit or prohibit in any way your (or your beneficiaries' or legal representatives') ability to bring an action to enforce the terms of this Release;

(d) release the Company's obligations to you as a past, present, or future customer or client of the Company or its affiliates;

(e) release any claim for employee benefits under plans covered by the Employee Retirement Income Security Act of 1974, as amended, or other vested benefits to the extent that such claims may not lawfully be waived or for any payments or benefits under any plans of the Company that have vested according to the terms of those plans;

(f) release any claims for indemnification in accordance with applicable laws and the corporate governance documents of the Company including any right to contribution, in accordance with their terms as in effect from time to time or pursuant to any applicable directors and officers insurance policy with respect to any liability incurred by you as an officer or director of the Company or any right you may have to obtain contribution as permitted by law in the event of entry of judgment. The Claims that are not released pursuant to this Section 2 are collectively referred to as the " *Surviving Claims* ."

3. Additional Representations and Covenants . You represent and warrant that you have not filed any civil action, suit, arbitration, administrative charge, or legal proceeding against any Released Party nor have you assigned, pledged, or hypothecated as of the Effective Release Date your claim to any person and no other person has an interest in the claims that you are releasing. You also agree that should any person or entity file or cause to be filed any civil action, suit, arbitration, administrative charge or other legal proceeding seeking equitable or monetary relief concerning any claim released by you herein, you shall not seek or accept any personal relief from or as the result of such civil action, suit, arbitration, administrative charge or other legal proceeding.

4. Your Acknowledgements . You acknowledge and agree that you have read this Release in its entirety and that, except for the Surviving Claims, this Release is a general release of all known and unknown claims, including, without limitation, to rights and claims arising under ADEA. You further acknowledge and agree that:

(a) this Release does not release, waive or discharge any rights or claims that may arise for actions or omissions after the date of this Release;

(b) you are entering into this Release and releasing, waiving and discharging rights or claims only in exchange for consideration which you are not already entitled to receive;

(c) you have been advised, and are being advised by this Release, to consult with an attorney before executing this Release, and you acknowledge that you have consulted with counsel of your choice concerning the terms and conditions of this Release;

(d) you have been advised, and are being advised by this Release, that you have 21 days within which to consider this Release; and

(e) you are aware that this Release shall become null and void if you revoke your agreement to this Release within 7 days following the date of execution and delivery of this Release. You may revoke this Release at any time during such 7-day period by delivering (or causing to be delivered) to the Company's Director of Human Resources a written notice of your revocation of this Release. In the event that the 7 th day following the date you sign this Release falls on a Saturday, Sunday or legal holiday, you will have until 5:00 p.m. on the next business day to deliver your written notice of revocation. You expressly understand and agree that if you do not sign this Release, or if you revoke it within this 7-day period, you are not entitled to, and will not receive, any of the payments or benefits provided for under the Transition Agreement.

(f) this Release shall become effective and irrevocable on the 8th day following the day on which you have signed it, unless you have revoked it as provided in Paragraph 4(e) above (" *Effective Release Date* ").

5. Additional Agreements . You acknowledge and represent that you have returned or will return prior to the Effective Release Date, all Company-owned property, including but not limited to, all documents and records, materials, policies, procedures, forms and documents, identification cards, credit cards, telephone cards, files, memoranda, keys and other equipment and/or supplies in your possession, custody or control and all copies thereof, that you have retained no such item in your possession, custody or control, and you understand that the Company has relied upon your representation and that the return of such property is an express condition of your Transition Agreement and this Release. You may retain all benefits-related documents pertaining to you.

____

Torry Berntsen

STATE OF)
)ss.:
COUNTY OF)

On this day of , before me personally came Torry Berntsen to me known and known to me to be the person described in and who executed the foregoing Release and s/he duly acknowledged to me that s/he executed the same.

____

Notary Public

Schedule

Torry Berntsen - Proposed Team Bonus Award: $2,500,000

G E N E R A L R E L E A S E

GENERAL RELEASE (this " *Release* ") by Torry Berntsen (" *you* ") in favor of The Bank of New York Mellon Corporation (the " *Company* "), its subsidiaries, affiliates, and all of their officers, directors, employees, shareholders, attorneys and agents and their predecessors, successors and assigns, individually and in their official capacities (together, the " *Released Parties* ").

WHEREAS, you have been employed as a Senior Executive Vice President of the Company;

WHEREAS, you are seeking payments under your Transition Agreement, dated June 25, 2007 (as the same may have been amended from time to time, the " *Transition Agreement* "), with the Company that are conditioned on the effectiveness of this Release; and

WHEREAS, the Company has agreed to provide you with the additional payment and the waiver of the non-competition provision of your Transition Agreement, in each case, under the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the covenants and agreements hereinafter set forth, the parties agree as follows:

1. General Release . You, for yourself and for your heirs, executors, administrators, successors and assigns, knowingly and voluntarily forever waive, terminate, cancel, release and discharge the Released Parties from and against any and all legally waivable claims, causes of action, allegations, rights, obligations, liabilities or charges (collectively, " *Claims* ") that you (or your heirs, executors, administrators, successors and assigns) have or may have, whether known or unknown, by reason of any matter, cause or thing occurring at any time before and including the date of this Release, including, without limitation, claims for compensation or bonuses (including, without limitation, any claim for an award under any compensation plan or arrangement); breach of contract; tort; wrongful, abusive, unfair, constructive or unlawful discharge or dismissal; impairment of economic opportunity defamation; age and national origin discrimination; sexual harassment; back pay; front pay; benefits; attorneys' fees except as set forth in the Transition Agreement; whistleblower claims; emotional distress; intentional infliction of emotional distress; assault; battery; pain and suffering; punitive or exemplary damages; violations of the Equal Pay Act, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Age Discrimination in Employment Act of 1967 (" *ADEA* "), the Americans with Disabilities Act of 1991, the Employee Retirement Income Security Act, the Older Workers Benefit Protection Act of 1990, the Sarbanes-Oxley Act of 2002, the Worker Adjustment and Retraining Notification Act of 1989, the Family and Medical Leave Act of 1993, the New York State and New York City anti-discrimination laws, including all amendments to any of the aforementioned acts; and violations of any other federal, state, or municipal fair employment statutes or laws, including, without limitation, violations of any other law, rule, regulation or ordinance pertaining to employment, wages, compensation, hours worked, or any other matters related in any way to your employment with the Company and its affiliates (and their

respective predecessors) or the termination of that employment. In addition, in consideration of the provisions of this Release, you further agree to waive any and all rights under the laws of any jurisdiction in the United States or any other country that limit a general release to those claims that are known or suspected to exist in your favor as of the Effective Release Date (as defined below). You also understand you are releasing any rights or claims concerning bonus(es) and any award(s) or grant(s) under any incentive compensation plan or program, except as specifically set forth in the Transition Agreement.

2. Surviving Claims. Notwithstanding anything herein to the contrary, this Release shall not:

(a) release any Claims relating to the payments and benefits set forth in the Transition Agreement or otherwise noted herein;

(b) release any Claims arising after the date of this Release;

(c) limit or prohibit in any way your (or your beneficiaries' or legal representatives') ability to bring an action to enforce the terms of this Release;

(d) release the Company's obligations to you as a past, present, or future customer or client of the Company or its affiliates;

(e) release any claim for employee benefits under plans covered by the Employee Retirement Income Security Act of 1974, as amended, or other vested benefits to the extent that such claims may not lawfully be waived or for any payments or benefits under any plans of the Company that have vested according to the terms of those plans;

(f) release any claims for indemnification in accordance with applicable laws and the corporate governance documents of the Company including any right to contribution, in accordance with their terms as in effect from time to time or pursuant to any applicable directors and officers insurance policy with respect to any liability incurred by you as an officer or director of the Company or any right you may have to obtain contribution as permitted by law in the event of entry of judgment. The Claims that are not released pursuant to this Section 2 are collectively referred to as the "*Surviving Claims*."

3. Additional Representations and Covenants. You represent and warrant that you have not filed any civil action, suit, arbitration, administrative charge, or legal proceeding against any Released Party nor have you assigned, pledged, or hypothecated as of the Effective Release Date your claim to any person and no other person has an interest in the claims that you are releasing. You also agree that should any person or entity file or cause to be filed any civil action, suit, arbitration, administrative charge or other legal proceeding seeking equitable or monetary relief concerning any claim released by you herein, you shall not seek or accept any personal relief from or as the result of such civil action, suit, arbitration, administrative charge or other legal proceeding.

4. Your Acknowledgements . You acknowledge and agree that you have read this Release in its entirety and that, except for the Surviving Claims, this Release is a general release of all known and unknown claims, including, without limitation, to rights and claims arising under ADEA. You further acknowledge and agree that:

(a) this Release does not release, waive or discharge any rights or claims that may arise for actions or omissions after the date of this Release;

(b) you are entering into this Release and releasing, waiving and discharging rights or claims only in exchange for consideration which you are not already entitled to receive;

(c) you have been advised, and are being advised by this Release, to consult with an attorney before executing this Release, and you acknowledge that you have consulted with counsel of your choice concerning the terms and conditions of this Release;

(d) you have been advised, and are being advised by this Release, that you have 21 days within which to consider this Release;

(e) you are aware that this Release shall become null and void if you revoke your agreement to this Release within 7 days following the date of execution and delivery of this Release. You may revoke this Release at any time during such 7-day period by delivering (or causing to be delivered) to the Company's Director of Human Resources a written notice of your revocation of this Release. In the event that the 7th day following the date you sign this Release falls on a Saturday, Sunday or legal holiday, you will have until 5:00 p.m. on the next business day to deliver your written notice of revocation. You expressly understand and agree that if you do not sign this Release, or if you revoke it within this 7-day period, you are not entitled to, and will not receive, any of the payments or benefits provided for under the Transition Agreement or otherwise noted herein; and

(f) this Release shall become effective and irrevocable on the 8th day following the day on which you have signed it, unless you have revoked it as provided in Paragraph 4(e) above (" *Effective Release Date* ").

5. Additional Agreements .

(a) You acknowledge and represent that you have returned or will return prior to the Effective Release Date, all Company-owned property, including but not limited to, all documents and records, materials, policies, procedures, forms and documents, identification cards, credit cards, telephone cards, files, memoranda, keys and other equipment and/or supplies in your possession, custody or control and all copies thereof, that you have retained no such item in your possession, custody or control, and you understand that the Company has relied upon your representation and that the return of such property is an express condition of your Transition Agreement and this Release. You may retain all benefits-related documents pertaining to you.

(b) Subject to your executing and not revoking this Release prior to the end of the applicable revocation period, the Company will: (a) waive your compliance with Section 3(b)(i) of the Transition Agreement, (b) pay you $350,000 in addition to those payments and benefits to which you may be entitled to receive under the Transition Agreement and concurrent with those payments otherwise due to you under Section 3(a)(i) and (ii) of the Transition Agreement, and (c) allow you to retain your appointment as a representative of BNY Mellon on the board of directors of Private Export Funding Corporation, with such appointment immediately terminable upon notice to you from BNY Mellon.

6. Governing Law . To the extent not subject to federal law, this Release will be governed by and construed in accordance with the law of the State of New York applicable to contracts made and to be performed entirely within that state.

7. Captions; Section Headings . Captions and section headings used herein are for convenience only and are not a part of this Release and shall not be used in construing it.

8. Facsimile Signature . Any signature on this Release, delivered by facsimile transmission shall be deemed to be an original signature thereto.

August 6, 2009	/s/ Torry Berntsen
Date	Torry Berntsen

STATE OF)
)ss.:
COUNTY OF)

On this 6th day of August, before me personally came Torry Berntsen to me known and known to me to be the person described in and who executed the foregoing General Release and he duly acknowledged to me that he executed the same.

/s/ Anthon Zaccaria
Notary Public

Exhibit 12.1

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
The Bank of New York Mellon Corporation

	Year ended Dec. 31,				
(dollar amounts in millions)	**2009**	2008	2007[(a)]	2006[(b)]	2005[(b)]
Earnings					
Income from continuing operations before income taxes	**$(2,208)**	$1,946	$3,215	$2,170	$1,978
Fixed charges, excluding interest on deposits	**530**	1,024	1,140	867	550
Income from continuing operations before income taxes and fixed charges, excluding interest on deposits	**(1,678)**	2,970	4,355	3,037	2,528
Interest on deposits	**171**	1,765	2,378	1,434	839
Income from continuing operations before income taxes and fixed charges, including interest on deposits	**$(1,507)**	$4,735	$6,733	$4,471	$3,367
Fixed charges					
Interest expense, excluding interest on deposits	**$ 421**	$ 900	$1,047	$ 807	$ 490
One-third net rental expense [(c)]	**109**	120	92	60	60
Total fixed charges, excluding interest on deposits	**530**	1,020	1,139	867	550
Interest on deposits	**171**	1,765	2,378	1,434	839
Total fixed charges, including interests on deposits	**$ 701**	$2,785	$3,517	$2,301	$1,389
Earnings to fixed charges ratios					
Excluding interest on deposits	**(3.16)**	2.91	3.82	3.50	4.60
Including interest on deposits	**(2.15)**	1.70	1.91	1.94	2.42

(a) Results for 2007 include six months of BNY Mellon and six months of legacy The Bank of New York Company, Inc.
(b) Results for 2006 and 2005 include legacy The Bank of New York Company, Inc. only.
(c) The proportion deemed representative of the interest factor.

Exhibit 13.1

Financial Section

THE BANK OF NEW YORK MELLON CORPORATION
2009 ANNUAL REPORT
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The Bank of New York Mellon Corporation (and its subsidiaries)

Financial Summary

(dollar amounts in millions, except per common share amounts and unless otherwise noted)	**2009**	2008	2007 *(a)*	2006 *(b)*	2005 *(b)*
Year ended Dec. 31					
Fee revenue	**$ 10,141**	$ 12,342	$ 9,254	$ 5,337	$ 4,693
Investment securities gains (losses)	**(5,369)**	(1,628)	(201)	2	22
Net interest revenue	**2,915**	2,859	2,245	1,499	1,340
Total revenue	**7,687**	13,573	11,298	6,838	6,055
Provision for credit losses	**332**	104	(11)	(20)	(7)
Noninterest expense	**9,563**	11,523	8,094	4,675	4,078
Income (loss) from continuing operations before income taxes	**(2,208)**	1,946	3,215	2,183	1,984
Provision (benefit) for income taxes	**(1,395)**	491	987	694	635
Income (loss) from continuing operations	**(813)**	1,455	2,228	1,489	1,349
Income (loss) from discontinued operations, net of tax	**(270)**	14	10	1,371	228
Extraordinary (loss) on consolidation of commercial paper conduits, net of tax	**-**	(26)	(180)	-	-
Net income (loss)	**(1,083)**	1,443	2,058	2,860	1,577
Net (income) loss attributable to noncontrolling interests, net of tax	**(1)**	(24)	(19)	(13)	(6)
Redemption charge and preferred dividends	**(283)**	(33)	-	-	-
Net income (loss) applicable to common shareholders of The Bank of New York Mellon Corporation	**$ (1,367)**	$ 1,386	$ 2,039	$ 2,847	$ 1,571
Earnings per diluted common share *(c)* **:**					
Income (loss) from continuing operations	**$ (0.93)**	$ 1.21	$ 2.35	$ 2.04	$ 1.84
Income (loss) from discontinued operations, net of tax	**(0.23)**	0.01	0.01	1.91	0.31
Extraordinary (loss), net of tax	**-**	(0.02)	(0.19)	-	-
Net income (loss) applicable to common stock	**$ (1.16)**	$ 1.20	$ 2.17	$ 3.93 *(d)*	$ 2.15
At Dec. 31					
Securities	**$ 56,049**	$ 39,435	$ 48,698	$ 21,106	$ 27,218
Loans	**36,689**	43,394	50,931	37,793	32,927
Total assets	**212,224**	237,512	197,656	103,206	102,118
Deposits	**135,050**	159,673	118,125	62,146	49,787
Long-term debt	**17,234**	15,865	16,873	8,773	7,817
Preferred (Series B) stock	**-**	2,786	-	-	-
Common shareholders' equity	**28,977**	25,264	29,403	11,429	9,876

(a) Results for 2007 include six months of BNY Mellon and six months of legacy The Bank of New York Company, Inc.
(b) Results for 2006 and 2005 include legacy The Bank of New York Company, Inc. only. All legacy The Bank of New York Company, Inc. earnings per share and share-related data are presented in post merger share count terms.
(c) Diluted earnings per common share for the year ended Dec. 31, 2009 was calculated using average basic shares. Adding back the dilutive shares would result in anti-dilution.
(d) Does not foot due to rounding.

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Financial Summary (continued)

(dollar amounts in millions, except per common share amounts and unless otherwise noted)	2009	2008	2007 *(a)*	2006 *(b)*	2005 *(b)*
Selected data					
Return on common equity *(c)(d)*	**N/M**	5.0%	11.0%	27.6%	16.6%
Non-GAAP adjusted *(c)(d)*	**8.3%**	14.3	13.7	28.7	16.7
Return on tangible common equity *(c)(d)*	**N/M**	20.7	29.3	50.7	29.4
Non-GAAP adjusted *(c)(d)*	**28.7**	48.9	33.7	52.0	29.1
Return on assets *(d)*	**N/M**	0.67	1.49	2.67	1.55
Continuing operations basis:					
Pre-tax operating margin *(c)*	**N/M**	14	28	32	33
Non-GAAP adjusted *(c)*	**31**	39	36	35	33
Fee and other revenue as a percent of total revenue *(c)*	**62**	79	80	78	78
Non-GAAP adjusted *(c)*	**78**	79	80	78	78
Fee revenue per employee (based on average headcount) *(in thousands)*	**$ 242**	$ 290	$ 291	$ 262	$ 240
Percent of non-U.S. fee revenue and net interest revenue	**32%**	33% *(f)*	32%	30%	30%
Net interest margin (on fully taxable equivalent basis) *(e)*	**1.82**	1.89 *(f)*	2.05	2.01	2.02
Cash dividends per common share *(b)*	**$ 0.51**	$ 0.96	$ 0.95	$ 0.91	$ 0.87
Common dividend payout ratio	**N/M**	80.00%	43.58%	23.10%	40.28%
Dividend yield	**1.8%**	3.4	1.9	2.2	2.6
Closing common stock price per common share *(b)*	**$ 27.97**	$ 28.33	$ 48.76	$ 41.73	$ 33.76
Market capitalization *(in billions)*	**33.8**	32.5	55.9	29.8	24.6
Book value per common share *(b)(c)*	**23.99**	22.00	25.66	16.03	13.57
Tangible book value per common share – Non-GAAP *(b)(c)*	**7.90**	5.18	8.00	7.73	7.90
Employees (continuing operations)	**42,200**	42,500	41,200	22,400	19,900
Year-end common shares outstanding *(in thousands) (b)*	**1,207,835**	1,148,467	1,145,983	713,079	727,483
Average common equity to average assets	**12.8%**	13.4%	13.6%	9.7%	9.3%
At Dec. 31					
Assets under management ("AUM") *(in billions)*	**$ 1,115**	$ 928	$ 1,121	$ 142	$ 115
Assets under custody and administration ("AUC") *(in trillions)*	**22.3**	20.2	23.1	15.5	11.4
Cross-border assets *(in trillions)*	**8.8**	7.5	10.0	6.3	3.4
Market value of securities on loan *(in billions) (g)*	**247**	326	633	399	311
Capital ratios at Dec. 31 *(h)*					
Tier 1 capital ratio	**12.1%**	13.2%	9.3%	8.2%	8.4%
Tier 1 common equity to risk-weighted assets ratio *(c)*	**10.5**	9.4	7.6	6.7	6.9
Total (Tier 1 plus Tier 2) capital ratio	**16.0**	16.9	13.2	12.5	12.5
Leverage capital ratio	**6.5**	6.9	6.5	6.7	6.6
Common shareholders' equity to assets *(c)*	**13.7**	10.6	14.9	11.1	9.7
Tangible common shareholders' equity to tangible assets –Non-GAAP *(c)*	**5.2**	3.8	5.2	5.7	5.9

(a) Results for 2007 include six months of BNY Mellon and six months of legacy The Bank of New York Company, Inc.

(b) Results for 2006 and 2005 include legacy The Bank of New York Company, Inc. only. All legacy The Bank of New York Company, Inc. earnings per share and share-related data are presented in post merger share count terms.

(c) See Supplemental Information beginning on page 74 for a calculation of these ratios.

(d) Calculated before the extraordinary losses in 2008 and 2007.

(e) Prior periods are calculated on a continuing operations basis, even though the prior period balance sheets, in accordance with GAAP, have not been restated for discontinued operations.

(f) Excluding the SILO/LILO charges, the percentage of non-U.S. fee and net interest revenue was 32% and the net interest margin was

2.21% for the year ended Dec. 31, 2008.

(g) *Represents the securities on loan, both cash and non-cash, managed by the Asset Servicing segment.*

(h) *Includes discontinued operations.*

Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

General

In this Annual Report, references to "our," "we," "us," "BNY Mellon," the "Company," and similar terms for periods on or after July 1, 2007 refer to The Bank of New York Mellon Corporation and references to "our," "we," "us," the "Company," and similar terms prior to July 1, 2007 refer to The Bank of New York Company, Inc.

BNY Mellon's actual results of future operations may differ from those estimated or anticipated in certain forward-looking statements contained herein for reasons which are discussed below and under the heading "Forward-looking Statements." When used in this Annual Report, words such as "estimate," "forecast," "project," "anticipate," "confident," "target," "expect," "intend," "continue," "seek," "believe," "plan," "goal," "could," "should," "may," "will," "strategy," "synergies," "opportunities," "trends," and words of similar meaning, signify forward-looking statements in addition to statements specifically identified as forward-looking statements.

Certain business terms used in this document are defined in the Glossary.

The following should be read in conjunction with the Consolidated Financial Statements included in this Annual Report. Investors should also read the section entitled "Forward-looking statements."

How we reported results

On July 1, 2007, The Bank of New York Company, Inc. and Mellon Financial Corporation ("Mellon Financial") merged into The Bank of New York Mellon Corporation (together with its consolidated subsidiaries, "BNY Mellon"), with BNY Mellon being the surviving entity.

The merger transaction resulted in The Bank of New York Company, Inc. shareholders receiving 0.9434 shares of BNY Mellon's common stock for each share of The Bank of New York Company, Inc. common stock outstanding at the closing date of the merger. All legacy The Bank of New York Company, Inc. earnings per share and common stock outstanding amounts in this Annual Report have been restated to reflect this exchange ratio. For accounting and financial reporting purposes the merger was accounted for as a purchase of Mellon Financial by The Bank of New York Company, Inc.

Results for 2007 reflect six months of BNY Mellon and six months of legacy The Bank of New York Company, Inc. Results prior to 2007 reflect legacy The Bank of New York Company, Inc. only.

All information in this Annual Report is reported on a continuing operations basis, unless otherwise noted. For a description of discontinued operations, see Note 4 in the Notes to Consolidated Financial Statements.

Throughout this Annual Report, certain measures, which are noted, exclude certain items. BNY Mellon believes that these measures are useful to investors because they permit a focus on period-to-period comparisons, which relate to our ability to enhance revenues and limit expenses in circumstances where such matters are within our control. We also present certain amounts on a fully taxable equivalent ("FTE") basis. We believe that this presentation allows for comparison of amounts arising from both taxable and tax-exempt sources and is consistent with industry practice. The adjustment to a FTE basis has no impact on net income. See "Supplemental information – Explanation of Non-GAAP financial measures" beginning on page 74 for a reconciliation of financial measures presented in accordance with GAAP to adjusted Non-GAAP financial measures.

Overview

BNY Mellon is the corporate brand of The Bank of New York Mellon Corporation (NYSE symbol: BK). BNY Mellon is a global leader in providing a comprehensive array of services that enable institutions and individuals to manage and service their financial assets in more than 100 markets worldwide. We strive to be the global provider of choice for asset and wealth management and institutional services and be recognized for our broad and deep capabilities, superior client service and consistent outperformance versus peers. Our global client base consists of financial institutions, corporations, government agencies, high-net-worth individuals, families, endowments and foundations and related entities. At Dec. 31, 2009, we had $22.3 trillion in assets under custody and administration and $1.1 trillion in assets under management, serviced $12.0 trillion in outstanding debt and, on average, processed $1.6 trillion of global payments per day.

BNY Mellon's businesses benefit during periods of global growth in financial assets and concentration of

wealth, and also benefit from the globalization of the investment process. Over the long term, our financial goals are focused on deploying capital to accelerate the long-term growth of our businesses and on achieving superior total returns to shareholders by generating first quartile earnings per share growth over time relative to a group of peer companies.

Key components of our strategy include: providing superior client service versus peers; strong investment performance (relative to investment benchmarks); above median revenue growth (relative to peer companies for each of our businesses); an increasing percentage of revenue and income derived from outside the U.S.; successful integration of acquisitions; competitive margins; and positive operating leverage. We have established Tier 1 capital as our principal capital measure and have established a targeted minimum ratio of Tier 1 capital to risk-weighted assets of 10%.

Impact of the current market environment on our business and regulatory events

In 2009, market related factors continued to impact the results in our core businesses. Total revenue was impacted by: a low interest rate environment, which resulted in lower net interest and fee revenue; lower foreign exchange (“FX”) volumes; and lower average equity markets as reflected by a 22% decrease in the daily average S&P 500 Index and a 15% decrease in the daily average FTSE 100 Index.

Our Asset and Wealth Management businesses were negatively impacted by global weakness in market values as a result of a decline in the daily averages of the S&P 500 and the FTSE 100 indices compared with 2008. Our asset and wealth management fee revenue was also negatively impacted by outflows in the alternative asset class as investors reduced their risk profiles and higher money market fee waivers as a result of low interest rates.

FX revenues returned to more normalized levels in 2009 from the record levels of 2008, reflecting lower volatility and spreads.

Results in our securities lending business continue to be impacted by narrower spreads and lower market valuations, as well as overall de-leveraging in the financial markets compared with 2008. Spreads continued to narrow throughout 2009 and by the end of 2009 returned to more historic levels.

Market conditions in 2009 resulted in a reduction in the volume of global fixed income securities issuances which impacted the level of new business in our Corporate Trust business.

The weakness in the equity markets in 2009 resulted in a lower level of corporate actions which impacted our Depositary Receipts and Shareowner Services businesses.

The current low interest rate environment continues to adversely impact our net interest revenue and corresponding net interest margin, as well as money market mutual fund and money market fund related distribution fees. At Dec. 31, 2009, we estimate that an immediate 100 basis point increase in overnight interest rates from those currently in effect would increase annual pre-tax income by approximately $500 million. The increase to pre-tax income would benefit both fee revenue and net interest revenue.

Evolving regulatory environment

The current economic and political environment has led to legislative and regulatory initiatives that address the financial services industry’s monitoring of risk, capital requirements and executive compensation policies. The Obama Administration, Congress and U.S. and foreign regulators are currently considering a variety of proposals that would modify the regulation of the financial services industry and increase costs. The initiatives that would have the greatest impact on our business are described below.

The Federal Deposit Insurance Corporation (“FDIC”) adopted a final rule requiring insured depository institutions to prepay their estimated quarterly regular risk-based assessments for the fourth quarter of 2009 and for all 2010, 2011 and 2012. On Dec. 30, 2009, The Bank of New York Mellon and BNY Mellon, N.A., our two principal banks, prepaid an aggregate of $295 million for their estimated quarterly risk-based assessments for these periods.

Also, in 2009, BNY Mellon recorded a payment of a special emergency deposit assessment of 5 basis points on each FDIC-insured depository institution’s total assets, minus its Tier 1 capital, as of June 30, 2009, subject to a cap of 10 basis points of average assessable domestic deposits for the second quarter of 2009. The special assessment resulted in a pre-tax charge of $61 million, which was recorded as other expense.

Results of Operations (continued)

In January 2010, President Obama proposed a "Financial Crisis Responsibility Fee" which would apply to banks, thrifts, insurance companies and broker-dealers with more than $50 billion in consolidated assets. The fee is intended to recoup the cost of the Troubled Asset Relief Program ("TARP") to the U.S. Government. As currently proposed, the fee would go into effect on June 30, 2010 and would remain in force for 10 years or longer. The fee would be calculated on total assets excluding Tier 1 capital and assessed deposits. Based on the amount of assets on our balance sheet at Dec. 31, 2009, we estimate that we would be responsible for paying approximately $200 million annually under this proposal, if enacted as currently proposed.

Financial regulatory reform continues to be a top priority for the Obama Administration. The U.S. House of Representatives (the "House") passed the "Wall Street Reform and Consumer Protection Act" on Dec. 11, 2009. The U.S. Senate has not yet passed legislation in this area. The Senate Banking Committee draft bill, "Restoring American Financial Stability Act of 2009," is still in draft form and currently under discussion. Both legislative products focus on measures to improve financial stability, provide for more effective bank supervision, enhance the regulation of consumer financial products and services through the establishment of a Consumer Financial Protection Agency and allow for better coordination between regulatory agencies. The House's bill would establish a Systemic Dissolution Fund to help wind down financial institutions when necessary. The fund would be pre-funded by FDIC assessments on large financial companies with assets exceeding $50 billion, to pay for the resolution of a bank holding company, a systemically important financial company, an insurance company or any other financial company. The Senate Banking Committee's draft proposal has a similar resolution mechanism and sets the threshold at $10 billion or more.

2009 and subsequent events

Investment securities portfolio restructuring

Consistent with our ongoing strategy to reduce balance sheet risk, and reflecting the improvement in the fixed income markets in the second half of 2009, we sold or restructured a significant portion of our watch list investment securities portfolio. The watch list includes those securities we view as having a higher risk of impairment charge.

The sales and restructuring impacted approximately $13.5 billion (pre-restructuring amortized cost) of investment securities. The investment securities sales and restructuring resulted in a net charge of approximately $4.8 billion (pre-tax) in 2009. The majority of the restructured securities were retained on our balance sheet in a certificate issued by a Grantor Trust.

The charge for restructuring the securities portfolio had a minimal impact on our tangible capital ratio, as approximately 90% of the charge had previously been reflected in tangible capital.

As a result of the restructuring, we expect net interest revenue to be positively impacted by approximately $200 million in 2010.

Settlement with the Russian Federal Customs Service

In October 2009, the Federal Customs Service of the Russian Federation (the "Customs Service") and The Bank of New York Mellon, a subsidiary of BNY Mellon, settled the litigation filed by the Customs Service in the Arbitrazh Court of the City of Moscow.

Under the terms of the settlement agreement, the Customs Service agreed to withdraw its $22.5 billion lawsuit, the proceedings were terminated by the Arbitrazh Court, and the Customs Service and The Bank of New York Mellon exchanged mutual releases. Without any admission of liability, The Bank of New York Mellon agreed to pay $14 million in trial costs and expenses to the Customs Service in consideration for the settlement.

Acquisition of Insight Investment Management

In November 2009, we acquired Insight Investment Management Limited ("Insight") for £235 million (approximately $377 million of cash and stock). Based in London, Insight specializes in liability-driven investment solutions, active fixed income and alternative investments. Its clients include some of the UK's largest pension schemes, corporates, insurance companies and local authorities, along with a growing number of non-UK clients and some of the best-known financial services and intermediary companies. At acquisition, Insight had approximately $138 billion in assets under management. Insight is included in the Asset Management segment.

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Siguler Guff & Company, LLC investment

In November 2009, BNY Mellon acquired a 20% minority interest in Siguler Guff & Company, LLC (and certain related entities) ("Siguler Guff"), a multi-strategy private equity firm with approximately $8 billion in assets under management and committed capital.

Agreement to acquire Global Investment Servicing, Inc.

In February 2010, BNY Mellon announced a definitive agreement to acquire Global Investment Servicing, Inc. ("GIS") from PNC for cash of $2.31 billion. GIS provides a comprehensive suite of products which includes subaccounting, fund accounting/administration, custody, managed account services and alternative investment services. GIS is based in Wilmington, Delaware and has approximately 4,500 employees in locations across the U.S. and Europe.

GIS has approximately $855 billion in assets under administration, including $460 billion in assets under custody. BNY Mellon plans to raise between $700-800 million in equity as part of the transaction. The transaction is expected to close in the third quarter of 2010, subject to necessary regulatory approvals. At closing, GIS will be included in the Institutional Services sector.

Repurchased preferred stock and warrant related to TARP

In June 2009, BNY Mellon repurchased the 3 million shares of its Series B preferred stock issued to the U.S. Treasury in October 2008 as part of the TARP Capital Purchase Program. BNY Mellon paid the U.S. Treasury $3.0 billion, which reflects the liquidation value of the preferred stock.

Related to this repurchase, we recorded an after-tax redemption charge of $196.5 million in 2009, representing the difference between the amortized cost of the preferred stock and the repurchase price. BNY Mellon paid the U.S. Treasury an aggregate of approximately $95 million in dividends on the Series B preferred shares from Oct. 28, 2008 through the repurchase date.

On Aug. 5, 2009, BNY Mellon repurchased the warrant issued to the U.S. Treasury in connection with the TARP Capital Purchase Program. The warrant was for 14,516,129 shares of our common stock. The repurchase price was $136 million.

Common stock and debt offerings

In 2009, BNY Mellon issued 48 million shares of common stock in a public offering, at a weighted-average price of $28.75 per common share, for a total of $1.4 billion. In addition to the common stock offering, during 2009 BNY Mellon issued $2.75 billion of non-guaranteed senior debt in public offerings comprised of $1.75 billion of 5-year notes and $1 billion of 10-year notes. The proceeds from the equity and debt offerings were used for general corporate purposes, which included funding the repurchase of the preferred stock related to TARP. BNY Mellon also issued approximately $600 million of FDIC-guaranteed debt, as described in "FDIC Temporary Liquidity Guarantee Program," below.

Regulatory stress test

On May 7, 2009, the regulators released the results of the stress test administered under the Supervisory Capital Assessment Program conducted during the first quarter of 2009. The results concluded that BNY Mellon was not required to raise additional capital, and under the test's adverse scenario our capital ratios strengthened further.

Discontinued operations

In July 2009, we announced an agreement to sell Mellon United National Bank ("MUNB") located in Florida. As a result, we adopted discontinued operations accounting for MUNB. It was determined that this business no longer fit our strategic focus on our asset management and securities servicing businesses. MUNB was sold on Jan. 15, 2010. The business was formerly included in the Other segment. In 2009, we recorded an after-tax loss on discontinued operations of $270 million primarily reflecting loan write-downs and the elimination of $82 million of goodwill.

The income statements for all periods in this Annual Report have been restated to reflect the discontinued operations treatment of MUNB. The restatement resulted in a reduction to previously reported levels of net interest revenue and the net interest margin; a slight reduction in both treasury services and other fee revenue; a reduction in the provision for credit losses; a reduction in noninterest expense; and a change in continuing earnings per share.

Results of Operations (continued)

FDIC Temporary Liquidity Guarantee Program

In October 2008, the FDIC announced the Temporary Liquidity Guarantee Program ("TLGP"). This program:

- Guarantees certain types of senior unsecured debt issued by participating U.S. bank holding companies, U.S. savings and loan holding companies and FDIC-insured depository institutions between Oct. 14, 2008 and Oct. 31, 2009, including promissory notes, commercial paper and any unsecured portion of senior debt. In 2009, BNY Mellon issued approximately $600 million of FDIC-guaranteed debt maturing June 29, 2012 under this program, which was the maximum amount of the debt permissible for it under the TLGP; and
- Provides full FDIC deposit insurance coverage for funds held by participating FDIC-insured depository institutions in noninterest-bearing transaction deposit accounts until Dec. 31, 2009, extended until June 30, 2010. On Nov. 2, 2009, BNY Mellon elected to opt out of the six month extension of this program. Our participation in the program ended on Dec. 31, 2009.

Summary of financial results

We reported a net loss from continuing operations applicable to the common shareholders of BNY Mellon of $1.1 billion, or $0.93 per diluted common share in 2009. This compares with net income of $1.4 billion, or diluted earnings per common share of $1.21 in 2008 and $2.2 billion, or diluted earnings per common share of $2.35, in 2007.

In 2009, the net loss applicable to common shareholders, including discontinued operations, totaled $1.4 billion, or $1.16 per diluted common share, compared with net income of $1.4 billion, or $1.20 per diluted common share, in 2008 and $2.0 billion, or $2.17 per diluted common share, in 2007.

Highlights of 2009 results

- Assets under custody and administration ("AUC") totaled $22.3 trillion at Dec. 31, 2009 compared with $20.2 trillion at Dec. 31, 2008 reflecting higher market values and new business wins. (See the Institutional Services sector on page 28.)
- Assets under management ("AUM") totaled $1.115 trillion at Dec. 31, 2009 compared with $928 billion at Dec. 31, 2008. The impact of acquisitions and higher market values were partially offset by money market outflows. (See the Asset and Wealth Management sector on page 24.)
- Securities servicing revenue totaled $5.0 billion in 2009 compared with $6.1 billion in 2008. Continued new business wins were more than offset by lower securities lending revenue, lower money market related distribution fees, lower market values throughout most of 2009 and a lower level of fixed income issuances globally. See the Institutional Services sector on page 28.)
- Securities lending fee revenue totaled $259 million in 2009 compared with $789 million in 2008. The decrease reflects narrower spreads and lower loan balances due to de-leveraging in the financial markets. Securities lending assets totaled $247 billion at Dec. 31, 2009 compared with $326 billion at Dec. 31, 2008. (See the Institutional Services sector on page 28.)
- Asset and wealth management fees, including performance fees totaled $2.6 billion in 2009 compared with $3.2 billion in 2008. The decrease reflects global weakness in market values throughout most of 2009, a reduction in money market related fees due to outflows in money market products and higher fee waivers, partially offset by new business and the acquisition of Insight. (See the Asset Management and Wealth Management segments beginning on page 26.)
- Foreign exchange and other trading activities revenue totaled $1.0 billion in 2009 compared with a record $1.5 billion in 2008. The decrease primarily resulted from lower foreign exchange revenue driven by a 21% decline in volumes. (See Fee and other revenue beginning on page 14.)
- Investment securities (pre-tax) net losses of $5.4 billion in 2009 were primarily driven by the investment securities portfolio restructuring described above. (See Consolidated balance sheet review beginning on page 45.)
- Net interest revenue totaled $2.9 billion in 2009 essentially unchanged compared with 2008. Results in 2009 reflect historically low interest rates and our strategy to reinvest in high quality, relatively short duration assets, while results in 2008 were impacted by $489 million of sale-in-lease out ("SILO")/lease-in-lease out

Results of Operations (continued)

(“LILO”) charges. (See Net interest revenue beginning on page 17.)
- The provision for credit losses was $332 million in 2009 compared with $104 million in 2008. The increase primarily relates to a higher number of downgrades in 2009 and deterioration in certain industry sectors. (See Asset quality and allowance for credit losses beginning on page 54.)
- Noninterest expense totaled $9.6 billion in 2009 compared with $11.5 billion in 2008. The decrease reflects lower support agreement charges, lower compensation and incentive expense, lower M&I charges as well as the benefit of merger-related expense synergies. (See Noninterest expense beginning on page 20.)
- Merger and integration (“M&I”) expenses were $233 million (pre-tax), or $0.12 per diluted common share in 2009. (See Noninterest expense beginning on page 20.)
- We recorded an after-tax redemption charge of $196.5 million related to the repurchase of the Series B preferred stock issued to the U.S. Treasury as part of the TARP Capital Purchase Program and $86.5 million for dividends/accretion on the Series B preferred stock. These items decreased earnings per share by $0.24 per diluted common share in 2009.
- The unrealized net of tax loss on our investment securities portfolio was $619 million at Dec. 31, 2009 compared with $4.0 billion at Dec. 31, 2008. The decrease primarily resulted from the sale and restructuring of a portion of the watchlist investment securities portfolio and general improvements in the fixed income markets. (See Consolidated balance sheet review beginning on page 45.)
- The Tier 1 capital ratio at Dec. 31, 2009 was 12.1% compared with 13.2% at Dec. 31, 2008. The decrease in the Tier 1 capital ratio primarily reflects the charge related to the restructuring of the investment securities portfolio and the repayment of the Series B preferred stock, partially offset by the common stock issuances in 2009 and lower risk-weighted assets.

Results for 2008

Results for 2008 were significantly impacted by the merger with Mellon Financial. The merger increased asset servicing revenue, asset and wealth management revenue, foreign exchange and other trading activities, treasury services revenue, distribution and servicing revenue and had a lesser impact on issuer services revenue. Noninterest expense was also significantly impacted by the merger. Results for 2008 also included:

- Securities write-downs of $1.6 billion (pre-tax), primarily relating to negative market assumptions in the housing industry;
- Support agreements provided to clients which resulted in an $894 million (pre-tax) charge;
- A charge relating to certain SILOs/LILOs of $489 million (pre-tax) as well as the settlement of several audit cycles;
- M&I expenses of $483 million (pre-tax);
- A restructuring charge of $181 million (pre-tax) related to global workforce reduction initiatives; and
- The consolidation of the assets of our bank-sponsored commercial paper conduit, Old Slip Funding, LLC (“Old Slip”) which resulted in an extraordinary after-tax loss of $26 million.

Results for 2007

Results for 2007 were primarily impacted by the merger with Mellon Financial in July 2007. The merger increased asset servicing revenue, asset and wealth management fees, foreign exchange and other trading activities, net interest revenue and noninterest expense. Issuer services revenue increased, primarily as a result of the acquisition of the corporate trust business of J. P. Morgan Chase.

Results for 2007 also included the consolidation of the assets of our bank-sponsored commercial paper conduit, Three Rivers Funding Corporation (“TRFC”) which resulted in an extraordinary after-tax loss of $180 million.

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Results of Operations (continued)

Fee and other revenue

Fee and other revenue *(dollars in millions unless otherwise noted)*	**2009**	2008	2007 *(a)*	**2009 vs. 2008**	2008 vs. 2007
Securities servicing fees:					
Asset servicing	**$ 2,314**	$ 2,581 *(b)*	$2,010 *(b)*	**(10)%**	28%
Securities lending revenue *(c)*	**259**	789	366	**(67)**	116
Issuer services	**1,463**	1,685	1,560	**(13)**	8
Clearing services	**962**	1,065 *(d)*	1,187 *(d)*	**(10)**	(10)
Total securities servicing fees	**4,998**	6,120	5,123	**(18)**	19
Asset and wealth management fees	**2,639**	3,218	2,153	**(18)**	49
Foreign exchange and other trading activities	**1,036**	1,462	786	**(29)**	86
Treasury services	**519**	514	346	**1**	49
Distribution and servicing	**397**	421	212	**(6)**	99
Financing-related fees	**215**	186	216	**16**	(14)
Investment income	**226**	207 *(d)*	207 *(d)*	**9**	-
Other	**111**	214 *(d)*	211 *(d)*	**(48)**	1
Total fee revenue	**10,141**	12,342	9,254	**(18)**	33
Net securities (losses)	**(5,369)**	(1,628)	(201)	**N/M**	N/M
Total fee and other revenue	**$ 4,772**	$10,714	$9,053	**(55)%**	18%
Fee and other revenue as a percentage of total revenue – GAAP	**62%**	79%	80%		
Fee and other revenue as a percentage of total revenue – Non-GAAP *(e)*	**78%**	79%	80%		
Market value of AUM at period-end *(in billions)*	**$ 1,115**	$ 928	$1,121	**20%**	(17)%
Market value of AUC and administration at period-end *(in trillions)*	**$ 22.3**	20.2	$ 23.1	**10%**	(13)%

(a) Results for 2007 include six months of BNY Mellon and six months of legacy The Bank of New York Company, Inc.
(b) In 2009, global sub-custodian out-of-pocket expense related to client reimbursements was reclassified from sub-custodian expense to asset servicing revenue. This reclassification totaled $22 million in 2008 and $23 million in 2007.
(c) Included in asset servicing revenue on the income statement.
(d) In 2009, fee revenue associated with equity investments was reclassified from clearing services revenue and other revenue to investment income. Fee revenue associated with an equity investment previously recorded in clearing services revenue was $22 million in 2008 and $5 million in 2007. Fee revenue associated with an equity investment previously recorded in other revenue was $32 million in 2008 and $53 million in 2007. Prior periods have been reclassified.
(e) See Supplemental information beginning on page 74 for a calculation of these ratios.

Fee revenue

Fee revenue decreased 18% in 2009 compared with 2008 as our securities servicing and asset and wealth management businesses were significantly impacted by lower equity market levels throughout most of 2009, as well as lower customer activity in the equity and fixed income markets. Lower spreads and volatility and the impact of a stronger U.S. dollar during 2009 also significantly impacted our businesses in 2009.

Securities servicing fees

Securities servicing fees were impacted by the following compared to 2008:

- New business wins in asset servicing were more than offset by lower average market values in 2009, lower client activity and a stronger U.S. dollar;
- Securities lending revenue reflects lower spreads and lower loan balances due to de-leveraging in the market;
- Issuer services fees reflect lower Depositary Receipts revenue due to lower transaction fees and lower Corporate Trust fees due to lower levels of fixed income issuances globally and lower money market related distribution fees and lower Shareowner Services revenue; and
- Clearing services fees reflect lower money market related distribution fees and lower trading volumes.

See the “Institutional Services sector” in “Business segments review” for additional details.

Asset and wealth management fees

Asset and wealth management fees, including performance fees, decreased compared with 2008, reflecting lower average global market values in 2009,

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lower money market related fees due to increased fee waivers and short-term outflows, and a stronger U.S. dollar, partially offset by new business. See the "Asset and Wealth Management sector" in "Business segments review" for additional details regarding the drivers of asset and wealth management fees.

Total AUM for the Asset and Wealth Management sector were $1.1 trillion at Dec. 31, 2009, compared with $928 billion at Dec. 31, 2008. The increase resulted from the Insight acquisition and market appreciation, offset in part by $49 billion of net money market outflows and $6 billion of net long-term outflows. Long-term outflows in 2009 reflect $20 billion of outflows through September, primarily offset by $14 billion of inflows in the fourth quarter. The S&P 500 index was 1115 at Dec. 31, 2009 compared with 903 at Dec. 31, 2008, a 23% increase.

Foreign exchange and other trading activities

Foreign exchange and other trading activities revenue, which is primarily reported in the Asset Servicing segment, decreased $426 million, or 29%, from a record $1.5 billion in 2008. The decrease primarily resulted from lower foreign exchange revenue driven by lower volumes and a lower valuation of the credit default swaps used to economically hedge the loan portfolio. Foreign exchange volumes were down in 2009, decreasing approximately 21% from the elevated levels experienced during the credit crisis in 2008.

Treasury services

Treasury services, which are primarily reported in the Treasury Services segment, include fees related to funds transfer, cash management, and liquidity management. Treasury services fees increased $5 million from 2008 resulting from higher global payment volumes.

Distribution and servicing fees

Distribution and servicing fees earned from mutual funds are primarily based on average assets in the funds and the sales of funds that we manage or administer and are primarily reported in the Asset Management segment. These fees, which include 12b-1 fees, fluctuate with the overall level of net sales, the relative mix of sales between share classes and the funds' market values.

The $24 million decrease in distribution and servicing fee revenue in 2009 compared with 2008 primarily reflects lower money market related fees. The impact of distribution and servicing fees on income in any one period can be more than offset by distribution and servicing expense paid to other financial intermediaries to cover their costs for distribution and servicing of mutual funds. Distribution and servicing expense is recorded as noninterest expense on the income statement.

Financing-related fees

Financing-related fees, which are primarily reported in the Treasury Services segment, include capital markets fees, loan commitment fees and credit-related trade fees. Financing-related fees increased $29 million from 2008. The increase primarily reflects higher fees on capital market products.

Investment income

Investment income *(in millions)*	**2009**	2008	2007 *(a)*
Corporate/bank-owned life insurance	**$151**	$145	$111
Lease residual gains	**90**	89	-
Seed capital gains (losses)	**31**	(82)	(35)
Private equity gains (losses)	**(18)**	1	67
Equity investment income (loss)	**(28)**	54	64
Total investment income	**$226**	$207	$207

(a) *Results for 2007 include six months of BNY Mellon and six months of legacy The Bank of New York Company, Inc.*

Investment income, which is primarily reported in the Other and Asset Management segments, includes income from insurance contracts, lease residual gains and losses, gains and losses on seed capital investments and private equity investments, and equity investment income (loss). The increase compared to 2008 reflects higher seed capital gains and income from corporate/bank-owned life insurance, partially offset by the write-down of certain equity investments and losses on private equity investments.

Other revenue

Other revenue *(in millions)*	**2009**	2008	2007 *(a)*
Asset-related gains	**$ 76**	$ 45	$ 9
Expense reimbursements from joint ventures	**31**	29	58
Other income (loss)	**4**	140	144
Total other revenue	**$111**	$214	$211

(a) *Results for 2007 include six months of BNY Mellon and six months of legacy The Bank of New York Company, Inc.*

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Results of Operations (continued)

Other revenue includes asset-related gains, expense reimbursements from joint ventures and other income (loss). Asset-related gains include loan, real estate and other asset dispositions. Expense reimbursements from joint ventures relate to expenses incurred by BNY Mellon on behalf of joint ventures. Other income (loss) primarily includes foreign currency translation, other investments and various miscellaneous revenues.

Total other revenue decreased compared with 2008 primarily reflecting a lower level of foreign currency translation, partially offset by a gain on the sale of VISA shares recorded in 2009.

Net investment securities losses

Net investment securities losses totaled $5.4 billion in 2009 and $1.6 billion in 2008.

As a result of adopting ASC 320, investment securities losses in the first half of 2009 primarily reflected credit related losses. In the third quarter of 2009, we recognized both credit and non-credit related losses on our securities for which we declared our intent to sell. Investment securities losses in 2008 and 2007 reflect mark-to-market (both credit and non-credit) impairment losses.

The following table details investment securities losses by type of security. The loss in 2009 primarily resulted from the sale and restructuring of a significant portion of the watchlist investment securities portfolio. See "Consolidated balance sheet review" for further information on the investment securities portfolio.

Net investment securities losses *(in millions)*	**2009**		2008	2007 *(a)*
Alt-A RMBS	**$3,113**		$1,236	$ -
Prime RMBS	**1,008**		12	-
Subprime RMBS	**322**		12	-
European floating rate notes	**269**		-	-
Home equity lines of credit	**205**		104	-
Commercial MBS	**89**		-	-
Grantor Trust	**39**	*(b)*	-	-
Credit cards	**26**		-	-
ABS CDOs	**23**		122	201
Other	**275**		142	-
Total net investment securities losses	**$5,369**	*(c)*	$1,628	$201

(a) Results for 2007 include six months of BNY Mellon and six months of legacy The Bank of New York Company, Inc.
(b) Includes $47 million of mark-to-market write-downs on the Alt-A, prime and subprime RMBS from Oct. 1, 2009 through the date of sale to the Grantor Trust.
(c) Includes $930 million originally recorded in 2008 and recorded again in 2009 under ASC 320 and as part of the impairment charge related to the restructuring of the securities portfolio.

2008 compared with 2007

Fee and other revenue increased in 2008 compared with 2007. The merger with Mellon Financial significantly increased asset servicing revenue, securities lending revenue, asset and wealth management revenue, foreign exchange and other trading activities, treasury services revenue and distribution and servicing, and had a lesser impact on issuer services revenue.

Fee and other revenue was also impacted by the following:

- Asset servicing revenue increased primarily due to strong new business activity and the acquisition of the remaining 50% interest in BNY Mellon Asset Servicing B.V. in the fourth quarter of 2007;
- Securities lending revenue increased primarily reflecting favorable spreads in the short-term credit markets;
- Growth in issuer services revenue was driven by higher Depositary Receipts, Corporate Trust and Shareowner Services fees;
- Asset and wealth management revenue increased primarily due to strong money market flows and net new business, offset by significant declines in global market values and long-term outflows;
- Foreign exchange and other trading activities increased primarily due to higher volatility in all major currencies and a rise in client volumes, as well as the higher value of the credit default swaps;

Results of Operations (continued)

- Treasury services revenue increased primarily resulting from higher processing volumes in global payment and cash management services; and
- Distribution and servicing fees increased primarily reflecting strong money market inflows.

Net interest revenue

Net interest revenue *(dollars in millions)*	**2009**	2008	2007 *(a)*	**2009 vs. 2008**	2008 vs. 2007
Net interest revenue (non-FTE)	**$ 2,915**	$ 2,859	$ 2,245	**2%**	27%
Tax equivalent adjustment	**18**	21	12	**N/M**	N/M
Net interest revenue (FTE)	**2,933**	2,880	2,257	**2%**	28%
SILO/LILO charges	**-**	489	-	**N/M**	N/M
Net interest revenue excluding SILO/LILO charges (FTE) – Non-GAAP	**$ 2,933**	$ 3,369	$ 2,257	**(13)%**	49%
Average interest-earning assets	**$160,955**	$152,201 *(b)*	$110,034 *(b)*	**6%**	38%
Net interest margin (FTE)	**1.82%**	1.89%	2.05%	**(7)bps**	(16)bps
Net interest margin (FTE) excluding SILO/LILO charges (FTE) – Non-GAAP	**1.82%**	2.21%	2.05%	**(39)bps**	16bps

(a) Results for 2007 include six months of BNY Mellon and six months of legacy The Bank of New York Company, Inc.
(b) Excludes discontinued operations.

Net interest revenue on an FTE basis totaled $2.9 billion in 2009, essentially unchanged from 2008, which included a $489 million charge related to SILO/LILOs. Excluding the SILO/LILO charges, net interest revenue decreased compared with 2008 as low interest rates resulted in a decline in the value of interest-free balances and lower spreads, offset in part by an increase in average interest-earning assets driven by client deposits.

The net interest margin was 1.82% in 2009 compared with 1.89% in 2008, which was negatively impacted by the SILO/LILO charges. The net interest margin, excluding the SILO/LILO charges, was 2.21% in 2008. In 2009, net interest revenue and the related margin were impacted by persistently low interest rates globally, and our strategy to reinvest in high quality, relatively short-duration assets.

Average interest-earning assets were $161 billion in 2009, compared with $152 billion in 2008 and $110 billion in 2007. The increase in 2009 from 2008 was driven by higher levels of client deposits. Reflecting our strategy to invest in high quality relatively short-duration assets, average interest-earning cash on deposit with the Federal Reserve and other central banks and interbank investments increased to $71.3 billion in 2009, from $60.1 billion in 2008 and $32.2 billion in 2007. Average securities also increased to $53.2 billion in 2009, up from $45.5 billion in 2008 and $37.0 billion in 2007. Average loans decreased to $36.4 billion in 2009, compared with $46.6 billion in 2008 and $40.8 billion in 2007.

The restructuring of the investment securities portfolio in 2009 is expected to positively impact net interest revenue by approximately $200 million in 2010.

2008 compared with 2007

The increase in net interest revenue in 2008 compared to 2007 primarily resulted from the merger with Mellon Financial, a higher level of noninterest-bearing deposits which resulted in a higher level of interest-earning assets, wider spreads and the accretion of unrealized losses on investment securities. This growth was partially offset by the SILO/LILO charges recorded in 2008.

The net interest margin was 1.89% in 2008 compared with 2.05% in 2007. The decrease primarily reflects the SILO/LILO charges recorded in 2008. Excluding the SILO/LILO charges, the net interest margin increased 16 basis points compared with 2007, primarily reflecting wider spreads.

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Results of Operations (continued)

Average balances and interest rates *(dollar amounts in millions, presented on an FTE basis)*	2009 Average balance	Interest	Average rates
Assets			
Interest-earning assets:			
Interest-bearing deposits with banks (primarily foreign banks)	$ 55,797	$ 683	1.22%
Interest-bearing deposits held at the Federal Reserve and other central banks	11,938	43	0.36
Other short-term investments – U.S. government-backed commercial paper	317	9	2.95
Federal funds sold and securities under resale agreements	3,238	31	0.97
Margin loans	4,340	69	1.59
Non-margin loans:			
Domestic offices:			
Consumer	5,417	262	4.83
Commercial	15,061	362	2.41
Foreign offices	11,606	250	2.15
Total non-margin loans	32,084	874 *(a)*	2.72
Securities:			
U.S. government obligations	3,218	50	1.54
U.S. government agency obligations	16,019	592	3.70
State and political subdivisions	680	47	6.92
Other securities:			
Domestic offices	20,444	832	4.07
Foreign offices	10,887	244	2.24
Total other securities	31,331	1,076	3.43
Trading securities:			
Domestic offices	1,934	50	2.57
Foreign offices	59	1	1.40
Total trading securities	1,993	51	2.54
Total securities	53,241	1,816	3.41
Total interest-earning assets	$ 160,955	$ 3,525 *(b)*	2.19%
Allowance for loan losses	(420)		
Cash and due from banks	3,638		
Other assets	45,766		
Assets of discontinued operations	2,188		
Total assets	$ 212,127		
Liabilities and equity			
Interest-bearing deposits:			
Domestic offices:			
Money market rate accounts	$ 18,619	$ 18	0.09%
Savings	1,136	5	0.47
Certificates of deposits of $100,000 & over	961	8	0.85
Other time deposits	4,922	23	0.47
Total domestic	25,638	54	0.21
Foreign offices:			
Banks	5,182	13	0.25
Government and official institutions	866	1	0.09
Other	66,520	103	0.15
Total foreign	72,568	117	0.16
Total interest-bearing deposits	98,206	171	0.17
Federal funds purchased and securities sold under repurchase agreements	2,695	-	-
Other borrowed funds:			
Domestic offices	2,263	37	1.66
Foreign offices	592	5	0.85
Total other borrowed funds	2,855	42	1.49
Borrowings from Federal Reserve related to asset-backed commercial paper	317	7	2.25
Payables to customers and broker-dealers	5,262	6	0.12
Long-term debt	16,893	366	2.17
Total interest-bearing liabilities	$ 126,228	$ 592	0.47%
Total noninterest-bearing deposits	36,446		
Other liabilities	18,760		
Liabilities of discontinued operations	2,188		
Total liabilities	183,622		
Total shareholders' equity	28,476		
Noncontrolling interest	29		
Total equity	28,505		
Total liabilities and equity	$ 212,127		
Net interest margin – taxable equivalent basis			1.82%
Percentage of assets attributable to foreign offices *(c)*	37%		
Percentage of liabilities attributable to foreign offices	34		

(a) *Includes fees of $43 million in 2009. Nonaccrual loans are included in the average loan balance; the associated income, recognized on the cash basis, is included in interest.*
(b) *The tax equivalent adjustment was $18 million in 2009 and is based on the federal statutory tax rate (35%) and applicable state and local taxes.*
(c) *Includes the Cayman Islands branch office.*

Results of Operations (continued)

Average balances and interest rates *(a)* (continued)	2008			*2007 (b)*		
(dollar amounts in millions, presented on an FTE basis)	Average balance	Interest	Average rates	Average balance	Interest	Average rates
Assets						
Interest-earning assets:						
Interest-bearing deposits with banks (primarily foreign banks)	$ 46,473	$ 1,753	3.77%	$ 26,505	$ 1,242	4.68%
Interest-bearing deposits held at the Federal Reserve and other central banks	4,754	27	0.56	-	-	-
Other short-term investments – U.S. government-backed commercial paper	2,348	71	3.03	-	-	-
Federal funds sold and securities under resale agreements	6,494	149	2.30	5,722	289	5.06
Margin loans	5,427	183	3.37	5,392	332	6.16
Non-margin loans:						
Domestic offices:						
Consumer	6,081	307	5.05	4,585	268	5.85
Commercial	20,926	157	0.75 *(c)*	18,212	865	4.74
Foreign offices	14,172	563	3.97	12,595	693	5.50
Total non-margin loans	41,179	1,027 *(d)*	2.49 *(c)*	35,392	1,826 *(d)*	5.16
Securities:						
U.S. government obligations	596	18	3.03	238	11	4.49
U.S. government agency obligations	10,846	479	4.42	6,953	369	5.32
State and political subdivisions	744	55	7.20	397	27	6.85
Other securities:						
Domestic offices	23,124	1,249	5.41	19,832	1,125	5.67
Foreign offices	8,386	463	5.52	7,529	363	4.81
Total other securities	31,510	1,712	5.44	27,361	1,488	5.44
Trading securities						
Domestic offices	1,696	66	3.92	1,121	47	4.19
Foreign offices	134	5	3.44	953	51	5.39
Total trading securities	1,830	71	3.88	2,074	98	4.74
Total securities	45,526	2,335	5.13	37,023	1,993	5.38
Total interest-earning assets	$152,201	$ 5,545 *(e)*	3.64% *(c)*	110,034	$ 5,682 *(e)*	5.16%
Allowance for loan losses	(314)			(296)		
Cash due from banks	6,190			3,925		
Other assets	49,439			33,584		
Assets of discontinued operations	2,441			1,395		
Total assets	$209,957			$148,642		
Liabilities and equity						
Interest-bearing deposits:						
Domestic offices:						
Money market rate accounts	$ 13,882	$ 134	0.96%	$ 11,180	$ 341	3.05%
Savings	966	12	1.22	602	16	2.59
Certificates of deposit of $100,000 & over	2,041	58	2.83	2,827	150	5.30
Other time deposits	6,264	124	1.98	958	59	6.21
Total domestic	23,153	328	1.42	15,567	566	3.61
Foreign offices:						
Banks	11,801	184	1.56	9,720	358	3.69
Government and official institutions	1,420	25	1.75	1,108	45	4.03
Other	55,539	1,228	2.21	39,492	1,409	3.57
Total foreign	68,760	1,437	2.09	50,320	1,812	3.60
Total interest-bearing deposits	91,913	1,765	1.92	65,887	2,378	3.63
Federal funds purchased and securities under repurchase agreements	4,624	46	1.00	2,555	110	4.33
Other borrowed funds:						
Domestic offices	2,289	61	2.67	1,762	76	4.28
Foreign offices	970	29	3.00	761	15	2.02
Total other borrowed funds	3,259	90	2.77	2,523	91	3.59
Borrowings from the Federal Reserve related to ABCP	2,348	53	2.25	-	-	-
Payables to customers and broker-dealers	5,495	69	1.25	5,113	177	3.47
Long-term debt	16,353	642	3.93	12,327	669	5.43
Total interest-bearing liabilities	$123,992	$ 2,665	2.15%	$ 88,405	$ 3,425	3.87%
Total noninterest-bearing deposits	33,724			21,400		
Other liabilities	20,979			17,079		
Liabilities of discontinued operations	2,441			1,395		
Total liabilities	181,136			128,279		
Total shareholders' equity	28,704			20,234		
Noncontrolling interest	117			129		
Total equity	28,821			20,363		
Total liabilities and equity	$209,957			$148,642		
Net interest margin – taxable equivalent basis			1.89% *(c)*			2.05%
Percentage of assets attributable to foreign offices *(f)*	35%			37%		
Percentage of liabilities attributable to foreign offices	36			37		

(a) Presented on a continuing operations basis even though the balance sheet is not restated for discontinued operations. Average balances and rates are impacted by allocations made to match assets of discontinued operations with liabilities of discontinued operations.

(b) Results for 2007 include six months of BNY Mellon and six months of legacy The Bank of New York Company, Inc.

(c) Includes the impact of the SILO/LILO charge in 2008. Excluding these charges, the domestic offices' non-margin commercial loan rate would have been 3.09%, the total non-margin loan rate would have been 3.68%, the interest-earning assets rate would have been 3.96% and the net interest margin would have been 2.21%.

(d) Includes fees of $35 million in 2008 and $32 million in 2007. Nonaccrual loans are included in the average loan balance; the associated income, recognized on the cash basis, is included in interest.

(e) The tax equivalent adjustments were $21 million in 2008 and $12 million in 2007, and are based on the federal statutory tax rate (35%) and applicable state and local taxes.

(f) Includes the Cayman Islands branch office.

Results of Operations (continued)

Noninterest expense

Noninterest expense (dollars in millions)	2009	2008	2007 (a)	2009 vs. 2008	2008 vs. 2007
Staff:					
Compensation	**$ 2,985**	$ 3,242	$ 2,464	**(8)%**	32%
Incentives	**996**	1,247	1,111	**(20)**	12
Employee benefits	**719**	700	551	**3**	27
Total staff	**4,700**	5,189 *(b)*	4,126 *(b)*	**(9)**	26
Professional, legal and other purchased services	**1,017**	1,021 *(b)*	760 *(b)*	**-**	34
Net occupancy	**564**	570	447	**(1)**	28
Distribution and servicing	**426**	517	268	**(18)**	93
Software	**367**	331	280	**11**	18
Sub-custodian and clearing	**320**	335 *(c)*	406 *(c)*	**(4)**	(17)
Furniture and equipment	**309**	323	266	**(4)**	21
Business development	**214**	278	189	**(23)**	47
Other	**791**	928	631	**(15)**	47
Subtotal	**8,708**	9,492	7,373	**(8)**	29
Support agreement charges	**(15)**	894	3	**N/M**	N/M
FDIC special assessment	**61**	-	-	**N/M**	N/M
Restructuring charges	**150**	181	-	**(17)**	N/M
Amortization of intangible assets	**426**	473	314	**(10)**	51
Merger and integration expenses:					
The Bank of New York Mellon Corporation	**233**	471	355	**(51)**	33
Acquired Corporate Trust Business	**-**	12	49	**N/M**	N/M
Total noninterest expense	**$ 9,563**	$11,523	$ 8,094	**(17)%**	42%
Total staff expense as a percentage of total revenue *(d)*	**61%**	38%	37%		
Employees at period end	**42,200**	42,500	41,200	**(1)%**	3%

(a) Results for 2007 include six months of BNY Mellon and six months of legacy The Bank of New York Company, Inc.

(b) In 2009, certain temporary/consulting expenses were reclassified from professional, legal and other purchased services to staff expense. This reclassification totaled $100 million in 2008 and $19 million in 2007.

(c) In 2009, global sub-custodian out-of-pocket expense related to client reimbursements was reclassified from sub-custodian expense to asset servicing revenue. This reclassification totaled $22 million in 2008 and $23 million in 2007.

(d) Excluding investment securities gains (losses) and the 2008 SILO/LILO charges, total staff expense as a percentage of total revenue (Non-GAAP) was 36% in 2009, 33% in 2008 and 36% in 2007.

Total noninterest expense decreased $2.0 billion, or 17%, compared with 2008 reflecting: lower support agreement charges; an 8% decrease in compensation expense and a 20% decrease in incentive expense, driven by strong expense control; merger-related synergies and a stronger U.S. dollar in 2009.

Staff expense

Given our mix of fee-based businesses, which are staffed with high quality professionals, staff expense comprised approximately 54% of total noninterest expense, excluding support agreement charges, FDIC special assessment, restructuring charges, amortization of intangible assets and M&I expenses.

Staff expense is comprised of:

- compensation expense, which includes:
  - base salary expense, primarily driven by headcount;
  - the cost of temporary help and overtime; and
  - severance expense;
- incentive expense, which includes:
  - additional compensation earned under a wide range of sales commission and incentive plans designed to reward a combination of individual, business unit and corporate performance goals; as well as
  - stock-based compensation expense; and
- employee benefit expense, primarily medical benefits, payroll taxes, pension and other retirement benefits.

The decrease in staff expense compared with 2008 reflects lower compensation expense which was driven by the workforce reduction program announced in 2008 and the relocation of positions to lower cost locations. The decrease in incentive expense primarily resulted from lower incentive expense in every business segment, reflecting the decreased operating results in the segments.

Results of Operations (continued)

Non-staff expense

Non-staff expense includes certain expenses that vary with the levels of business activity and levels of expensed business investments, fixed infrastructure costs and expenses associated with corporate activities related to technology, compliance, productivity initiatives and corporate development.

Non-staff expense, excluding support agreement charges, FDIC special assessment, restructuring charges, amortization of intangible assets and M&I expense totaled $4.0 billion in 2009 compared with $4.3 billion in 2008. The decrease primarily reflects declines in nearly every expense category. The decreases in non-staff expense reflect overall expense control. The decrease in other expense also reflects charges recorded in 2008 related to credit monitoring charges for lost tapes and the write-down of seed capital investments related to a formerly affiliated hedge fund manager.

For additional information on support agreements, see the Support agreements section.

For additional information on the FDIC special assessment, see the Impact of the current market environment on our business and regulatory events section.

As part of an ongoing effort to improve efficiency and develop a global operating model that provides the highest quality of service to our clients, BNY Mellon continues to execute on its global location strategy. This strategy includes migrating positions to our global growth centers and the elimination of certain positions.

In 2009, we recorded a pre-tax restructuring charge of $139 million related to our global location strategy. This charge was comprised of $102 million for severance costs and $37 million for asset write-offs and other costs. We also recorded additional pre-tax restructuring charges of $11 million associated with our workforce reduction program announced in 2008. See Note 13 of the Notes to Consolidated Financial Statements for additional information regarding restructuring charges.

In 2009, we incurred $233 million of M&I expenses related to the merger with Mellon Financial, comprised of the following:

- Integration/conversion costs – including consulting, system conversions and staff ($160 million);
- Personnel related costs – including severance, retention, relocation expenses, accelerated vesting of stock options and restricted stock expense ($57 million); and
- One-time costs – including facilities related costs, asset write-offs, vendor contract modifications, rebranding and net gains and losses on disposals ($16 million).

2008 compared with 2007

Total noninterest expense was $11.5 billion in 2008, an increase of $3.4 billion or 42% compared with 2007. The increase primarily reflects the merger with Mellon Financial partially offset by the sale of the execution businesses and also included the following activity:

- an $894 million charge related to support agreements related to BNY Mellon’s voluntary support of clients invested in money market mutual funds, cash sweep funds and similar collective funds, managed by our affiliates, impacted by the bankruptcy of Lehman Brothers Holdings, Inc. (“Lehman”);
- the acquisition of the remaining 50% interest in BNY Mellon Asset Servicing B.V. in the fourth quarter of 2007;
- a $181 million restructuring charge related to our global workforce reduction program;
- a $50 million charge related to credit monitoring for lost tapes; and
- M&I expenses of $471 million related to the merger with Mellon Financial, comprised of the following: integration/conversion costs ($302 million); personnel related costs ($151 million); and one-time costs ($18 million).

Income taxes

BNY Mellon recorded an income tax benefit, on a continuing operations basis, of $1.4 billion (63.2% effective tax rate) in 2009 compared to tax provisions of $491 million (25.2% effective tax rate) in 2008 and $987 million (30.7% effective tax rate) in 2007. The 2009 effective tax rate on our loss from continuing operations is higher than the 35% federal statutory rate because of additional tax benefits from a tax loss on mortgages, the final SILO/LILO tax settlement, investment securities losses and a higher proportion of lower taxed foreign earnings. The lower effective tax rate in 2008 compared with 2007 primarily resulted from lower domestic earnings and a higher proportion of income earned in lower taxed foreign jurisdictions.

Excluding the impact of investment securities losses, M&I expenses, FDIC special assessment, restructuring charges and benefits from discrete tax items primarily related to a tax loss on mortgages and tax settlements, the effective tax rate for 2009 was 29.8%. Excluding the impact of investment securities losses, M&I expenses, restructuring charges, support agreement charges and the SILO/LILO/tax settlement, the effective tax rate for 2008 was 32.8%. Excluding the impact of the investment securities losses and M&I expenses, the effective tax rate for 2007 was 32.3%.

Income of certain foreign subsidiaries is not currently subject to U.S. income tax as a result of the active financing deferral provision. This provision expired for tax years beginning on Jan. 1, 2010. Absent an extension, income that qualifies for the active financing provision may require U.S. tax to be recorded. BNY Mellon is in the process of evaluating the impact if the law is not extended.

Extraordinary loss - consolidation of commercial paper conduits

At the end of 2008 and 2007, we called the first loss notes of Old Slip and TRFC, respectively, making us the primary beneficiary and triggering the consolidation of these commercial paper conduits. The consolidation of these conduits resulted in the recognition of extraordinary losses (non-cash accounting charges) of $26 million after-tax, or $0.02 per common share in 2008, associated with Old Slip, and $180 million after-tax, or $0.19 per common share in 2007, associated with TRFC.

Business segments review

The results of our business segments are presented and analyzed along the following business lines:

- Asset Management
- Wealth Management
- Asset Servicing
- Issuer Services
- Clearing Services
- Treasury Services
- Other

We have an internal information system that produces performance data for our seven business segments along product and service lines.

For information on the accounting principles of our business segments, the primary types of revenue generated by each segment and the basis on which our segments are reported and analyzed, see Note 28 of the Notes to Consolidated Financial Statements.

Our business segments continued to face a difficult operating environment in 2009. Lower equity markets and decreases in corporate actions and fixed income issuances in 2009 significantly and adversely impacted revenues in our asset and wealth management and securities servicing businesses. New business across these segments partially offset the adverse impact of the markets. Fee waivers and lower money market related distribution fees in 2009 decreased revenue in the Asset Management, Issuer Services and Clearing Services segments. The low interest rate environment in 2009, compared with 2008, as well as a decline in the value of interest-free balances and narrowing spreads resulted in lower net interest revenue in the Asset Servicing and Treasury Services segments. Net interest revenue in 2008 included SILO/LILO charges of $489 million which were recorded in the Other segment.

Investment securities losses in 2009, 2008 and 2007 were primarily recorded in the Other segment. Strong expense control and the impact of merger-related synergies resulted in lower noninterest expense in every segment compared with 2008. Also in 2008, we elected to support clients impacted by the Lehman bankruptcy, as well as clients impacted by the declining value of certain structured investment vehicle (“SIV”) securities. These support agreements had a significant impact on the 2008 results of the Asset Management and Asset Servicing segments. Restructuring charges recorded in 2009 and 2008 were recorded in the Other segment. In addition, M&I expenses are a corporate level item and are therefore recorded in the Other segment.

The merger with Mellon Financial had a considerable impact on the comparison of business segment results from 2008 to 2007. The merger significantly impacted the Asset Management, Wealth Management and Asset Servicing segments and, to a lesser extent, the Issuer Services, Treasury Services and the Other segments.

The following table presents the value of certain market indices at period end and on an average basis.

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Results of Operations (continued)

Market indices				Increase/(Decrease)	
	2009	2008	2007	**2009 vs. 2008**	2008 vs. 2007
S&P 500 Index *(a)*	**1115**	903	1468	**23%**	(38)%
S&P 500 Index – daily average	**948**	1221	1477	**(22)**	(17)
FTSE 100 Index *(a)*	**5413**	4434	6457	**22**	(31)
FTSE 100 Index – daily average	**4568**	5368	6403	**(15)**	(16)
NASDAQ Composite Index *(a)*	**2269**	1577	2652	**44**	(41)
Lehman Brothers Aggregate Bond SM Index *(a)*	**301**	275	258	**9**	7
MSCI EAFE ® Index *(a)*	**1581**	1237	2253	**28**	(45)
NYSE Share Volume *(in billions)*	**549**	660	532	**(17)**	24
NASDAQ Share Volume *(in billions)*	**564**	577	540	**(2)**	7

(a) Period end.

On a daily average basis, the S&P 500 Index decreased 22% and the FTSE 100 Index decreased 15% in 2009 versus 2008. The period end S&P 500 Index increased 23% at Dec. 31, 2009 versus Dec. 31, 2008. The period end FTSE 100 Index increased 22% at Dec. 31, 2009 versus Dec. 31, 2008. The period end NASDAQ Composite Index increased 44% at Dec. 31, 2009 versus Dec. 31, 2008. Average daily U.S. fixed-income trading volume was down 23% in 2009 compared with 2008. Total debt issuances decreased 11% in 2009 compared with 2008.

The changes in the value of market indices impact fee revenue in the Asset and Wealth Management segments and our securities servicing businesses. At Dec. 31, 2009, using the S&P 500 Index as a proxy for the equity markets, we estimate that a 100 point change in the value of the S&P 500 Index, sustained for one year, would impact fee revenue by approximately 1-2% and fully diluted earnings per common share on a continuing operations basis by $0.06-$0.07.

The following consolidating schedules show the contribution of our segments to our overall profitability. Business segments are reported on a continuing operations basis for all periods presented.

For the year ended Dec. 31, 2009 *(dollars in millions)*	**Asset Management**	**Wealth Management**	**Total Asset and Wealth Management Sector**	**Asset Servicing**	**Issuer Services**	**Clearing Services**	**Treasury Services**	**Total Institutional Services Sector**	**Other Segment**	**Total Continuing Operations**
Fee and other revenue	**$ 2,280**	**$ 578**	**$ 2,858**	**$ 3,369**	**$ 1,611**	**$ 1,190**	**$ 878**	**$ 7,048**	**$ (5,134)**	**$ 4,772**
Net interest revenue	**31**	**194**	**225**	**892**	**768**	**340**	**616**	**2,616**	**74**	**2,915**
Total revenue	**$ 2,311**	**$ 772**	**$ 3,083**	**$ 4,261**	**$ 2,379**	**$ 1,530**	**$ 1,494**	**9,664**	**(5,060)**	**7,687**
Provision for credit losses	**-**	**1**	**1**	**-**	**-**	**-**	**-**	**-**	**331**	**332**
Noninterest expense	**1,948**	**578**	**2,526**	**2,941**	**1,302**	**1,021**	**794**	**6,058**	**979**	**9,563**
Income before taxes	**$ 363**	**$ 193**	**$ 556**	**$ 1,320**	**$ 1,077**	**$ 509**	**$ 700**	**$ 3,606**	**$ (6,370)**	**$ (2,208)**
Pre-tax operating margin *(a)*	**16%**	**25%**	**18%**	**31%**	**45%**	**33%**	**47%**	**37%**	**N/M**	**N/M**
Average assets	**$ 12,567**	**$ 9,278**	**$ 21,845**	**$ 60,804**	**$ 50,746**	**$ 18,455**	**$ 26,046**	**$ 156,051**	**$ 32,043**	**$ 209,939***(b)*
Excluding intangible amortization:										
Noninterest expense	**$ 1,729**	**$ 533**	**$ 2,262**	**$ 2,913**	**$ 1,221**	**$ 994**	**$ 769**	**$ 5,897**	**$ 978**	**$ 9,137**
Income before taxes	**582**	**238**	**820**	**1,348**	**1,158**	**536**	**725**	**3,767**	**(6,369)**	**(1,782)**
Pre-tax operating margin *(a)*	**25%**	**31%**	**27%**	**32%**	**49%**	**35%**	**49%**	**39%**	**N/M**	**N/M**

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Results of Operations (continued)

For the year ended Dec. 31, 2008 (dollars in millions)	Asset Management	Wealth Management	Total Asset and Wealth Management Sector	Asset Servicing	Issuer Services	Clearing Services	Treasury Services	Total Institutional Services Sector	Other Segment	Total Continuing Operations
Fee and other revenue	$ 2,794	$ 624	$ 3,418	$ 4,416	$ 1,851	$ 1,292	$ 977	$ 8,536	$ (1,240)	$ 10,714
Net interest revenue	75	200	275	1,086	710	321	730	2,847	(263)	2,859
Total revenue	2,869	824	3,693	5,502	2,561	1,613	1,707	11,383	(1,503)	13,573
Provision for credit losses	-	-	-	-	-	-	-	-	104	104
Noninterest expense	2,641	634	3,275	3,783	1,413	1,130	840	7,166	1,082	11,523
Income before taxes	$ 228	$ 190	$ 418	$ 1,719	$ 1,148	$ 483	$ 867	$ 4,217	$ (2,689)	$ 1,946
Pre-tax operating margin *(a)*	8%	23%	11%	31%	45%	30%	51%	37%	N/M	14%
Average assets	$ 13,267	$ 10,044	$ 23,311	$ 59,150	$ 35,169	$ 18,358	$ 25,603	$ 138,280	$ 45,925	$ 207,516 *(b)*
Excluding intangible amortization:										
Noninterest expense	$ 2,386	$ 580	$ 2,966	$ 3,759	$ 1,332	$ 1,104	$ 813	$ 7,008	$ 1,076	$ 11,050
Income before taxes	483	244	727	1,743	1,229	509	894	4,375	(2,683)	2,419
Pre-tax operating margin *(a)*	17%	30%	20%	32%	48%	32%	52%	38%	N/M	18%

For the year ended Dec. 31, 2007 *(c)* (dollars in millions)	Asset Management	Wealth Management	Total Asset and Wealth Management Sector	Asset Servicing	Issuer Services	Clearing Services	Treasury Services	Total Institutional Services Sector	Other Segment	Total Continuing Operations
Fee and other revenue	$ 1,872	$ 423	$ 2,295	$ 2,957	$ 1,660	$ 1,130	$ 741	$ 6,488	$ 270	$ 9,053
Net interest revenue	10	111	121	693	567	303	521	2,084	40	2,245
Total revenue	1,882	534	2,416	3,650	2,227	1,433	1,262	8,572	310	11,298
Provision for credit losses	-	-	-	-	-	-	-	-	(11)	(11)
Noninterest expense	1,372	413	1,785	2,497	1,159	1,047	663	5,366	943	8,094
Income before taxes	$ 510	$ 121	$ 631	$ 1,153	$ 1,068	$ 386	$ 599	$ 3,206	$ (622)	$ 3,215
Pre-tax operating margin *(a)*	27%	23%	26%	32%	48%	27%	47%	37%	N/M	28%
Average assets	$ 7,636	$ 5,702	$ 13,338	$ 38,016	$ 25,658	$ 14,967	$ 18,497	$ 97,138	$ 36,771	$ 147,247 *(b)*
Excluding intangible amortization:										
Noninterest expense	$ 1,226	$ 385	$ 1,611	$ 2,482	$ 1,084	$ 1,023	$ 649	$ 5,238	$ 931	$ 7,780
Income before taxes	656	149	805	1,168	1,143	410	613	3,334	(610)	3,529
Pre-tax operating margin *(a)*	35%	28%	33%	32%	51%	29%	49%	39%	N/M	31%

(a) Income before taxes divided by total revenue.
(b) Including average assets of discontinued operations of $2,188 million in 2009, $2,441 million in 2008 and $1,395 million in 2007, consolidated average assets were $212,127 million in 2009, $209,957 million in 2008 and $148,642 million in 2007.
(c) Results for 2007 include six months of BNY Mellon and six months of legacy The Bank of New York Company, Inc.

Asset and Wealth Management Sector

Asset and Wealth Management fee revenue is dependent on the overall level and mix of AUM and the management fees expressed in basis points (one-hundredth of one percent) charged for managing those assets. Assets under management were $1.1 trillion at Dec. 31, 2009, an increase of 20% compared with $928 billion at Dec. 31, 2008. The increase primarily reflects the Insight acquisition and market appreciation, offset in part by money market outflows.

The overall level of AUM for a given period is determined by:

- the beginning level of AUM;
- the net flows of new assets during the period resulting from new business wins and existing client enrichments reduced by the loss of clients and withdrawals; and
- the impact of market price appreciation or depreciation, the impact of any acquisitions or divestitures and foreign exchange rates.

These components are shown in the changes in market value of AUM table below. The mix of AUM is determined principally by client asset allocation decisions among equities, fixed income, alternative investments and overlay, and money market products. The trend of this mix is shown in the AUM at period end, by product type, table below.

Managed equity assets typically generate higher percentage fees than money market and fixed-income assets. Also, actively managed assets typically generate higher management fees than indexed or passively managed assets of the same type.

Management fees are typically subject to fee schedules based on the overall level of assets managed for a single client or by individual asset class and style. This is most prevalent for institutional assets where amounts we manage for individual clients are typically large.

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Results of Operations (continued)

A key driver of organic growth in asset and wealth management fees is the amount of net new AUM flows. Overall market conditions are also key drivers with a key long-term economic driver being the growth rate of financial assets as measured by the Board of Governors of the Federal Reserve System ("Federal Reserve"). This measure encompasses both net flows and market appreciation or depreciation in the U.S. markets overall.

Performance fees, included in asset and wealth management fee revenue on the income statement, are earned in the Asset and Wealth Management sector. These fees are generally calculated as a percentage of a portfolio's performance in excess of a benchmark index or a peer group's performance.

AUM at period-end, by product type

(in billions)	**2009**	2008	2007	2006 *(a)*	2005 *(a)*
Money market	**$ 360**	$402	$ 296	$ 38	$ 33
Equity securities	**339**	270	460	39	37
Fixed income securities	**235**	168	218	21	20
Alternative investments and overlay	**181**	88	147	44	25
Total AUM	**$1,115**	$928	$1,121	$ 142	$ 115

(a) Results for 2006 and 2005 include legacy The Bank of New York Company, Inc. only.

AUM at period-end, by client type

(in billions)	**2009**	2008	2007	2006 *(a)*	2005 *(a)*
Institutional	**$ 611**	$445	$ 671	$ 105	$ 82
Mutual funds	**416**	400	349	15	11
Private client	**88**	83	101	22	22
Total AUM	**$1,115**	$928	$1,121	$ 142	$ 115

(a) Results for 2006 and 2005 include legacy The Bank of New York Company, Inc. only.

Changes in market value of AUM from Dec. 31, 2008 to Dec. 31, 2009 - by business segment

	Asset Management	Wealth Management	Total
Market value of AUM at Dec. 31, 2008	$ 859	$ 69	$ 928
Net inflows (outflows):			
Long-term	(9)	3	(6)
Money market	(49)	-	(49)
Total net inflows (outflows)	(58)	3	(55)
Net market/currency impact	92	3	95
Acquisitions	147	-	147
Market value of AUM at Dec. 31, 2009	**$ 1,040** *(a)*	**$ 75** *(b)*	**$1,115**

(a) Excludes $5 billion subadvised for the Wealth Management segment.
(b) Excludes private client assets managed in the Asset Management segment.

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Results of Operations (continued)

Asset Management segment

(dollar amounts in millions, unless otherwise noted)	2009	2008	2009 vs. 2008
Revenue:			
Asset and wealth management:			
Mutual funds	**$1,069**	$1,288	**(17)%**
Institutional clients	**780**	1,052	**(26)**
Private clients	**135**	170	**(21)**
Performance fees	**93**	83	**12**
Total asset and wealth manageme revenue	**2,077**	2,593	**(20)**
Distribution and servicing	**350**	371	**(6)**
Other	**(147)**	(170)	**N/M**
Total fee and other revenue	**2,280**	2,794	**(18)**
Net interest revenue	**31**	75	**(59)**
Total revenue	**2,311**	2,869	**(19)**
Noninterest expense (ex. amortization of intangible assets and support agreement charges)	**1,711**	2,051	**(17)**
Income before taxes (ex. amortization of intangible assets and support agreement charges)	**600**	818	**(27)**
Amortization of intangible assets	**219**	255	**(14)**
Support agreement charges	**18**	335	**N/M**
Income before taxes	**$ 363**	$ 228	**59%**
Memo: Income before taxes (ex. amortization of intangible assets)	**$ 582**	$ 483	**21%**
Pre-tax operating margin	**16%**	8%	
Pre-tax operating margin (ex. amortization of intangible assets) *(a)*	**25%**	17%	
AUM *(in billions) (b)*	**$1,045**	$ 862	**21%**
AUM inflows (outflows) *(in billions)* :			

products internationally, and the Dreyfus Corporation and its affiliates, which are responsible for U.S. distribution of retail mutual funds, separate accounts and annuities. We are one of the world's largest asset managers with a top 10 position in both the U.S. and Europe and 11 th position globally.

The results of the Asset Management segment are mainly driven by the period end and average levels of assets managed as well as the mix of those assets, as previously shown. Results for this segment are also impacted by sales of fee-based products such as fixed and variable annuities and separately managed accounts. In addition, performance fees may be generated when the investment performance exceeds various benchmarks and satisfies other criteria. Expenses in this segment are mainly driven by staffing costs, incentives, distribution and servicing expense, and product distribution costs.

In November 2009, we acquired Insight Investment Management Limited ("Insight") for £235 million ($377 million of cash and stock). Based in London, Insight specializes in liability-driven investment solutions, active fixed income and absolute return. Its clients include some of the UK's largest pension schemes, corporates, insurance companies and local authorities, along with a growing number of non-UK clients and some of the best-known financial services and intermediary companies. At acquisition, Insight had approximately $138 billion in assets under management.

Also, in November 2009, BNY Mellon acquired a 20% minority interest in Siguler Guff & Company, LLC (and certain related entities), a multi-strategy private equity firm with approximately $8 billion in assets under management and committed capital.

Review of financial results

In 2009, Asset Management had pre-tax income of $363 million compared with $228 million in 2008. Excluding amortization of intangible assets and support agreement charges, pre-tax income was $600 million in 2009 compared with $818 million in 2008. Results for 2009 reflect lower fee revenue, partially offset by strong expense control.

Asset and wealth management revenue in the Asset Management segment was $2.1 billion in 2009 compared with $2.6 billion in 2008. The decrease reflects weakness in global equity market values for most of 2009, outflows of money market investments, higher fee waivers, a stronger U.S. dollar and the

Long-term *(in billions)*	**(9)**	(45)
Money market *(in billions)*	**(49)**	92

(a) The pre-tax operating margin, excluding amortization of intangible assets, support agreement charges and investment securities losses was 30% for 2008 and 28% for 2009.

(b) Includes $5 billion and $3 billion subadvised for the Wealth Management segment, respectively.

Business description

BNY Mellon Asset Management is the umbrella organization for our affiliated investment management boutiques and is responsible, through various subsidiaries, for U.S. and non-U.S. retail, intermediary and institutional distribution of investment management and related services. The investment management boutiques offer a broad range of equity, fixed income, cash and alternative/overlay products. In addition to the investment subsidiaries, BNY Mellon Asset Management includes BNY Mellon Asset Management International, which is responsible for the distribution of investment management

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Results of Operations (continued)

divestiture of three small investment boutiques in 2009, partially offset by the impact of the Insight acquisition in the fourth quarter of 2009. Despite the challenging market environment, our investment boutiques have had stronger investment performance.

In 2009, 51% of asset and wealth management fees in the Asset Management segment were generated from managed mutual fund fees. These fees are based on the daily average net assets of each fund and the basis point management fee paid by that fund. Managed mutual fund fee revenue was $1.1 billion in 2009 compared with $1.3 billion in 2008. The decrease resulted from lower market values during 2009, outflows in treasury/government money market funds reflecting higher fee waivers and the low level of interest rates.

Distribution and servicing fees were $350 million in 2009 compared with $371 million in 2008. The decrease resulted from lower redemptions in 2009 and a decrease in money market inflows.

Other fee revenue was a loss of $147 million in 2009 compared with a loss of $170 million in 2008 and includes $78 million of securities losses in both periods. The improvement was due to changes in the market value of seed capital investments.

Revenue generated in the Asset Management segment includes 41% from non-U.S. sources in both 2009 and 2008. Excluding OTTI, the Non-U.S. revenue is 43% in 2009 compared with 40% in 2008.

Noninterest expense (excluding amortization of intangible assets and support agreement charges) was $1.7 billion in 2009 compared with $2.1 billion in 2008. The decrease primarily resulted from staff reductions, efficient expense management, the consolidation of investment processes and a stronger U.S. dollar. Staff expense and incentive expense decreased 14% and 17%, respectively compared with 2008. The impact of the Insight acquisition on expenses was primarily offset by divestitures.

Support agreement charges in 2009 primarily reflect the final charge for four Dreyfus money market funds support agreements entered into in 2008. The support agreement charges in 2008 related to commingled cash funds and money market funds.

2008 compared with 2007

Income before taxes was $228 million in 2008, compared with $510 million in 2007. Income before taxes (excluding amortization of intangible assets and support agreement charges) was $818 million in 2008 compared with $656 million in 2007. Fee and other revenue increased $922 million, primarily due to the merger with Mellon Financial and strength in money market inflows, which more than offset lower market values, long-term outflows and a stronger U.S. dollar. The increase was partially offset by lower other fee revenue principally due to seed capital investment losses and write-downs related to securities previously purchased from funds managed by the investment boutiques. Noninterest expense (excluding amortization of intangible assets and support agreement charges) increased $825 million in 2008 compared with 2007 primarily due to the merger with Mellon Financial, the acquisition of ARX Capital Management and the write-down of seed capital investments related to a formerly affiliated hedge fund manager, partially offset by overall expense management efforts.

Wealth Management segment

(dollar amounts in millions, unless otherwise noted)	**2009**	2008	**2009 vs. 2008**
Revenue:			
Asset and wealth management	**$ 519**	$ 563	**(8)%**
Other	**59**	61	**(3)**
Total fee and other revenue	**578**	624	**(7)**
Net interest revenue	**194**	200	**(3)**
Total revenue	**772**	824	**(6)**
Provision for credit losses	**1**	-	**N/M**
Noninterest expense (ex. amortization of intangible assets and support agreement charges)	**533**	565	**(6)**
Income before taxes (ex. amortization of intangible assets and support agreement charges)	**238**	259	**(8)**
Amortization of intangible assets	**45**	54	**(17)**
Support agreement charges	**-**	15	**N/M**
Income before taxes	**$ 193**	$ 190	**2%**
Memo: Income before taxes (ex. amortization of intangible			

assets)	**$ 238**	$ 244	**(2)%**
Pre-tax operating margin	**25%**	23%	
Pre-tax operating margin (ex. amortization of intangible assets)	**31%**	30%	
Average loans	**$5,821**	$ 4,938	**18%**
Average assets	**9,278**	10,044	**(8)**
Average deposits	**6,772**	7,554	**(10)**
Market value of total client assets under management and custody at period-end *(in billions)*	**$ 154**	$ 139	**11%**

Results of Operations (continued)

Business description

In the Wealth Management segment, we offer a full array of investment management, wealth and estate planning and private banking solutions to help clients protect, grow and transfer their wealth. Clients include high net worth individuals, families, endowments and foundations and related entities. BNY Mellon Wealth Management is a top ten U.S. wealth manager with $154 billion in client assets. We serve our clients through an expansive network of office sites in 17 states and 3 countries, including 16 of the top 25 domestic wealth markets.

The results of the Wealth Management segment are driven by the level and mix of assets managed and under custody, and the level of activity in client accounts. Net interest revenue is determined by the level of interest rate spread between loans and deposits. Expenses of this segment are driven mainly by staff expense in the investment management, sales, service and support groups.

Review of financial results

Income before taxes was $193 million in 2009 compared with $190 million in 2008. Income before taxes (excluding amortization of intangible assets and support agreement charges) was $238 million in 2009 compared with $259 million in 2008. Results compared with 2008 reflect new business and strong expense control, which was offset by unfavorable market conditions during most of 2009.

Total fee and other revenue was $578 million in 2009 compared with $624 million in 2008. Organic growth was more than offset by lower average equity market levels and lower capital market fees.

Client assets under management and custody were $154 billion at Dec. 31, 2009, an increase of $15 billion, or 11%, compared with $139 billion at Dec. 31, 2008. The increase was due to higher period end market levels and positive asset flows. Wealth management has generated 16 consecutive quarters of positive long-term asset flows.

Net interest revenue decreased $6 million in 2009 compared with 2008. The impact of high quality loan growth was more than offset by deposit spread tightening due to the low interest rate environment. Average loan levels were up $883 million, or 18%, due to net new business and growth in the mortgage portfolio.

Noninterest expense (excluding amortization of intangible assets and support agreement charges) decreased $32 million, or 6%, compared with 2008, primarily reflecting savings due to workforce reductions, strong expense control and the impact of merger-related synergies.

2008 compared with 2007

Income before taxes was $190 million in 2008 compared with $121 million in 2007. Income before taxes (excluding amortization of intangible assets and support agreement charges), increased $110 million. Fee and other revenue increased $201 million due to the merger with Mellon Financial, record new business, organic growth and higher capital markets related fees, partially offset by sharp declines in the equity markets in 2008. Net interest revenue increased $89 million as a result of the merger with Mellon Financial, higher deposit levels, improved deposit spreads and higher loan levels due to growth in the mortgage portfolio. Noninterest expense (excluding amortization of intangible assets and support agreement charges) increased $180 million due to the merger with Mellon Financial and the annual merit salary increase, partially offset by merger-related synergies and strong expense control.

Institutional Services Sector

As of Dec. 31, 2009, our assets under custody and administration totaled $22.3 trillion, a 10% increase from $20.2 trillion at Dec. 31, 2008. The increase in assets under custody and administration primarily reflects higher market values and new business wins. Equity securities were 32% and fixed-income securities were 68% of the market value of assets under custody and administration at Dec. 31, 2009, compared with 25% equity securities and 75% fixed-income securities at Dec. 31, 2008. The shift in composition of assets under custody from Dec. 31, 2008 to Dec. 31, 2009 was primarily due to an increase in equity valuations. Assets under custody and administration at Dec. 31, 2009 consisted of assets related to the custody, mutual funds, and corporate trust businesses of $18.2 trillion, broker-dealer services assets of $2.6 trillion, and all other assets of $1.5 trillion.

Market value of securities on loan at Dec. 31, 2009 decreased to $247 billion from $326 billion at Dec. 31, 2008. The decrease reflects de-leveraging in the financial markets.

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Results of Operations (continued)

In February 2010, we announced a definitive agreement to acquire Global Investment Servicing, Inc. from PNC. See the 2009 and subsequent events section for additional information.

Assets under custody and administration trend

	2009	2008	2007	2006 *(a)*	2005 *(a)*
Market value of assets under custody and administration at period-end *(in trillions) (b)*	**$22.3**	$20.2	$23.1	$ 15.5	$ 11.4
Market value of securities on loan at period-end *(in billions) (c)*	**$ 247**	$ 326	$ 633	$ 399	$ 311

(a) Results for 2006 and 2005 include legacy The Bank of New York Company, Inc. only.
(b) Includes the assets under custody or administration of CIBC Mellon Global Securities Services Company, a joint venture with the Canadian Imperial Bank of Commerce, of $905 billion at Dec. 31, 2009, $697 billion at Dec. 31, 2008 and $989 billion at Dec. 31, 2007.
(c) Represents the total amount of securities on loan, both cash and non-cash, managed by the Asset Servicing segment.

Asset Servicing segment

(dollar amounts in millions, unless otherwise noted)	**2009**	2008	**2009 vs. 2008**
Revenue:			
Securities servicing fees- asset servicing	**$ 2,215**	$ 2,496	**(11)%**
Securities lending revenue	**221**	717	**(69)**
Foreign exchange and other trading activities	**757**	1,051	**(28)**
Other	**176**	152	**16**
Total fee and other revenue	**3,369**	4,416	**(24)**
Net interest revenue	**892**	1,086	**(18)**
Total revenue	**4,261**	5,502	**(23)**
Noninterest expense (ex. amortization of intangible assets and support agreement charges)	**2,946**	3,218	**(8)**
Income before taxes (ex. amortization of intangible assets and support agreement charges)	**1,315**	2,284	**(42)**
Amortization of intangible assets	**28**	24	**17**
Support agreement charges	**(33)**	541	**N/M**
Income			

Business description

The Asset Servicing segment includes global custody, global fund services, securities lending, global liquidity services, outsourcing, government securities clearance, collateral management and credit-related services and other linked revenues, principally foreign exchange. Clients include corporate and public retirement funds, foundations and endowments and global financial institutions including banks, broker-dealers, investment managers, insurance companies and mutual funds.

The results of the Asset Servicing segment are driven by a number of factors which include the level of transactional activity, the extent of services provided, including custody, accounting, fund administration, daily valuations, performance measurement and risk analytics, securities lending, investment manager backoffice outsourcing, and the market value of assets under administration and custody. Market interest rates impact both securities lending revenue and the earnings on client deposit balances. Broker-dealer fees depend on the level of activity in the fixed income and equity markets and the financing needs of customers, which are typically higher when the equity and fixed-income markets are active. Also, tri-party repo arrangements continue to remain a key revenue driver in broker-dealer services. Foreign exchange trading revenues are influenced by the volume of client transactions and the spread realized on these transactions, market volatility in major currencies, the level of cross-border assets held in custody for clients, the level and nature of underlying cross-border investments and other transactions undertaken by corporate and institutional clients. Segment expenses are principally driven by staffing levels and technology investments necessary to process transaction volumes.

before taxes	**$ 1,320**	$ 1,719	**(23)%**
Memo: Income before taxes ex. amortization of intangible assets	**$ 1,348**	$ 1,743	**(23)%**
Pre-tax operating margin	**31%**	31%	
Pre-tax operating margin (ex. amortization of intangible assets)	**32%**	32%	
Market value of securities on loan at period-end *(in billions)*	**$ 247**	$ 326	**(24)%**
Average assets	**$60,804**	$59,150	**3%**
Average deposits	**52,907**	52,659	**-**

Results of Operations (continued)

We are one of the leading global securities servicing providers with a total of $22.3 trillion of assets under custody and administration at Dec. 31, 2009. We continue to maintain our number one ranking in two major global custody surveys. We are one of the largest providers of fund services in the world, servicing $4.4 trillion in assets. We also service 44% of the funds in the U.S. exchange-traded funds marketplace. We are the largest custodian for U.S. corporate and public pension plans. BNY Mellon Asset Servicing services 46% of the top 50 endowments.

We are a leading custodian in the U.K. and service 30% of U.K. pensions. European asset servicing continues to grow across all products, reflecting significant cross-border investment and capital flow. In securities lending, we are one of the largest lenders of U.S. Treasury securities and depositary receipts and service a lending pool of $2.4 trillion in 30 markets around the world. We are one of the largest global providers of performance and risk analytics with $8.2 trillion in assets under measurement.

Our broker-dealer services business is a leader in global clearance, clearing equity and fixed income transactions in more than 100 markets. We clear over 55% of U.S. Government securities transactions. We are a leading collateral management agent with $1.5 trillion in tri-party balances worldwide at Dec. 31, 2009.

Review of financial results

Income before taxes was $1.3 billion in 2009 compared with $1.7 billion in 2008. Income before taxes, excluding amortization of intangible assets and support agreement charges, was $1.3 billion in 2009 compared with $2.3 billion in 2008. The decrease compared with 2008 reflects lower securities lending revenue and foreign exchange revenue, reflecting the challenging market environment for volume and spread related businesses in 2009, and historically low interest rates, partially offset by strong expense control. Asset servicing continued to win new business in 2009, including $1.2 trillion in 2009.

Total fee and other revenue decreased $1.0 billion in 2009 compared with 2008 driven by lower securities lending revenue, lower foreign exchange and other trading activities and lower market values for most of 2009, and a stronger U.S. dollar. This decrease was partially offset by new business.

Securities lending revenue decreased $496 million compared to 2008. The decrease primarily reflects lower spreads and lower loan balances due to de-leveraging in the financial markets. Spreads decreased 80% at Dec. 31, 2009 compared with Dec. 31, 2008, reflecting normalization to historic levels. The market value of securities on loan decreased $79 billion compared with Dec. 31, 2008.

Foreign exchange and other trading activity decreased $294 million compared with 2008, primarily reflecting a 21% decline in volumes.

Net interest revenue decreased $194 million compared with 2008, primarily driven by lower spreads resulting from the low interest rate environment throughout 2009.

Revenue generated in the Asset Servicing segment includes 37% from non-U.S. sources in 2009 compared with 40% in 2008.

Noninterest expense (excluding amortization of intangible assets and support agreement charges) decreased $272 million compared with 2008. The decrease in expenses primarily reflects a decrease in compensation expense due to lower incentives, strong overall expense control and a stronger U.S. dollar. Incentive expense decreased 36% in 2009 compared with 2008. Partially offsetting the decrease was higher technology expenses.

2008 compared with 2007

Income before taxes was $1.7 billion in 2008, compared with $1.2 billion in 2007. Income before taxes (excluding amortization of intangible assets and support agreement charges) was $2.3 billion in 2008 compared with $1.2 billion in 2007. Fee and other revenue increased $1.5 billion, primarily due to the merger with Mellon Financial, net new business, cross sells and organic growth, higher securities lending revenue and foreign exchange and other trading activities and the impact of the fourth quarter 2007 acquisition of the remaining 50% interest in BNY Mellon Asset Servicing B.V. Net interest revenue increased $393 million primarily driven by the merger with Mellon Financial, strong deposit growth and increased deposit spreads. Noninterest expense (excluding amortization of intangible assets and support agreement charges) increased $739 million primarily due the merger with Mellon Financial, the acquisition of the remaining 50% interest in BNY Mellon Asset Servicing B.V., the 2008 annual merit

Results of Operations (continued)

salary increase, a $38 million operational error and higher operating expenses to support new business. Partially offsetting the increase were merger-related synergies.

Issuer Services segment

(dollar amounts in millions)	2009	2008	2009 vs. 2008
Revenue:			
Securities servicing fees- issuer services	**$ 1,462**	$ 1,684	**(13)%**
Other	**149**	167	**(11)**
Total fee and other revenue	**1,611**	1,851	**(13)**
Net interest revenue	**768**	710	**8**
Total revenue	**2,379**	2,561	**(7)**
Noninterest expense (ex. amortization of intangible assets)	**1,221**	1,332	**(8)**
Income before taxes (ex. amortization of intangible assets)	**1,158**	1,229	**(6)**
Amortization of intangible assets	**81**	81	**-**
Income before taxes	**$ 1,077**	$ 1,148	**(6)%**
Pre-tax operating margin	**45%**	45%	
Pre-tax operating margin (ex. amortization of intangible assets)	**49%**	48%	
Average assets	**$50,746**	$35,169	**44%**
Average deposits	**$45,936**	$30,515	**51%**
Number of depositary receipt programs	**1,330**	1,338	**(1)%**

Business description

The Issuer Services segment provides a diverse array of products and services to global fixed income and equity issuers.

As the world's leading provider of corporate trust and agency services, BNY Mellon services $12 trillion in outstanding debt from 58 locations, in 20 countries. We are the number one provider of corporate trust services for all major debt categories, across conventional, structured credit and specialty debt. We serve as the depositary for 1,330 sponsored American and global depositary receipt programs, acting in partnership with leading companies demutualizations, direct investment, dividend reinvestment, proxy solicitation and employee stock plan administration.

Fee revenue in the Issuer Services segment depends on:

- the volume of issuance of fixed income securities;
- depositary receipts issuance and cancellation volume;
- corporate actions impacting depositary receipts; and
- stock transfer, corporate actions and equity trading volumes.

Expenses in the Issuer Services segment are driven by staff, equipment, and space required to support the services provided by the segment.

Review of financial results

Income before taxes decreased $71 million in 2009 compared with 2008. The results reflect lower fee revenue due to lower global issuances and lower overall corporate actions, partially offset by improved net interest revenue due to higher deposit levels, and ongoing expense control.

Total fee and other revenue decreased $240 million, or 13%, in 2009 compared with 2008, as a result of:

- Corporate Trust revenue – Continued market share gains were more than offset by a 19% decline in global debt issuances in 2009 and lower money market related distribution fees.
- Depositary Receipts revenue – Impacted by lower transaction fees, partially offset by higher corporate action fees and the benefit of new business. In 2009, Depositary Receipts issuances exceeded cancellations by $1.2 billion.
- Shareowner Services revenue – Decreased due to lower overall corporate actions activity and the impact of lower equity values on employee stock option plans fees.

Net interest revenue increased $58 million in 2009 compared with 2008, driven by higher customer deposit balances primarily in Corporate Trust, partially offset by lower spreads. Average deposits were $45.9 billion in 2009 compared with $30.5 billion in 2008.

Revenue generated in the Issuer Services segment includes 40% from non-U.S. sources in both 2009 and 2008.

from 67 countries. In addition to top-ranked transfer agency services, BNY Mellon Shareowner Services offers a comprehensive suite of equity solutions, including record-keeping and corporate actions processing,

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Results of Operations (continued)

Noninterest expense (excluding amortization of intangible assets) decreased $111 million in 2009 compared with 2008 reflecting lower staff expense due to a 21% decrease in incentive expense and credit monitoring charges related to lost tapes recorded in 2008.

2008 compared with 2007

Income before taxes was $1.15 billion in 2008, compared with $1.07 billion in 2007. Fee and other revenue increased $191 million, reflecting growth in Depositary Receipts, Corporate Trust and Shareowner Services fees. Depositary Receipts benefited from increased corporate actions and new business. The increase in Corporate Trust was driven by an increase in non-U.S. Corporate Trust revenue as well as market share gains. The increase in Shareowner Services fees was due to the merger with Mellon Financial and an increased level of revenue from corporate actions. Net interest revenue increased $143 million primarily reflecting a significant increase in deposits in both the Corporate Trust and Shareowner Services businesses, as well as the merger with Mellon Financial. Noninterest expense (excluding intangible amortization) increased $248 million reflecting the merger with Mellon Financial, credit monitoring charges related to lost tapes recorded in Shareowner Services and business growth, partially offset by merger-related synergies.

Clearing Services segment

(dollar amounts in millions, unless otherwise noted)	**2009**	2008	**2009 vs. 2008**
Revenue:			
Securities servicing fees-clearing services	**$ 948**	$ 1,040	**(9)%**
Other	**242**	252	**(4)**
Total fee and other revenue	**1,190**	1,292	**(8)**
Net interest revenue	**340**	321	**6**
Total revenue	**1,530**	1,613	**(5)**
Noninterest expense (ex. amortization of intangible assets)	**994**	1,104	**(10)**
Income before taxes (ex. amortization of intangible assets)	**536**	509	**5**
Amortization of intangible assets	**27**	26	**4**
Income before taxes	**$ 509**	$ 483	**5%**
Pre-tax operating margin	**33%**	30%	
Pre-tax operating margin (ex. amortization of intangible assets)	**35%**	32%	
Average active accounts *(in thousands)*	**4,995**	5,341	**(6)%**
Average assets	**$18,455**	$18,358	**1%**
Average margin loans	**$ 4,326**	$ 5,415	**(20)%**
Average payable to customers and broker-dealers	**$ 5,263**	$ 5,495	**(4)%**

Business description

Our Clearing Services segment consists of Pershing's global clearing and execution business in over 60 markets. Located in 20 offices worldwide, Pershing provides operational support, trading services, flexible technology, an expansive array of investment solutions including managed accounts, mutual funds and cash management, practice management support and service excellence. Pershing takes a consultative approach, working behind the scenes for its more than 1,150 customers who represent approximately five million individual and institutional investors. Pershing serves

a broad array of customers including financial intermediaries, broker-dealers, independent registered investment advisors and hedge fund managers.

Pershing is the enterprise name for Pershing, Pershing Advisor Solutions, Pershing Prime Services, iNautix USA, the Lockwood companies, and international affiliates in Canada, Ireland, the U.K. and Singapore.

Results of Operations (continued)

Revenue in this segment includes fees and commissions from broker-dealer services, registered investment advisor services, prime brokerage services and electronic trading services, which are primarily driven by:

- trading volumes, particularly those related to retail customers;
- overall market levels; and
- the amount of assets under administration.

A substantial amount of revenue in this segment is generated from non-transactional activities, such as asset gathering, mutual funds, money market funds and retirement programs, administration and other services.

Segment expenses are driven by staff, equipment and space required to support the services provided by the segment and the cost of execution and clearance of trades.

Review of financial results

Income before taxes was $509 million in 2009 compared with $483 million in 2008. The increase reflects strong expense control and higher net interest revenue, which helped mitigate the impact of lower market volatility and lower trading volumes. Total fee and other revenue decreased 8% in 2009 compared with 2008. The decrease reflects lower money market related distribution fees and trading volumes. Trading volumes on the New York Stock Exchange (“NYSE”) were down 21% in 2009 compared with 2008.

Net interest revenue increased $19 million compared with 2008, reflecting wider spreads.

Noninterest expense (excluding amortization of intangible assets) decreased $110 million in 2009 compared with 2008, primarily reflecting lower compensation costs and strong expense control. Incentive expense decreased 26% compared with 2008.

2008 compared with 2007

Income before taxes was $483 million in 2008 compared with $386 million in 2007. Total fee and other revenue increased 14% reflecting strong growth in trading activity along with growth in money market mutual funds and record new business resulting from market disruptions in the second half of 2008, partially offset by a settlement received ($28 million) in 2007 for the early termination of a contract. Net interest revenue increased $18 million resulting from higher customer balances and wider spreads. Noninterest expense (excluding amortization of intangible assets) increased $81 million reflecting expenses incurred in support of business growth.

Treasury Services segment

(dollar amounts in millions)	**2009**	2008	**2009 vs. 2008**
Revenue:			
Treasury services	**$ 503**	$ 500	**1%**
Other	**375**	477	**(21)**
Total fee and other revenue	**878**	977	**(10)**
Net interest revenue	**616**	730	**(16)**
Total revenue	**1,494**	1,707	**(12)**
Noninterest expense (ex. amortization of intangible assets)	**769**	813	**(5)**
Income before taxes (ex. amortization of intangible assets)	**725**	894	**(19)**
Amortization of intangible assets	**25**	27	**(7)**
Income before taxes	**$ 700**	$ 867	**(19)%**
Pre-tax operating margin	**47%**	51%	
Pre-tax operating margin (ex. amortization of intangible assets)	**49%**	52%	
Average loans	**$12,435**	$15,744	**(21)%**
Average assets	**26,046**	25,603	**2**
Average deposits	**21,816**	21,470	**2**

Business description

The Treasury Services segment includes cash management solutions, trade finance services, international payment services, global markets, capital markets and liquidity services.

Treasury services revenue is directly influenced by the volume of transactions and payments processed, loan levels, types of service provided, net interest revenue earned from deposit balances generated by activity across our business operations and the value of the credit derivatives portfolio. Treasury services revenue is

indirectly influenced by other factors including market volatility in major currencies and the level and nature of underlying cross-border investments, as well as other transactions undertaken by corporate and institutional clients. Segment expenses are driven by

staff, equipment and space required to support the services provided, as well as operating services in support of volume increases.

Treasury Services offers leading-edge technology, innovative products, and industry expertise to help its clients optimize cash flow, manage liquidity and make payments around the world in more than 100 different countries. We maintain a global network of branches, representative offices and correspondent banks to provide comprehensive payment services including funds transfer, cash management, trade services and liquidity management. We are the fourth largest USD payment processor, processing about 160 thousand, or an average of about $1.6 trillion, global payments daily.

Our corporate lending strategy is to focus on those clients and industries that are major users of securities servicing and treasury services. Revenue from our lending activities is primarily driven by loan levels and spreads over funding costs.

Review of financial results

Income before taxes was $700 million in 2009, compared with $867 million in 2008. Merger-related synergies and strong expense control were more than offset by mark-to-market losses on the credit derivatives portfolio used to economically hedge loans in 2009 and lower net interest revenue.

Total fee and other revenue decreased $99 million in 2009 compared with 2008. The decrease was driven by mark-to-market losses on the credit derivatives portfolio used to economically hedge loans in 2009 due to the credit spread tightening.

The decrease in net interest revenue compared with 2008 primarily reflects lower loan levels and tighter spreads resulting from the low interest rate environment in 2009.

Noninterest expense (excluding amortization of intangible assets) decreased $44 million in 2009 compared with 2008, primarily reflecting merger-related synergies and strong expense control. Incentive expense decreased 8% compared with 2008.

2008 compared with 2007

Income before taxes was $867 million in 2008, compared with $599 million in 2007. Total fee and other revenue increased $236 million reflecting the merger with Mellon Financial as well as higher processing volumes in global payment and cash management services and higher capital markets related revenue. The increase in net interest revenue reflects the merger with Mellon Financial and higher loan and deposit levels. Noninterest expense (excluding intangible amortization) increased $164 million primarily due to the merger with Mellon Financial and business growth.

Other segment

(dollar amounts in millions)	**2009**	2008
Revenue:		
Fee and other revenue	**$ (5,134)**	$ (1,240)
Net interest revenue (expense)	**74**	(263)
Total revenue	**(5,060)**	(1,503)
Provision for credit losses	**331**	104
Noninterest expense (ex. restructuring charges, amortization of intangible assets and M&I expenses)	**595**	412
Income (loss) before taxes (ex. restructuring charges, amortization of intangible assets and M&I expenses)	**(5,986)**	(2,019)
Restructuring charges	**150**	181
Amortization of intangible assets	**1**	6
M&I expenses:		
The Bank of New York Mellon Corporation	**233**	471
Acquired Corporate Trust Business	**-**	12
Total M&I expenses	**233**	483
Income (loss) before taxes	**$ (6,370)**	$ (2,689)
Average assets	**$32,043**	$45,925
Average deposits	**$ 7,203**	$13,441

Business description

In July 2009, we signed a definitive agreement to sell MUNB, our national bank located in Florida. As a result, we adopted discontinued operations accounting for MUNB. This business was formerly included in the Other segment. All prior period results have been restated.

The Other segment primarily includes:

- the results of the leasing portfolio;
- corporate treasury activities, including our investment securities portfolio;
- 33.8% equity interest in BNY ConvergEx; and
- business exits and corporate overhead.

Revenue primarily reflects:

- net interest revenue from the leasing portfolio;
- any residual interest income resulting from transfer pricing algorithms relative to actual results;
- fee and other revenue from corporate and bank-owned life insurance; and
- gains (losses) associated with the valuation of investment securities and other assets.

Noninterest expense includes:

- M&I expenses;
- restructuring charges;
- direct expenses supporting leasing, investing and funding activities; and
- certain corporate overhead not directly attributable to the operations of other segments.

Review of financial results

Income before taxes was a loss of $6.4 billion in 2009 compared with a loss of $2.7 billion in 2008.

The Other segment includes the following activity in 2009:

- a $5.3 billion (pre-tax) loss on investment securities primarily due to the restructuring of the investment securities portfolio, recorded in fee and other revenue;
- a provision for credit losses of $331 million;
- a $61 million (pre-tax) FDIC special assessment, recorded in other expense;
- a $139 million pre-tax restructuring charge relating to our global location strategy; and
- M&I expenses of $233 million associated with the Mellon Financial merger. See Noninterest expense for additional information on M&I expenses.

2008 compared with 2007

Income before taxes was a loss of $2.7 billion in 2008 compared with a loss of $622 million in 2007. Total fee and other revenue decreased primarily due to higher investment securities losses. Net interest revenue decreased primarily due to a $489 million (pre-tax) SILO/ LILO settlement. The provision for credit losses increased reflecting an increase in nonperforming loans as well as higher net charge-offs in 2008.

International operations

Our primary international activities consist of securities servicing, asset management and global payment services.

Our clients include some of the world's largest pension funds and institutions, local authorities, treasuries, family offices and individual investors. Through our global network of offices, we have developed a deep understanding of local requirements and cultural needs and we pride ourselves in providing dedicated service through our multilingual sales, marketing and client service teams.

We conduct business through subsidiaries, branches, and representative offices in 34 countries. We have major operational centers based in Brussels, Cork, Dublin, Luxembourg, Singapore, throughout the United Kingdom including London, Manchester, Brentwood, Edinburgh and Poole, and Chennai and Pune in India.

BNY Mellon is a leading global custodian. At Dec. 31, 2009, our cross-border assets under custody were $8.8 trillion compared with $7.5 trillion at Dec. 31, 2008. This increase primarily reflects higher market values as the FTSE 100 and MSCI EAFE ® indices increased 22% and 28%, respectively.

BNY Mellon Asset Management operates on a multi-boutique model bringing investors the skills of our specialist boutique asset managers, which together manage investments spanning virtually all asset classes.

We are one of the largest global asset managers, ranking 4th in the institutional marketplace and are the 7th largest asset manager active in Europe. Through the acquisition of Insight, we have become a market leader in the field of liability-driven investments.

At Dec. 31, 2009, approximately 32% of BNY Mellon's AUM were managed by our international operations, compared with 18% in 2008. The increase primarily resulted from our 2009 acquisitions of Insight and Siguler Guff and improved market valuations.

We serve as the depositary for 1,330 sponsored American and global depositary receipt programs, acting in partnership with leading companies from 67 countries. As the world's leading provider of

Results of Operations (continued)

corporate trust and agency services, BNY Mellon services $12 trillion in outstanding debt from 58 locations, in 20 countries, for clients including governments and their agencies, multi-national corporations, financial institutions and other entities that access the global debt capital markets. We utilize our global footprint and expertise to deliver a full range of issuer and related investor services including debt trustee, paying agency, escrow, data analyses, document management and other fiduciary offerings.

We have over 50 years of experience providing trade and cash services to financial institutions and central banks outside of the U.S. In addition, we offer a broad range of servicing and fiduciary products to financial institutions, corporations and central banks depending on the state of market development. In emerging markets, we lead with global payments and issuer services, introducing other products as the markets mature. For more established markets, our focus is on global, not local, asset servicing products and alternative investments.

We are a leading provider and major market maker in the area of foreign exchange and interest-rate risk management services, dealing in over 100 currencies.

Our financial results, as well as our level of assets under custody and management, are impacted by the translation of financial results denominated in foreign currencies to the U.S. Dollar. We are primarily impacted by activities denominated in the British Pound, and to a lesser extent, the Euro. If the U.S. Dollar depreciates against these currencies, the translation impact is a higher level of fee revenue, net interest revenue, operating expense and assets under management and custody. Conversely, if the U.S. Dollar appreciates, the translated levels of fee revenue, net interest revenue, operating expense and assets under management and custody will be lower.

Foreign exchange rates for one U.S. Dollar	**2009**	2008	2007
Spot rate (at Dec. 31):			
British pound	**$1.6154**	$1.4626	$1.9844
Euro	**1.4348**	1.3976	1.4594
Yearly average rate:			
British pound	**$1.5659**	$1.8552	$2.0018
Euro	**1.3946**	1.4713	1.3707

International clients accounted for 53% of revenue in 2009 compared with 37% in 2008. Excluding the impact of the net investment securities losses, international clients accounted for 32% of revenue in 2009 compared with 33% in 2008. Income from foreign continuing operations was $1.1 billion in 2009 compared with $1.3 billion in 2008. Excluding the impact of net investment securities losses, international clients accounted for 46% of income from continuing operations in 2009 compared with 39% in 2008, excluding investment securities losses, support agreement charges and SILO/LILO charge.

At Dec. 31, 2009, we had more than 8,000 employees in EMEA, over 5,000 employees in APAC and nearly 400 employees in other global locations, primarily Brazil.

Results of Operations (continued)

International financial data

Foreign activity includes asset and wealth management and securities servicing fee revenue generating businesses, foreign exchange trading activity, loans and other revenue producing assets and transactions in which the customer is domiciled outside of the United States and/or the foreign activity is resident at a foreign entity.

Foreign revenue, income before income taxes, net income and assets from foreign operations on a continuing operations basis are shown in the table below.

International operations

	2009				2008				2007 *(a)*			
(in millions)	**Revenue**	**Income before taxes**	**Income from continuing operations**	**Total assets** *(b)*	Revenue	Income before taxes	Income from continuing operations	Total assets *(b)*	Revenue	Income before taxes	Income from continuing operations	Total assets *(b)*
Domestic	**$ 3,615**	**$(3,615)**	**$ (1,901)** *(c)*	**$ 145,008**	$ 8,566	$ 140	$ 136 *(c)*	$183,565	$ 7,621	$ 2,031	$ 1,408	$137,179
Foreign:												
EMEA *(e)*	**2,825** *(d)*	**863**	**667**	**58,011** *(d)*	3,604 *(d)*	1,176	859	49,037 *(d)*	2,780	743	509	52,722
APAC	**669**	**287**	**222**	**5,588**	796	338	247	3,527	553	247	172	5,209
Other	**578**	**257**	**199**	**1,375**	607	292	213	1,383	344	194	139	2,546
Total foreign	**4,072**	**1,407**	**1,088**	**64,974**	5,007	1,806	1,319	53,947	3,677	1,184	820	60,477
Total	**$ 7,687**	**$(2,208)**	**$ (813)**	**$209,982** *(f)*	$ 13,573	$ 1,946	$ 1,455	$237,512	$ 11,298	$ 3,215	$ 2,228	$197,656

(a) Results for 2007 include six months of BNY Mellon and six months of legacy The Bank of New York Company, Inc.
(b) Total assets include long-lived assets, which are not considered by management to be significant in relation to total assets. Long-lived assets are primarily located in the U.S.
(c) Domestic income from continuing operations in 2009 and 2008 was reduced by investment securities losses. Domestic income from continuing operations in 2008 was also reduced by SILO/LILO charges and support agreement charges.
(d) Includes revenue of approximately $1.6 billion and $2.0 billion, and assets of approximately $43.0 billion and $27.1 billion, in 2009 and 2008, respectively, of international operations domiciled in the U.K., which is 21% and 14% of total revenue and 20% and 11% of total assets, respectively.
(e) In 2009, excludes the $269 million of securities losses on the European floating rate note.
(f) Presented on a continuing operations basis.

In 2009, revenues from EMEA were $2.8 billion, compared with $3.6 billion in 2008 and $2.8 billion in 2007. Revenues from EMEA were down 22% for 2009 compared to 2008. The decrease in 2009 primarily reflects lower market values. Revenue from EMEA in 2009 was spread across most of our segments. Asset Servicing generated 46%, Issuer Services 22%, Asset Management 21%, Treasury Services 6% and Clearing Services 5% of revenues from EMEA. Income from continuing operations from EMEA was $667 million in 2009 compared with $859 million in 2008 and $509 million in 2007.

Revenues from APAC were $669 million in 2009 compared with $796 million in 2008 and $553 million in 2007. The decrease in APAC revenue in 2009 resulted from lower market values, reduced securities lending volume and the effect of a low interest rate environment. Revenue from APAC in 2009 was generated by the following segments: Asset Management 30%, Treasury Services 26%, Asset Servicing 23%, Issuer Services 18% and Clearing Services 3%. Income from continuing operations from APAC was $222 million in 2009 compared with $247 million in 2008 and $172 million in 2007.

Income from continuing operations from EMEA and APAC were driven by the same factors affecting revenue. In addition, income from continuing operations from EMEA in 2009 compared with 2008 was negatively impacted by the strength of the U.S. Dollar versus the Euro and British Pound. Income from continuing operations from EMEA in 2008 compared with 2007 was negatively impacted by the strength of the U.S. Dollar versus the British Pound.

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Results of Operations (continued)

Cross-border risk

Foreign assets are subject to general risks attendant to the conduct of business in each foreign country, including economic uncertainties and each foreign government's regulations. In addition, our foreign assets may be affected by changes in demand or pricing resulting from fluctuations in currency exchange rates or other factors. Cross-border outstandings include loans, acceptances, interest-bearing deposits with other banks, other interest- bearing investments, and other monetary assets which are denominated in U.S. Dollars or other non-local currency. Also included are local currency outstandings not hedged or funded by local borrowings.

The table below shows our cross-border outstandings for the last three years where cross-border exposure exceeds 1.00% of total assets (denoted with "*") or 0.75% of total assets (denoted with "**").

Cross-border outstandings *(in millions)*	**Banks and other financial institutions** *(b)*	**Public sector**	**Commercial, industrial and other**		**Total cross-border outstandings**
2009:					
France*	**$ 6,519**	**$ 56**	**$ 1,307**		**$ 7,882**
Germany*	**5,325**	**75**	**156**		**5,556**
Netherlands*	**2,765**	**-**	**1,312**	*(a)*	**4,077**
Spain*	**3,903**	**-**	**133**		**4,036**
Belgium*	**3,162**	**377**	**199**		**3,738**
United Kingdom*	**2,850**	**-**	**613**		**3,463**
Japan**	**1,809**	**-**	**7**		**1,816**
Ireland**	**932**	**1**	**895**	*(a)*	**1,828**
2008:					
Netherlands*	$ 2,459	$ -	$ 1,888	*(a)*	$ 4,347
France*	2,865	140	90		3,095
Belgium*	2,579	-	288		2,867
United Kingdom*	2,386	-	430		2,816
Germany*	2,285	-	277		2,562
Ireland**	1,153	-	1,167	*(a)*	2,320
2007:					
Netherlands*	$ 4,945	$ -	$ 2,487		$ 7,432
Germany*	4,824	178	338		5,340
France*	2,651	150	150		2,951
United Kingdom*	1,582	-	1,073		2,655
Ireland*	1,184	5	1,445		2,634
Switzerland**	1,710	-	152		1,862

(a) Primarily European floating rate notes.
(b) Primarily short-term placements.

Critical accounting estimates

Our significant accounting policies are described in Note 1 of the Notes to Consolidated Financial Statements under "Summary of Significant Accounting and Reporting Policies". Our more critical accounting estimates are those related to the allowance for loan losses and allowance for lending-related commitments, fair value of financial instruments and derivatives, other-than-temporary impairment, goodwill and other intangibles, and pension accounting. In addition to "Summary of significant accounting and reporting policies" in Note 1 of the Notes to Consolidated Financial Statements, further information on policies related to the allowance for loan losses and allowance for lending-related commitments can be found under "Consolidated balance sheet review – Asset quality and allowance for credit losses" in the MD&A section. Further information on the valuation of derivatives and securities where quoted market prices are not available can be found under "Fair value measurement" in Note 24 of the Notes to Consolidated Financial Statements. Further information on goodwill and intangible assets can be found in "Goodwill and intangible assets" in Note 7 of the Notes to Consolidated Financial Statements. Additional information on pensions can be found in

"Employee benefit plans" in Note 21 of the Notes to Consolidated Financial Statements.

Allowance for loan losses and allowance for lending-related commitments

The allowance for loan losses and allowance for lending-related commitments consist of three elements: (1) an allowance for impaired credits; (2) an allowance for higher risk rated loans and exposures and pass rated loans and exposures; and (3) an unallocated allowance based on general economic conditions and certain risk factors in our individual portfolio and markets. Further discussion of the three elements can be found under Asset quality and allowance for credit losses in Consolidated balance sheet review.

The allowance for loan losses and allowance for lending-related commitments represents management's estimate of probable losses inherent in our credit portfolio. This evaluation process is subject to numerous estimates and judgments. Probability of default ratings are assigned based on internal ratings after analyzing the credit quality of each borrower/counterparty. Our internal ratings are generally consistent with external ratings agencies default databases. Loss given default ratings are driven by the collateral, structure, and seniority of each individual asset and are consistent with external loss given default/recovery databases. The portion of the allowance related to impaired credits is based on the present value of expected future cash flows; however, as a practical expedient, it may be based on the credit's observable market price. Additionally, it may be based on the fair value of collateral if the credit is collateral dependent. Changes in the estimates of probability of default, risk ratings, loss given default/recovery rates, and cash flows could have a direct impact on the allocated allowance for loan losses.

To the extent actual results differ from forecasts or management's judgment, the allowance for credit losses may be greater or less than future charge-offs.

It is difficult to quantify the impact of changes in forecasts on our allowance for loan losses and allowance for lending-related commitments. Nevertheless, we believe the following discussion may enable investors to better understand the variables that drive the allowance for loan losses and allowance for lending-related commitments.

A key variable in determining the allowance is management's judgment in determining the size of the unallocated allowance. At Dec. 31, 2009, the unallocated allowance was $26 million, or 4% of the total allowance. At Dec. 31, 2009, if the unallocated allowance, as a percentage of the total allowance, was 5% higher, the allowance would have increased by approximately $34 million.

The credit rating assigned to each credit is another significant variable in determining the allowance. If each credit were rated one grade better, the allowance would have decreased by $144 million, while if each credit were rated one grade worse, the allowance would have increased by $191 million. Similarly, if the loss given default were one rating worse, the allowance would have increased by $73 million, while if the loss given default were one rating better, the allowance would have decreased by $65 million. For impaired credits, if the net carrying value of the loans was 10% higher or lower, the allowance would have decreased or increased by $3 million, respectively.

Fair value of financial instruments

We adopted guidance related to *Fair Value Measurement* included in ASC 820 and *Fair Value Option* included in ASC 825 effective Jan. 1, 2008. ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about assets and liabilities measured at fair value. The standard also established a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date.

Effective Jan. 1, 2009, we adopted guidance related to "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are not Orderly", included in ASC 820. This ASC provides guidance on how to determine the fair value when the volume and level of activity for the asset or liability have significantly decreased and reemphasizes that the objective of a fair value measurement remains an exit price notion. In those circumstances, further analysis of transactions or quoted prices is needed, and a significant adjustment to the transactions or quoted prices may be necessary to estimate fair value in accordance with ASC 820. It also requires additional disclosures for instruments within the scope of ASC 820 to include inputs and valuation techniques used, change in valuation techniques and related inputs, if any, and more disaggregated information relating to debt and equity securities.

The amended standard provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The objective is to determine from weighted indicators of fair value a reasonable point within the range that is most representative of fair value under current market conditions.

Fair value – Securities

Level 1 – Securities

Recent quoted prices from exchange transactions are used for debt and equity securities that are actively traded on exchanges and for U.S. Treasury securities and U.S. Government securities that are actively traded in highly liquid over the counter markets. We include these securities in Level 1 of the ASC 820 hierarchy.

Level 2 – Securities

For securities where quotes from recent transactions are not available for identical securities, we determine fair value primarily based on pricing sources with reasonable levels of price transparency. The pricing sources employ financial models or obtain comparisons to similar instruments to arrive at "consensus" prices.

Specifically, the pricing sources obtain recent transactions for similar types of securities (e.g., vintage, position in the securitization structure) and ascertain variables such as discount rate and speed of prepayment for the type of transaction and apply such variables to similar types of bonds. We view these as observable transactions in the current market place and classify such securities as Level 2. They discontinue pricing any specific security whenever they determine there is insufficient observable data to provide a good faith opinion on price.

Securities included in this category that were affected by the lack of market liquidity in 2009 include our Alt-A residential mortgage-backed securities ("RMBS"), prime RMBS, subprime RMBS and commercial mortgage-backed securities.

In addition, we have significant investments in more actively traded agency RMBS and other types of securities such as FDIC insured paper and sovereign debt. The pricing sources derive the prices for these securities largely from quotes they obtain from three major inter-dealer brokers. The pricing sources receive their daily observed trade price and other information feeds from the inter-dealer brokers.

For securities with bond insurance, the financial strength of the insurance provider is analyzed and that information is included in the fair value assessment for such securities.

The pricing sources did not discontinue pricing for any securities in our investment securities portfolio at Dec. 31, 2009.

The prices provided by pricing sources are subject to review and challenges by industry participants, including ourselves.

Level 3 – Securities

Where we have used our own cash flow models and estimates to value the securities, we classify them in Level 3 of the ASC 820 hierarchy. Our Level 3 securities represent less than 1% of our securities recorded at fair value.

More than 99% of our securities are valued by pricing sources with reasonable levels of price transparency. Less than 1% of our securities are priced based on non-binding dealer quotes and are included in Level 3 of the fair value hierarchy.

See Note 24 to the Notes to Consolidated Financial Statements for details of our securities by ASC 820 hierarchy level.

Fair value – Derivative financial instruments

Level 1 – Derivative financial instruments

We include derivative financial instruments that are actively traded on exchanges, principally foreign exchange futures and forward contracts, in Level 1 of the ASC 820 hierarchy.

Results of Operations (continued)

Level 2 – Derivative financial instruments

The majority of our derivative financial instruments are priced using internally developed models that use observable inputs for interest rates, pay-downs (both actual and expected), foreign exchange rates, option volatilities and other factors. The valuation process takes into consideration factors such as counterparty credit quality, liquidity, concentration concerns, and results of stress tests.

Substantially all of our model-priced derivative financial instruments are included in Level 2 of the ASC 820 hierarchy.

Level 3 – Derivative financial instruments

Certain interest rate swaps with counterparties that are highly structured entities require significant judgment and analysis to adjust the value determined by standard pricing models. These interest rate swaps are included in Level 3 of the ASC 820 hierarchy and compose less than 1% of our derivative financial instruments at fair value.

To test the appropriateness of the valuations, we subject the models to review and approval by an independent internal risk management function, benchmark the models against similar instruments and validate model estimates to actual cash transactions. In addition, we perform detailed reviews and analyses of profit and loss. Valuation adjustments are determined and controlled by a function independent of the area initiating the risk position. As markets and products develop and the pricing for certain products becomes more transparent, we refine our valuation methods. Any changes to the valuation models are reviewed by management to ensure the changes are justified.

To confirm that our valuation policies are consistent with exit prices as prescribed by ASC 820, we reviewed our derivative valuations using recent transactions in the marketplace, pricing services and the results of similar types of transactions. As a result of maximizing observable inputs as required by ASC 820, in 2008 we began to reflect external credit ratings as well as observable credit default swap spreads for both ourselves as well as our counterparties when measuring the fair value of our derivative positions. Accordingly, the valuation of our derivative positions is sensitive to the current changes in our own credit spreads, as well as those of our counterparties.

For details of our derivative financial instruments by ASC 820 hierarchy level, see Note 24 to the Notes to Consolidated Financial Statements.

Fair value option

ASC 825 provides the option to elect fair value as an alternative measurement basis for selected financial assets, financial liabilities, unrecognized firm commitments, and written loan commitments which are not subject to fair value under other accounting standards. Under ASC 825, fair value is used for both the initial and subsequent measurement of the designated assets, liabilities and commitments, with the changes in fair value recognized in income. At Dec. 31, 2009, we applied the fair value option to $110 million of unfunded loan commitments. These unfunded loan commitments are valued using quotes from dealers in the loan markets, and are included in Level 3 of the ASC 820 hierarchy. See Note 25 to the Notes to Consolidated Financial Statements for additional disclosure regarding the fair value option.

Fair value – Judgments

In times of illiquid markets and financial stress, actual prices and valuations may significantly diverge from results predicted by models. In addition, other factors can affect our estimate of fair value, including market dislocations, incorrect model assumptions, and unexpected correlations. These valuation methods could expose us to materially different results should the models used or underlying assumptions be inaccurate. See Basis of Presentation in Note 1 to the Notes to Consolidated Financial Statements.

Other-than-temporary impairment

In April 2009, the FASB issued new guidance included in ASC 320 which modifies the other-than-temporary impairment (“OTTI”) model for investments in debt securities. Under this guidance, a debt security is considered impaired if its fair value is less than its amortized cost basis. An OTTI is triggered if (1) the intent is to sell the security, (2) the security will more likely than not have to be sold before the impairment is recovered, or (3) the amortized cost basis is not expected to be recovered. When an entity does not intend to sell the security before recovery of its cost basis, it will recognize the credit component of an OTTI of a debt security in earnings and the remaining portion in other comprehensive income.

For each non-agency RMBS, which includes Alt-A, subprime and prime RMBS, not backed by the government, in the investment portfolio (including but not limited to those whose fair value is less than their amortized cost basis), an extensive, regular review is conducted to determine if an OTTI has occurred. To determine if the unrealized loss for non-agency RMBS is other-than-temporary, we project total estimated defaults of the underlying assets (mortgages) and multiply that calculated amount by an estimate of realizable value upon sale of these assets in the marketplace (severity) in order to determine the projected collateral loss. We also evaluate the current credit enhancement underlying the bond to determine the impact on cash flows. If we determine that a given RMBS position will be subject to a write-down or loss, we record the expected credit loss as a charge to earnings.

During 2009, given the weakness in the housing market and broader economy, we adjusted our non-agency RMBS estimated default and loss severity assumptions to increase estimated defaults and decrease the amount we expect to receive to cover the value of the original loan. See Note 5 of the Notes to Consolidated Financial Statements for projected weighted-average default rates and loss severities for recent vintages of Alt-A, subprime and prime RMBS. If actual delinquencies, default rates and loss severity assumptions worsen, we would expect additional impairment losses to be recorded in future periods.

Net investment securities losses in 2009 were $5.4 billion. These losses reflect both credit and non-credit-related losses on our investment securities portfolio, including securities for which we declared our intent to sell or restructure. If we were to increase or decrease each of our loss severity and projected default rates by 100 basis points on each of the positions in our Alt-A, subprime and prime RMBS portfolios and the securities portfolio held by the Grantor Trust, credit-related impairment charges on these securities would have increased by $3 million (pre-tax) or decreased by $1 million (pre-tax) in 2009.

In addition, we assess OTTI for an appropriate subset of our investment securities subject to guidance included in ASC 325 – *Investments – Other* by testing for an adverse change in cash flows. Any unrealized loss on a security identified as other-than-temporarily impaired under ASC 325 analysis is charged to earnings.

Upon acquisition of a security, BNY Mellon decides whether it is within the scope of ASC 325 or if it will be evaluated for impairment under ASC 320. Subsequently, if the security is downgraded, we do not alter this decision.

ASC 325 is an interpretation of ASC 320 for certain debt securities which are beneficial interests in securitized financial assets. Specifically, ASC 325 provides incremental impairment guidance for a subset of the debt securities within the scope of ASC 320. For securities where there is no debt rating at acquisition, and the security is a beneficial interest in securitized financial assets, we use the ASC 325 impairment model. For securities where there is no debt rating at acquisition and the security is not a beneficial interest in securitized financial assets we use the ASC 320 impairment model.

Goodwill and other intangibles

We record all assets and liabilities acquired in purchase acquisitions, including goodwill, indefinite-lived intangibles and other intangibles, at fair value as required by ASC 805 *Business Combinations* and ASC 350 *Intangibles – Goodwill and Other.* The initial recording of goodwill and intangibles requires subjective judgments concerning estimates of the fair value of the acquired assets and liabilities. Goodwill ($16.2 billion at Dec. 31, 2009) and indefinite-lived intangible assets ($2.7 billion at Dec. 31, 2009) are not amortized but are subject to tests for impairment annually or more often if events or circumstances indicate they may be impaired. Other intangible assets are amortized over their estimated useful lives and are subject to impairment if events or circumstances indicate a possible inability to realize the carrying amount.

BNY Mellon's business segments are the reporting units for which annual goodwill impairment testing is done in accordance with ASC 350. The goodwill impairment test is performed in two steps. The first step compares the estimated fair value of the segment with its carrying amount, including goodwill. If the estimated fair value of the segment exceeds its carrying amount, goodwill of the segment is considered not impaired. However, if the carrying amount of the segment exceeds its estimated fair value, a second step would be performed that would compare the implied fair value of the segment's goodwill with the carrying amount of that goodwill. An impairment loss would be recorded to the extent that the carrying amount of goodwill exceeds its implied fair value.

Fair value may be determined using market prices, comparison to similar assets, market multiples, discounted cash flow analysis and other determinants. Estimated cash flows extend far into the future and, by their nature, are difficult to estimate over such an extended time-frame. Factors that may significantly affect the estimates include, among others, competitive forces, customer behaviors and attrition, changes in revenue growth trends, cost structures and technology, changes in discount rates, and specific industry or market sector conditions.

The carrying amount of goodwill in each of our six segments in continuing operations was tested in 2008 and 2009 using observable market data when available to estimate fair values. In addition, material events and circumstances that might be indicators of possible impairment were assessed during interim periods. These included the changing business climate, regulatory and legal factors, recoverability of long-lived assets, changes in our competitors, and the earnings outlook for our segments. BNY Mellon's market capitalization exceeded its net book value at the end of each quarter of 2008 and 2009.

The fair values of the Asset Management and Wealth Management segments are largely impacted by management and performance fees from AUM. Due to lower stock market values in early 2009, AUM had declined slightly from 2008 and there were fewer sale transactions of comparable public businesses. While management takes responsibility for its financial statements and the underlying fair value estimates, we engaged an independent business valuation specialist in early 2009 to estimate the fair values of these two segments. Their valuations incorporated both income and market based analyses and indicated fair values more than 15% greater than their respective carrying amounts. The AUM in the fourth quarter of 2009 was 20% greater than the fourth quarter of 2008 and there were no factors of potential impairment, so additional interim testing was not necessary.

The fair values of our other four segments were estimated for the 2009 test using discounted cash flow analyses since there were few comparable public company transactions in 2009. These incorporated our forecasts and longer term earnings growth estimates by segment and discount rates ranging from 11.5% to 15.5% that incorporated measured stock price volatilities of the segments' principal public company competitors and a 6.5% average excess return over risk-free rates. The estimated fair values of each of these four segments was substantially in excess of carrying amounts, as they had been in prior year impairment tests.

In the second quarter of 2009, we wrote off the remaining goodwill and intangibles in MUNB, which was carried in discontinued operations since 2008 when we decided to exit this banking subsidiary in Florida, when BNY Mellon committed to sell it at a price less than its carrying amount. The sale of MUNB was completed on Jan 15, 2010.

Goodwill and intangible assets could be subject to impairment in future periods if economic conditions that impact our segments worsen. Impairment would be a non-cash charge.

Indefinite-lived intangible assets are evaluated for impairment at least annually by comparing their fair values, estimated using discounted cash flow analyses, to their carrying values. Other intangible assets ($2.9 billion at Dec. 31, 2009) are evaluated for impairment if events and circumstances indicate a possible impairment. Such evaluation of other intangible assets is initially based on undiscounted cash flow projections.

Other key judgments in accounting for intangibles include useful life and classification between goodwill and indefinite-lived intangibles or other intangibles which require amortization. See Note 7 of the Notes to Consolidated Financial Statements for additional information regarding intangible assets. At Dec. 31, 2009, we had $21.8 billion of goodwill, indefinite-lived intangibles, and other intangible assets.

Pension accounting

BNY Mellon has defined benefit pension plans covering approximately 26,000 U.S. employees and approximately 2,000 non-U.S. employees.

BNY Mellon has two qualified and several non-qualified defined benefit pension plans in the U.S. and eight overseas. As of Dec. 31, 2009, the U.S. plans accounted for 84% of the projected benefit obligation. The pension credit for BNY Mellon plans was $17 million in 2009, compared with $20 million in 2008 and $4 million in 2007 (which includes six months of BNY Mellon and six months of legacy The Bank of New York Company, Inc. only).

The Retirement Plan of The Bank of New York Company, Inc. and the Mellon Bank Retirement Plan were merged into The Bank of New York Mellon

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Corporation Pension Plan effective Dec. 31, 2008. The merger resulted in an additional pension credit of $6 million in 2009.

In addition to its pension plans, BNY Mellon has an Employee Stock Ownership Plan ("ESOP"). Benefits payable under The Bank of New York Mellon Corporation Pension Plan are offset by the equivalent value of benefits earned under the ESOP for employees who participated in the legacy Retirement Plan of the Bank of New York Company, Inc.

A net pension expense of approximately $48 million is expected to be recorded by BNY Mellon in 2010, assuming currency exchange rates at Dec. 31, 2009.

Effective Jan. 1, 2009, the U.S. pension plans were amended to change the benefit formula for participants under age 50 as of Dec. 31, 2008 and for new participants to a cash balance formula for service earned on and after Jan. 1, 2009. This change was made to unify the future benefits earned by the employees of the legacy organizations and resulted in an additional pension credit of $3 million in 2009. Plan participants who were age 50 or older as of Dec. 31, 2008 will continue to earn benefits under the formula of the legacy plan in which they participated as of that date.

BNY Mellon made a discretionary contribution of $300 million to The Bank of New York Mellon Corporation Pension Plan during 2009. Pension expense was re-measured to reflect this contribution resulting in an additional pension credit of $4 million in 2009.

A number of key assumption and measurement date values determine pension expense. The key elements include the long-term rate of return on plan assets, the discount rate, the market-related value of plan assets, and the price used to value stock in the ESOP.

Since 2007, these key elements have varied as follows:

(dollars in millions, except per share amounts)	**2010**	2009	2008	2007
Domestic plans:				
Long-term rate of return on plan assets	**8.00%**	8.00%	8.00%	8.00%
Discount rate	**6.21**	6.38	6.38	6.00
Market-related value of plan assets *(a)*	**$3,860**	$3,651	$3,706	$1,352
ESOP stock price *(a)*	**27.97**	33.12	47.15	34.85
Net U.S. pension credit/(expense)	**N/A**	$ 32	$ 39	$ 16 *(b)*
All other net pension credit/(expense)	**N/A**	(15)	(19)	(12) *(c)*
Total net pension credit/(expense)	**N/A**	$ 17	$ 20	$ 4

(a) Market-related value of plan assets and ESOP stock price are for the beginning of the plan year. See "Summary of Significant Accounting and Reporting Policies" in Note 1 of the Notes to Consolidated Financial Statements.

(b) Includes a $21 million credit for legacy Mellon Financial plans based on a discount rate of 6.25% as of July 1, 2007, and a long-term rate of return on plan assets of 8.25%.

(c) Includes $4 million of expense for legacy Mellon Financial's foreign plans.

The discount rate for U.S. pension plans was determined after reviewing equivalent rates obtained by discounting the pension plans' expected cash flows using various high quality long-term corporate bond yield curves. We also reviewed the results of several models that matched bonds to our pension cash flows. After reviewing the various indices and models, we selected a discount rate of 6.21% as of Dec. 31, 2009.

The discount rates for foreign pension plans are based on high quality corporate bond rates in countries that have an active corporate bond market. In those countries with no active corporate bond market, discount rates are based on local government bond rates plus a credit spread.

Our expected long-term rate of return on plan assets is based on anticipated returns for each applicable asset class. Anticipated returns are weighted for the expected allocation for each asset class. Anticipated returns are based on forecasts for prospective returns in the equity and fixed income markets, which should track the long-term historical returns for these markets.

We also consider the growth outlook for U.S. and global economies, as well as current and prospective interest rates.

Results of Operations (continued)

The market-related value of plan assets also influences the level of pension expense. Differences between expected and actual returns are recognized over five years to compute an actuarially derived market-related value of plan assets. For the legacy Mellon Financial plans, the market-related value of assets was set equal to the assets' market value as of July 1, 2007. The averaging of actuarial gains and losses for the legacy Mellon Financial plan assets is being phased in over a five-year period beginning July 1, 2007.

Unrecognized actuarial gains and losses are amortized over the future service period of active employees if they exceed a threshold amount. BNY Mellon currently has $788 million of unrecognized losses which are being amortized.

The annual impacts of hypothetical changes in the key elements on pension costs are shown in the table below.

Pension expense *(dollar amounts in millions, except per share amounts)*	Increase in pension expense		(Decrease) in pension expense	
Long-term rate of return on plan assets	(100) bp	(50) bp	50bp	100bp
Change in pension expense	$ 43.7	$ 21.8	$(21.8)	$ (43.6)
Discount rate	(50) bp	(25) bp	25bp	50bp
Change in pension expense	$ 34.5	$ 16.8	$(16.7)	$ (32.3)
Market-related value of plan assets	(20.0)%	(10.0)%	10.0%	20.0%
Change in pension expense	$ 170.3	$ 85.2	$(84.7)	$(141.7)
ESOP stock price	$(10.00)	$(5.00)	$ 5.00	$ 10.00
Change in pension expense	$ 13.0	$ 6.3	$ (5.9)	$ (11.4)

Consolidated balance sheet review

At Dec. 31, 2009, total assets were $212.2 billion compared with $237.5 billion at Dec. 31, 2008. Deposits totaled $135.1 billion at Dec. 31, 2009 and $159.7 billion at Dec. 31, 2008. The decrease in total assets and deposits from Dec. 31, 2008 reflects a decline in the size of the balance sheet as short-term credit markets eased during 2009 and noninterest-bearing deposits taken in during the credit crisis returned to more normalized levels. Total assets averaged $212.1 billion in 2009, compared with $210.0 billion in 2008. Total deposits averaged $134.7 billion in 2009 compared with $125.6 billion in 2008.

At Dec. 31, 2009, we had available funds of approximately $71 billion compared with $105 billion at Dec. 31, 2008. Our percentage of liquid assets to total assets was 33% at Dec. 31, 2009, compared with 44% at Dec. 31, 2008. The decline resulted from the abnormally high deposit levels experienced during the credit crisis in the fourth quarter of 2008.

Investment securities were $56.0 billion or 26% of total assets at Dec. 31, 2009, compared with $39.4 billion or 17% of total assets at Dec. 31, 2008. The increase in investment securities primarily relates to our strategy of investing in debt issued by governments, government-sponsored and government-guaranteed agencies.

Loans were $36.7 billion or 17% of total assets at Dec. 31, 2009, compared with $43.4 billion or 18% of total assets at Dec. 31, 2008. The decrease in loan levels was primarily due to our institutional credit strategy to reduce targeted exposures and the reclassification of MUNB to discontinued operations.

Trading assets were $6.0 billion at Dec. 31, 2009 compared with $11.1 billion at Dec. 31, 2008. Trading liabilities were $6.4 billion at Dec. 31, 2009 compared with $8.1 billion at Dec. 31, 2008. The decrease in both trading assets and trading liabilities reflects the change in interest rates, foreign exchange rates and the settlement of contracts.

Total shareholders' equity applicable to BNY Mellon was $29.0 billion at Dec. 31, 2009 and $28.1 billion at Dec. 31, 2008. The increase in total shareholders' equity primarily reflects an improvement in fixed income prices and the common stock issuance in 2009, partially offset by the repurchase of the Series B preferred stock and warrant issued to the U.S. Treasury in connection with the TARP Capital Purchase Program.

Investment securities

The following table shows the distribution of our total securities portfolio at fair value:

Investment securities (at fair value) *(in millions)*	Dec. 31, 2009	Dec. 31, 2008
Fixed income securities:		
Mortgage and asset-backed securities	**$30,616**	$32,081
Government-sponsored and guaranteed debt	**1,876**	983
U.S. Treasury	**6,378**	781
U.S. Government agencies	**1,260**	1,299
State and political subdivisions	**673**	1,076
Sovereign government-sponsored and guaranteed debt	**8,880**	-
Other	**704**	811
Grantor Trust	**4,160**	-
Subtotal fixed income securities	**54,547**	37,031
Equity securities:		
Money market or fixed income funds	**1,290**	1,325
Other	**35**	41
Subtotal equity securities	**1,325**	1,366
Total investment securities – fair value	**$55,872**	$38,397
Total investment securities – carrying value	**$56,049**	$39,435

At Dec. 31, 2009, the carrying value of our investment securities portfolio was $56.0 billion compared with $39.4 billion at Dec. 31, 2008. Average investment securities were $51.2 billion in 2009 compared with $43.7 billion in 2008. The increase in the securities portfolio at Dec. 31, 2009 compared with Dec. 31, 2008 primarily reflects our strategy to invest in high quality relatively short duration assets.

Consistent with our ongoing strategy to reduce risk from the balance sheet, and reflecting the improvement in the fixed income markets in the second half of 2009, we sold or restructured a significant portion of the watch list section of our investment securities portfolio. The sales and restructuring impacted approximately $13.5 billion (pre-restructuring amortized cost) of investment securities. In the third quarter of 2009, we declared our intent to sell these securities and recognized a pre-tax loss of $4.8 billion.

In the fourth quarter of 2009, we securitized approximately $5.0 billion, fair value, of our investment securities portfolio into a Grantor Trust. The Grantor Trust contains Alt-A, prime and subprime RMBS which were written down to fair value as part of the restructuring. As a result of this transaction, we received approximately $771 million (before expenses) in cash for Class A Notes which represent the senior tranche notes (“Class A Notes”) of the securities issued by the Grantor Trust, that were sold to third parties and retained Class B certificates with a fair value of approximately $4.2 billion. The Class A Notes, rated AAA by DBRS, bear interest at one month LIBOR plus 1.25% and are expected to have a weighted average life of less than one year. In connection with this transaction, we recorded a $39 million net loss in 2009 primarily reflecting a $47 million write-down on the RMBS from Oct. 1, 2009 through the date of sale to the Grantor Trust. As a result of SFAS 167 – Amendments to FIN 46(R) (ASC 810), effective Jan. 1, 2010, we will be required to consolidate the Grantor Trust. As a result, the RMBS will be recorded as assets and the Class A Notes will be recorded as liabilities on our consolidated balance sheet. (See the Recent accounting and regulatory developments section for additional details.)

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Results of Operations (continued)

The following table provides a rollforward of the investment securities portfolio from Dec. 31, 2008 to Dec. 31, 2009.

Investment securities portfolio rollforward of 2009 activity *(dollar amounts in millions)*	Amortized cost at 12/31/08	Paydowns/ accretion/ other	Purchases	Restructuring	Proceeds from sales	Net securities gain/ (loss)	ASC 320 reversal *(c)*	**Amortized cost at 12/31/09**
Watch list:								
European floating rate notes *(b)*	$ 7,582	$ (364)	$ -	$ -	$ (767)	$ (269)	$ -	**$ 6,182**
Commercial MBS	2,846	(67)	-	-	(291)	(89)	-	**2,399**
Prime RMBS	6,725	(1,642)	-	(2,069)	(86)	(1,008)	12	**1,932**
Alt-A RMBS	7,499	(996)	-	(2,603)	(949)	(3,113)	1,054	**892**
Subprime RMBS	1,578	(131)	-	(128)	(222)	(322)	13	**788**
Credit cards	747	(73)	-	-	(22)	(26)	-	**626**
Home equity lines of credit	558	(97)	-	-	(279)	(205)	23	**-**
Other	717	(10)	115	-	(92)	(298)	44	**476**
Total Watch list	28,252	(3,380)	115	(4,800)	(2,708)	(5,330)	1,146	**13,295**
Grantor Trust Class B certificates	-	45	-	4,814	(771)	(39) *(a)*	-	**4,049**
Agency MBS	11,561	(4,252)	11,469	-	-	-	-	**18,778**
Sovereign debt/sovereign guaranteed	-	403	8,342	-	-	-	-	**8,745**
U.S. Treasury	746	(212)	5,824	-	-	-	-	**6,358**
FDIC-insured debt	949	1	1,013	-	-	-	-	**1,963**
U.S. Government agencies	1,259	(24)	-	-	-	-	-	**1,235**
Other	3,244	(1,920)	1,669	-	(496)	-	-	**2,497**
Total investment securities	$46,011	$ (9,339)	$28,432	$ 14	$(3,975)	$(5,369)	$1,146	**$ 56,920**

(a) Includes $47 million of mark-to-market write-downs on the Alt-A, prime and subprime securities from Oct. 1, 2009 through the date of sale to the Grantor Trust.
(b) Includes commercial MBS, RMBS and other securities.
(c) Reversal of the non-credit component of OTTI recorded in 2008 under previous accounting guidance.

Investment securities portfolio Dec. 31, 2009 *(dollar amounts in millions)*	Amortized cost	Fair value	Fair value as a % of amortized cost *(a)*	Unrealized gain/(loss)	Ratings AAA/ AA-	A+/ A-	BBB+/ BBB-	BB+ and lower	Not rated
Watch list:									
European floating rate notes	$ 6,182	$ 5,503	88%	$ (679)	97%	3%	-%	-%	-%
Commercial MBS	2,399	2,302	96	(97)	93	4	3	-	-
Prime RMBS	1,932	1,684	86	(248)	60	23	5	12	-
Alt-A RMBS	892	779	67	(113)	27	15	1	57	-
Subprime RMBS	788	470	60	(318)	75	14	5	6	-
Credit cards	626	610	95	(16)	1	98	1	-	-
Other	476	465	56	(11)	-	-	16	76	8
Total Watch list *(b)*	13,295	11,813	84	(1,482)	77	12	2	9	-
Grantor Trust Class B certificates	4,049	4,160	60	111	-	-	-	-	100
Agency MBS	18,778	19,016	99	238	100	-	-	-	-
Sovereign debt/sovereign guaranteed	8,745	8,753	100	8	100	-	-	-	-
U.S. Treasury	6,358	6,378	100	20	100	-	-	-	-
FDIC-insured debt	1,963	2,003	98	40	100	-	-	-	-
U.S. Government agencies	1,235	1,260	98	25	100	-	-	-	-
Other	2,497	2,489	100	(8)	69	11	7	1	12
Total investment securities	$56,920	$55,872	92%	$ (1,048)	86%	3%	1%	2%	8%

(a) Amortized cost before impairments
(b) The "Watch list" includes those securities we view as having a higher risk of impairment charges.

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The unrealized net of tax loss on our investment securities available for sale portfolio included in other comprehensive income was $619 million at Dec. 31, 2009. The unrealized net of tax loss on our investment securities available for sale portfolio at Dec. 31, 2008 was $4.0 billion. The decrease compared with 2008 was due to the restructuring of the securities portfolio and an improvement in the fixed income markets in the second half of 2009. In the first quarter of 2009, BNY Mellon adopted ASC 820 and adjusted its unrealized pre-tax loss on the securities portfolio to reflect what a security would sell for in an orderly market. In the third quarter of 2009, as the credit markets improved and became more orderly, these adjustments were reversed. BNY Mellon recorded no adjustments for disorderly markets at Dec. 31, 2009.

At Dec. 31, 2009, 86% of the securities in our portfolio were rated AAA/AA, essentially unchanged from 87% at Dec. 31, 2008.

We routinely test our investment securities for OTTI. (See "Critical accounting estimates" for additional disclosure regarding OTTI.)

At Dec. 31, 2009, we had $2.0 billion of accretable discount related to restructuring the securities portfolio as well as securities acquired in the consolidation of two commercial paper conduits, Three Rivers Funding Corporation and Old Slip Funding, LLC. The discount related to these transactions had a remaining estimated life of approximately 3.7 years. For these securities, the accretion of discount increased net interest revenue and is recorded on a level yield basis. Discount accretion totaled $91 million in 2009 and $79 million in 2008. There was no discount accretion in 2007.

Also, at Dec. 31, 2009, we had $423 million of net amortizable purchase premium with a remaining estimated life of approximately 3.1 years. For these securities, the amortization of net premium decreased net interest revenue and is recorded on a level yield basis. We recorded net premium amortization of $68 million in 2009. For 2008 and 2007, a net discount of $19 million and $9 million was recorded respectively.

The following table provides pre-tax securities losses by type.

Net investment securities losses *(in millions)*	**2009**		2008	2007 *(a)*
Alt-A RMBS	**$3,113**		$1,236	$ -
Prime RMBS	**1,008**		12	-
Subprime RMBS	**322**		12	-
European floating rate notes	**269**		-	-
Home equity lines of credit	**205**		104	-
Commercial MBS	**89**		-	-
Grantor Trust	**39**	*(b)*	-	-
Credit cards	**26**		-	-
ABS CDOs	**23**		122	201
Other	**275**		142	-
Total net investment securities losses	**$5,369**	*(c)*	$1,628	$201

(a) Results for 2007 include six months of BNY Mellon and six months of legacy The Bank of New York Company, Inc.

(b) Includes $47 million of mark-to-market write-downs on the Alt-A, prime and subprime RMBS from Oct. 1, 2009 through the date of sale to the Grantor Trust.

(c) Includes $930 million originally recorded in 2008 and recorded again in 2009 under ASC 320 and as part of the impairment charge related to the restructuring of the securities portfolio.

The deterioration in the economy had a significant impact on our Alt-A, prime and subprime RMBS portfolios. The investment securities losses in 2009, 2008 and 2007 reflected both credit and non-credit impairment securities losses.

The following table shows the fair value of the European floating rate notes by geographical location at Dec. 31, 2009.

European floating rate notes at Dec. 31, 2009 *(a)* *(in millions)*	United Kingdom	Netherlands	Other	Total fair value
RMBS	$ 2,365	$ 1,082	$1,140	$4,587
Other	409	82	425	916
Total	$ 2,774	$ 1,164	$1,565	$5,503

(a) 97% of these securities are in the AAA to AA- ratings category.

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Results of Operations (continued)

Included in our securities portfolio are the following securities that have a credit enhancement through a guarantee by a monoline insurer:

Investment securities guaranteed by monoline insurers *(in millions)*	Dec. 31, 2009	Dec. 31, 2008
Municipal securities	**$ 548**	$ 591
Mortgage-backed securities	**42**	171
Home equity lines of credit securities	**-**	334
Other asset-backed securities	**-**	7
Total fair value	**$ 590** *(a)*	$ 1,103
Amortized cost less securities losses	**$ 606**	$ 1,384
Mark-to-market unrealized (loss) (pre-tax)	**$ (16)**	$ (281)

(a) *The par value guaranteed by the monoline insurers was $619 million.*

At Dec. 31, 2009, securities guaranteed by monoline insurers were rated 33% AAA to AA-, 32% A+ to A-, 23% BBB+ to BBB- and 12% BB+ and lower. The decrease in fair value from Dec. 31, 2008 reflects the restructuring of the securities portfolio. In all cases, when purchasing the securities, we reviewed the credit quality of the underlying securities, as well as the insurer.

The following table shows the maturity distribution by carrying amount and yield (on a tax equivalent basis) of our investment securities portfolio at Dec. 31, 2009.

Investment securities portfolio	U.S. Treasury		U.S. government agency		State and political subdivisions		Other bonds, notes and debentures		Mortgage/ asset-backed and equity securities		
(dollars in millions)	Amount	Yield *(a)*	Amount	Yield *(a)*	Amount	Yield *(a)*	Amount	Yield *(a)*	Amount	Yield) *(a)*	Total
Securities held-to-maturity:											
One year or less	$ -	-%	$ -	-%	$ -	-%	$ 3	0.03%	$ -	-%	$ 3
Over 1 through 5 years	-	-	-	-	3	6.92	-	-	-	-	3
Over 5 through 10 years	-	-	-	-	16	6.70	-	-	-	-	16
Over 10 years	-	-	-	-	131	6.66	-	-	-	-	131
Mortgage-backed securities	-	-	-	-	-	-	-	-	4,260	1.68	4,260
Equity securities	-	-	-	-	-	-	-	-	4	4.13	4
Total	$ -	-%	$ -	-%	$ 150	6.67%	$ 3	0.03%	$ 4,264	1.68%	$ 4,417
Securities available-for-sale:											
One year or less	$ 283	0.19%	$ 774	2.89%	$ 5	8.79%	$ 421	2.59%	$ -	-%	$ 1,483
Over 1 through 5 years	6,014	1.36	486	2.97	17	8.59	10,694	1.92	-	-	17,211
Over 5 through 10 years	81	3.79	-	-	27	3.98	192	5.99	-	-	300
Over 10 years	-	-	-	-	471	6.60	150	6.46	-	-	621
Mortgage-backed securities	-	-	-	-	-	-	-	-	29,471 *(b)*	5.20 *(b)*	29,471
Asset-backed securities	-	-	-	-	-	-	-	-	1,225	1.34	1,225
Equity securities	-	-	-	-	-	-	-	-	1,321	0.40	1,321
Total	$ 6,378	1.34%	$ 1,260	2.92%	$ 520	6.52%	$ 11,457 *(c)*	2.05%	$ 32,017	4.88%	$51,632

(a) *Yields are based upon the amortized cost of securities.*
(b) *Includes $88 million, for which we are recording interest on a cash basis. Also includes $4.160 billion fair value of the Grantor Trust Class B certificates with a yield of 13.27%.*
(c) *Includes $1.9 billion of government-sponsored and guaranteed debt and $8.9 billion of sovereign government-sponsored and guaranteed debt.*

We also have equity investments categorized as other assets (bracketed amounts indicate carrying values at Dec. 31, 2009). Included in other assets are joint ventures and other equity investments ($1.6 billion), seed capital ($241 million), Federal Reserve Bank stock ($397 million), private equity investments ($187 million), and tax advantaged low-income housing investments ($418 million). For additional information on the fair value of our private equity investments and seed capital, see Note 8 of the Notes to Consolidated Financial Statements.

Our equity investment in Wing Hang Bank Limited ("Wing value of $316 million) at Dec. 31, 2009. An agreement with certain other shareholders of Wing Hang prohibits the sale of this interest without their permission. We received dividends from Wing Hang of $2 million, $26 million and $17 million in 2009, 2008 and 2007, respectively.

Private equity activities consist of investments in private equity funds, mezzanine financings, and direct equity investments. Consistent with our policy to focus on our core activities, we continue to reduce our exposure to these activities. The carrying and fair value of our private equity investments was $187 million

Hang") had a fair value of $559 million (book

at Dec. 31, 2009, down $22 million from $209

million at Dec. 31, 2008. At Dec. 31, 2009, private equity investments consisted of investments in private equity funds of $170 million, direct equity of $12 million, and leveraged bond funds of $5 million. Fair values for private equity funds are generally based upon information provided by fund sponsors and our knowledge of the underlying portfolio; while mezzanine financing and direct equity investments are based upon BNY Mellon models. In 2009, we had an average invested balance of $198 million in private equity. Investment losses net of interest and dividend income were $18 million in 2009.

At Dec. 31, 2009, we had $53 million of unfunded investment commitments to private equity funds. The timing of future cash requirements to fund such commitments is generally dependent on the investment cycle. This cycle, the period over which privately-held companies are funded by private equity investors and ultimately sold, merged, or taken public through an initial public offering, can vary based on overall market conditions as well as the nature and type of industry in which the companies operate. If unused, the commitments expire between 2010 and 2013.

Commitments to private equity limited partnerships may extend beyond the expiration period shown above to cover certain follow-on investments, claims and liabilities, and organizational and partnership expenses.

Loans

Total exposure – consolidated	**Dec. 31, 2009**			Dec. 31, 2008		
(in billions)	**Loans**	**Unfunded commitments**	**Total exposure**	Loans	Unfunded commitments	Total exposure
Non-margin loans:						
Financial institutions	**$ 9.0**	**$ 18.5**	**$ 27.5**	$ 11.0	$ 23.2	$ 34.2
Commercial	**3.0**	**22.5**	**25.5**	6.3	24.9	31.2
Subtotal institutional	**12.0**	**41.0**	**53.0**	17.3	48.1	65.4
Wealth management loans and mortgages	**6.2**	**1.8**	**8.0**	5.3	2.3	7.6
Commercial real estate	**2.0**	**1.7**	**3.7**	3.1	1.9	5.0
Lease financing	**3.5**	**0.1**	**3.6**	4.0	0.1	4.1
Other residential mortgages	**2.2**	**-**	**2.2**	2.5	0.1	2.6
Overdrafts	**6.1**	**-**	**6.1**	7.0	-	7.0
Other	**-**	**-**	**-**	0.2	0.1	0.3
Subtotal non-margin loans	**32.0**	**44.6**	**76.6**	39.4	52.6	92.0
Margin loans	**4.7**	**-**	**4.7**	4.0	-	4.0
Total	**$ 36.7**	**$ 44.6**	**$ 81.3**	$ 43.4	$ 52.6	$ 96.0

At Dec. 31, 2009, total exposures were $81.3 billion, a reduction of $14.7 billion compared with Dec. 31, 2008, reflecting our credit strategy to reduce targeted risk exposure and the reclassification of $1.9 billion of MUNB exposure to discontinued operations.

In 2008, we implemented an institutional credit strategy to reduce targeted credit exposure by $14 billion. In 2009, we achieved the targeted exposure reduction.

We will continue to reduce risk within our loan portfolio by:

- Focusing on investment grade names to support cross selling.
- Avoiding single name/industry concentrations, using credit default swaps as appropriate.
- Exiting high-risk portfolios.

Our financial institutions and commercial portfolios comprise our largest concentrated risk. These portfolios make up 65% of our total lending exposure.

Financial institutions

The diversity of the financial institutions portfolio is shown in the following table.

Financial institutions portfolio exposure	**Dec. 31, 2009**					Dec. 31, 2008		
(dollar amounts in billions)	**Loans**	**Unfunded commitments**	**Total exposure**	**% Inv grade**	**% due <1 yr**	Loans	Unfunded commitments	Total exposure
Insurance	**$ 0.4**	**$ 6.0**	**$ 6.4**	**88%**	**43%**	$ 0.6	$ 6.4	$ 7.0
Banks	**3.3**	**2.9**	**6.2**	**64**	**89**	3.5	2.4	5.9
Securities industry	**3.6**	**2.1**	**5.7**	**91**	**92**	4.0	2.9	6.9
Asset managers	**1.0**	**2.8**	**3.8**	**95**	**85**	0.8	5.5	6.3
Government	**0.1**	**2.9**	**3.0**	**98**	**41**	1.4	3.0	4.4
Other	**0.6**	**1.8**	**2.4**	**86**	**38**	0.7	3.0	3.7
Total	**$ 9.0**	**$ 18.5**	**$ 27.5**	**85%**	**69%**	$ 11.0	$ 23.2	$ 34.2

The financial institutions portfolio exposure was $27.5 billion at Dec. 31, 2009, compared to $34.2 billion at Dec. 31, 2008. The change from Dec. 31, 2008 reflects lower exposure in nearly every category. Exposures to financial institutions are high quality with 85% meeting the investment grade equivalent criteria of our rating system at Dec. 31, 2009. These exposures are generally short-term, with 69% expiring within one year, and are frequently secured by securities that we may hold in custody on behalf of those financial institutions. For example, securities industry and asset managers often borrow against marketable securities held in custody.

As a conservative measure, our internal credit rating classification for international counterparties caps the rating based upon the sovereign rating of the country where the counterparty resides regardless of the credit rating of the counterparty or the underlying collateral.

Our exposure to banks is predominately to investment grade counterparties in developed countries. Non-investment grade bank exposures are short term in nature supporting our global trade finance and U.S. dollar clearing businesses in developing countries.

The asset manager portfolio exposures are high quality with 95% meeting our investment grade equivalent ratings criteria at Dec. 31, 2009. These exposures are generally short-term liquidity facilities with the vast majority to regulated mutual funds.

Commercial

The diversity of the commercial portfolio is shown in the following table.

Commercial portfolio exposure	**Dec. 31, 2009**					Dec. 31, 2008		
(dollar amounts in billions)	**Loans**	**Unfunded commitments**	**Total exposure**	**% Inv grade**	**% due <1 yr**	Loans	Unfunded commitments	Total exposure
Services and other	**$ 1.0**	**$ 7.7**	**$ 8.7**	**82%**	**38%**	$ 2.0	$ 8.6	$ 10.6
Manufacturing	**0.9**	**6.4**	**7.3**	**82**	**19**	1.5	7.9	9.4
Energy and utilities	**0.6**	**6.3**	**6.9**	**85**	**17**	1.7	6.1	7.8
Media and telecom	**0.5**	**2.1**	**2.6**	**57**	**23**	1.1	2.3	3.4
Total	**$ 3.0**	**$ 22.5**	**$ 25.5**	**80%**	**25%**	$ 6.3	$ 24.9	$ 31.2

The commercial portfolio exposure decreased to $25.5 billion at Dec. 31, 2009, from $31.2 billion at Dec. 31, 2008, reflecting decreased exposures across all exposure categories. Our goal is to continue to migrate towards a predominantly investment grade portfolio.

We continue to actively monitor automotive industry exposure given ongoing weakness in the domestic automotive industry. At Dec. 31, 2009, total exposures in our automotive portfolio included $109 million of secured exposure to one of the big three U.S. automotive manufacturers. This exposure was reduced 51% in 2009, reflecting paydowns. We also

had $81 million of exposure to four automotive suppliers at Dec. 31, 2009. This exposure has decreased 52% from Dec. 31, 2008, as a result of paydowns and loan sales.

The table below summarizes the percent of the financial institutions and commercial exposures that are investment grade for the previous three years.

Percent of the portfolios that are investment grade	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007
Financial institutions	**85%**	90%	88%
Commercial	**80%**	80%	82%

Wealth management loans and mortgages

Wealth Management loans and mortgages are primarily composed of loans to high-net-worth individuals, which are secured by residential property and marketable securities. Wealth management mortgages are primarily interest-only adjustable rate mortgages with an average loan to value ratio of 64% at origination. Less than 1% of the mortgages in the wealth management portfolio were past due at Dec. 31, 2009. The increase in total wealth management loans and mortgages in 2009 primarily relates to increased mortgage activity.

At Dec. 31, 2009, the private wealth mortgage portfolio was comprised of the following geographic concentrations: New York – 22%; Massachusetts –17%; California – 17%; Florida – 9%; and other – 35%.

Commercial real estate

Real estate facilities are focused on experienced owners and are structured with moderate leverage based on existing cash flows. Our commercial real estate lending activities include both construction facilities and medium-term loans. Our client base consists of experienced developers and long-term holders of real estate assets. Loans are approved on the basis of existing or projected cash flow, and supported by appraisals and a knowledge of local market conditions. Development loans are structured with moderate leverage, and in most instances, involve some level of recourse to the developer. Our commercial real estate exposure totaled $3.7 billion at Dec. 31, 2009 compared with $5.0 billion at Dec. 31, 2008. This reduction primarily reflects the reclassification of the commercial real estate portfolio at MUNB to discontinued operations. At Dec. 31, 2009, approximately 73% of our commercial real estate portfolio is secured. The secured portfolio is diverse by project type with approximately 53% secured by residential buildings, approximately 28% secured by office buildings, approximately 8% secured by retail properties, and approximately 11% secured by other categories. Approximately 94% of the unsecured portfolio is allocated to investment grade real estate investment trusts (“REITs”) under revolving credit agreements.

At Dec. 31, 2009, our commercial real estate portfolio is comprised of the following geographic concentrations: New York metro – 51%; investment grade REITs – 28%; and other – 21%.

Lease financings

The leasing portfolio consisted of non-airline exposures of $3.4 billion and $228 million of airline exposures at Dec. 31, 2009. We reduced airline exposure by 5% in 2009. Approximately 90% of the non-airline exposure is investment grade. At Dec. 31, 2009, we carried no automotive exposure in our leasing portfolio.

At Dec. 31, 2009, our $228 million of exposure to the airline industry consisted of a $15 million real estate lease exposure, as well as the airline-leasing portfolio which included $77 million to major U.S. carriers, $121 million to foreign airlines and $15 million to U.S. regionals.

The airline industry continued to face difficult operating conditions in 2009. A weak economic outlook for 2010 continues to have a dampening effect on aircraft values in the secondary market. Because of these factors, we continue to maintain a sizable allowance for loan losses against these exposures and to closely monitor the portfolio.

At Dec. 31, 2009, the non-airline portion of the leasing portfolio consisted of $3.4 billion of exposures backed by well-diversified assets, primarily large-ticket transportation equipment. The largest component is rail, consisting of both passenger and freight trains. Assets are both domestic and foreign-based, with primary concentrations in the United States and European countries. Excluding airline leasing, counterparty rating equivalents at Dec. 31, 2009, were as follows:

- 14% of the counterparties are AA or better;
- 37% are A;
- 46% are BBB; and
- 3% are non-investment grade

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Other residential mortgages

The other residential mortgage portfolio primarily consists of 1-4 family residential mortgage loans and totaled $2.2 billion at Dec. 31, 2009. Included in this portfolio is approximately $1.0 billion of mortgage loans purchased in 2005, 2006 and the first quarter of 2007 that are predominantly prime mortgage loans, with a small portion of Alt-A loans. As of Dec. 31, 2009, the prime and Alt-A mortgage loans in this portfolio had a weighted-average original loan-to-value ratio of 75% and approximately 23% of these loans were at least 60 days delinquent. The properties securing the prime and Alt-A mortgage loans were located (in order of concentration) in California, Florida, Virginia, the tri-state area (New York, New Jersey and Connecticut) and Maryland.

To determine the projected loss on the prime and Alt-A mortgage portfolio, we calculate the total estimated defaults of these mortgages and multiply that amount by an estimate of realizable value upon sale in the marketplace (severity).

At Dec. 31, 2009, we had less than $15 million in subprime mortgages included in the total residential mortgage portfolio. The subprime loans were issued to support our Community Reinvestment Act requirements.

Overdrafts

Overdrafts primarily relate to custody and securities clearance clients. Overdrafts occur on a daily basis in the custody and securities clearance business and are generally repaid within two business days.

Loans by product

The following table shows trends in the loans outstanding at year-end on a continuing operations basis over the last five years based on a product analysis.

Loans by product - at year end

(in millions)	**2009**	2008	2007	2006 *(a)*	2005 *(a)*
Domestic:					
Commercial and industrial loans	**$ 3,280**	$ 6,537	$ 6,553	$ 4,814	$ 3,676
Real estate loans:					
Construction and land development	**533**	812	772	284	324
Other, principally commercial mortgages	**721**	1,197	1,789	422	554
Collateralized by residential properties	**5,567**	5,489	4,806	3,815	2,710
Banks and other financial institutions	**1,517**	3,376	3,737	2,494	2,266
Loans for purchasing or carrying securities	**3,826**	4,099	6,208	7,114	4,935
Lease financings	**2,450**	2,754	3,206	3,032	3,262
Less: Unearned income on lease financings	**(754)**	(902)	(1,174)	(832)	(938)
Wealth loans	**3,354**	1,866	1,857	266	378
Margin loans	**4,657**	3,977	5,210	5,167	6,089
Other (primarily overdrafts)	**3,780**	4,152	3,314	1,336	946
Total domestic	**28,931**	33,357	36,278	27,912	24,202
Foreign:					
Commercial and industrial loans	**517**	668	913	1,111	1,184
Banks and other financial institutions	**4,947**	4,714	8,940	5,350	4,196
Lease financings	**3,344**	4,088	5,811	5,802	5,816
Less: Unearned income on lease financings	**(1,528)**	(1,934)	(2,876)	(2,504)	(2,615)
Government and official institutions	**64**	1,437	312	9	101
Other (primarily overdrafts)	**414**	1,064	1,553	113	43
Total foreign	**7,758**	10,037	14,653	9,881	8,725
Less: Allowance for loan losses	**(503)**	(415)	(327)	(287)	(326)
Net loans	**$36,186**	$42,979	$50,604	$37,506	$32,601

(a) Results for 2006 and 2005 include legacy The Bank of New York Company, Inc. only.

Results of Operations (continued)

International loans

We have credit relationships in the international markets, particularly in areas associated with our securities servicing and trade finance. Excluding lease financings, these activities resulted in outstanding international loans of $5.9 billion and $7.9 billion as of Dec. 31, 2009 and 2008, respectively. This decrease primarily resulted from a decrease in loans to foreign governments and lower overdrafts.

At Dec. 31, 2009, our emerging markets exposures, which are primarily included in foreign loans in the table above, totaled approximately $7.9 billion. These exposures consisted primarily of short-term loans, and a $316 million investment in Wing Hang, which is located in Hong Kong. This compares with emerging market exposure of $7.3 billion in 2008, including an investment of $279 million in Wing Hang.

Maturity of loan portfolio

The following table shows the maturity structure of our loan portfolio at Dec. 31, 2009.

Maturity of loan portfolio *(a)* *(in millions)*	Within 1 year	Between 1 and 5 years	After 5 years	Total
Domestic:				
Real estate, excluding loans collateralized by 1-4 family residential properties	$ 377	$ 534	$ 343	$ 1,254
Commercial and industrial loans	804	2,464	12	3,280
Loans for purchasing or carrying securities	3,670	156	-	3,826
Margin loans	4,657	-	-	4,657
Other, excluding loans to individuals and those collateralized by 1-4 family residential properties	4,521	707	69	5,297
Subtotal	14,029	3,861	424	18,314
Foreign	5,406	534	-	5,940
Total	$19,435	$ 4,395 *(b)*	$ 424 *(b)*	$24,254

(a) Excludes loans collateralized by residential properties, lease financings and wealth loans.
(b) Variable rate loans due after one year totaled $4.757 billion and fixed rate loans totaled $62 million.

Asset quality and allowance for credit losses

Over the past several years, we have improved our risk profile through greater focus on clients who are active users of our non-credit services, de-emphasizing broad-based loan growth. Our primary exposure to the credit risk of a customer consists of funded loans, unfunded formal contractual commitments to lend, standby letters of credit and overdrafts associated with our custody and securities clearance businesses.

The role of credit has shifted to one that complements our other services instead of as a lead product. Credit solidifies customer relationships and, through a disciplined allocation of capital, can earn acceptable rates of return as part of an overall relationship.

We have implemented a credit strategy to reduce exposures that no longer meet risk/return criteria, including an assessment of overall relationship profitability. In addition, we make use of credit derivatives and other risk mitigants as economic hedges of portions of the credit risk in our portfolio. The effect of these transactions is to transfer credit risk to creditworthy, independent third parties.

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Results of Operations (continued)

Activity in allowance for credit losses

The following table details changes in our allowance for credit losses for the last five years:

Allowance for credit losses activity *(in millions)*	**2009**	2008	2007 *(a)*	2006 *(a)*	2005 *(a)*
Margin loans	**$ 4,657**	$ 3,977	$ 5,210	$ 5,167	$ 6,089
Non-margin loans	**32,032**	39,417	45,721	32,626	26,838
Total loans at Dec. 31,	**36,689**	43,394	50,931	37,793	32,927
Average loans outstanding	**36,424**	48,132	41,515	33,612	32,069
Allowance for credit losses:					
Balance, Jan. 1,					
Domestic	**$ 461**	$ 354	$ 328	$ 363	$ 481
Foreign	**6**	24	7	11	27
Unallocated	**62**	116	102	96	119
Total	**529**	494	437	470	627
Charge-offs:					
Commercial	**(124)**	(30)	(22)	(27)	(144)
Commercial real estate	**(31)**	(15)	-	-	-
Other residential mortgage	**(60)**	(20)	-	-	-
Foreign	**-**	(17)	(19)	(2)	(10)
Wealth management	**(1)**	(1)	-	-	-
Leasing	**-**	-	(36)	-	-
Other	**-**	-	(1)	-	-
Total charge-offs	**(216)**	(83)	(78)	(29)	(154)
Recoveries:					
Commercial	**-**	2	1	3	1
Foreign	**-**	4	1	7	3
Leasing	**1**	3	13	4	-
Other	**1**	1	-	2	-
Total recoveries	**2**	10	15	16	4
Net charge-offs	**(214)**	(73)	(63)	(13)	(150)
Provision for credit losses	**332**	104	(11)	(20)	(7)
Transferred to discontinued operations	**(19)**	27	1	-	-
Acquisitions/dispositions and other	**-**	(23)	130	-	-
Balance, Dec. 31,					
Domestic	**598**	461	354	328	363
Foreign	**4**	6	24	7	11
Unallocated	**26**	62	116	102	96
Total allowance, Dec. 31, *(b)*	**$ 628**	$ 529	$ 494	$ 437	$ 470
Allowance for loan losses	**$ 503**	$ 415	$ 327	$ 287	$ 326
Allowance for lending related commitments	**125**	114	167	150	144
Net charge-offs to average loans outstanding	**0.59%**	0.15%	0.15%	0.04%	0.47%
Net charge-offs to total allowance for credit losses	**34.08**	13.80	12.75	2.97	31.91
Allowance for loan losses as a percent of total loans	**1.37**	0.96	0.64	0.76	0.99
Allowance for loan losses as a percent of non-margin loans	**1.57**	1.05	0.72	0.88	1.21
Total allowance for credit losses as a percent of total loans	**1.71**	1.22	0.97	1.16	1.43
Total allowance for credit losses as a percent of non-margin loans	**1.96**	1.34	1.08	1.34	1.75

(a) Charge-offs, recoveries and the provision for 2007 include six months of BNY Mellon and six months of legacy The Bank of New York Company, Inc. These categories for 2006 and 2005 reflect legacy The Bank of New York Company, Inc.

(b) The allowance for credit losses at Dec. 31, 2009 excludes discontinued operations. The allowance for credit losses includes discontinued operations of $35 million at Dec. 31, 2008 and $17 million at Dec. 31, 2007.

Results of Operations (continued)

Net charge-offs were $214 million in 2009, $73 million in 2008 and $63 million in 2007. Net charge-offs in 2009 included $71 million related to print and broadcast media, $60 million of residential mortgages primarily located in California, New York, New Jersey and Florida, $31 million related to commercial real estate exposure in Florida and New York, $38 million to finance and leasing companies and $8 million to an auto parts manufacturer. Net charge-offs in 2008 included $20 million of residential mortgages, $15 million related to commercial real estate exposure, $17 million related to foreign SIV exposures, $13 million to a newspaper publisher and $7 million to a retail trade customer.

The provision for credit losses was $332 million in 2009 compared with $104 million in 2008 and a credit of $11 million in 2007. The increase in the provision in 2009 compared with 2008 primarily reflects downgrades in the insurance, media and residential mortgage portfolios. We expect the provision to decline in 2010.

The total allowance for credit losses was $628 million and $529 million at year-end 2009 and 2008, respectively. The increase in the allowance for credit losses resulted from a provision for credit losses of $332 million, partially offset by net charge-offs of $214 million. The ratio of the total allowance for credit losses to year-end non-margin loans was 1.96% and 1.34% at Dec. 31, 2009 and 2008, respectively. The ratio of the allowance for loan losses to year-end non-margin loans was 1.57% and 1.05% at Dec. 31, 2009 and 2008, respectively. The growth in these ratios reflects additions to the allowance for credit losses resulting from higher risk-rated loans and mortgages, and an increase in nonperforming loans.

We had $4.7 billion of secured margin loans on our balance sheet at Dec. 31, 2009 compared with $4.0 billion at Dec. 31, 2008. We have rarely suffered a loss on these types of loans and do not allocate any of our allowance for credit losses to them. As a result, we believe that the ratio of total allowance for credit losses to non-margin loans is a more appropriate metric to measure the adequacy of the reserve.

In 2009, the methodology used to determine the allowance for credit losses was revised. The determination of the reserve for higher risk rated credits and pass-rated credits was combined and is based on our expected loss model. This methodology change increased the reserve requirement approximately $10 million.

The allowance for loan losses and the allowance for unfunded commitments consist of three elements:

- an allowance for impaired credits (nonaccrual loans over $1 million);
- an allowance for higher risk rated credits and pass rated credits; and
- an unallocated allowance based on general economic conditions and risk factors in our individual markets.

The first element, impaired credits, is based on individual analysis of all nonperforming loans over $1 million. The allowance is measured by the difference between the recorded value of impaired loans and their impaired value. Impaired value is either the present value of the expected future cash flows from the borrower, the market value of the loan, or the fair value of the collateral.

The second element, higher-rated credits and pass rated credits, is based on our expected loss model. Borrowers are assigned to pools based on their credit ratings. The expected loss for each loan in a pool incorporates the borrower’s credit rating, loss given default rating and maturity. The loss given default incorporates a recovery expectation. The borrower’s probability of default is derived from the associated credit rating. Borrower ratings are reviewed at least annually and are periodically mapped to third party databases, including rating agency and default and recovery databases, to ensure ongoing consistency and validity. Higher risk rated credits are reviewed quarterly. Commercial loans over $1 million are individually analyzed before being assigned a credit rating. We also apply this technique to our leasing and wealth management portfolios.

The third element, the unallocated allowance, is based on management’s judgment regarding the following factors:

- Economic conditions including duration of the current cycle;
- Collateral values;
- Specific credits and industry conditions;
- Results of bank regulatory and internal credit exams;
- Geopolitical issues and their impact on the economy; and
- Volatility and model risk.

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Results of Operations (continued)

Based on an evaluation of these three elements, including individual credits, historical credit losses, and global economic factors, we have allocated our allowance for credit losses on a continuing operations basis as follows:

Allocation of allowance	2009 (a)	2008 (a)	2007 (a)	2006 (b)	2005 (b)
Commercial	**41%**	47%	49%	64%	66%
Other residential mortgages	**25**	15	5	4	5
Financial institutions	**13**	10	8	3	3
Wealth management (c)	**9**	5	3	2	5
Commercial real estate	**7**	10	7	2	2
Foreign	**1**	1	5	2	2
Unallocated	**4**	12	23	23	17
Total	**100%**	100%	100%	100%	100%

(a) *Excludes discontinued operations. The allowance for credit losses includes discontinued operations in 2008 and 2007.*
(b) *Reflects legacy The Bank of New York Company, Inc. only.*
(c) *Includes the allowance for wealth management mortgages.*

The allocation of allowance for credit losses is inherently judgmental, and the entire allowance for credit losses is available to absorb credit losses regardless of the nature of the loss. The unallocated allowance reflects various factors in the current credit environment and is also available to, among other things, absorb further deterioration across all of our portfolios resulting from the current economic environment. The unallocated allowance for credit losses was 4% at Dec. 31, 2009, a decrease from 12% at Dec. 31, 2008.

Nonperforming assets

The following table shows the distribution of nonperforming assets at the end of each of the last five years.

Nonperforming assets at Dec. 31 *(dollar in millions)*	2009	2008	2007	2006 (a)	2005 (a)
Loans:					
Other residential mortgages	**$ 190**	$ 97	$ 20	$ 2	$ -
Financial institutions	**172**	41	24	-	-
Commercial	**65**	14	15	26	12
Commercial real estate	**61**	130	40	-	-
Wealth management	**58**	2	-	-	-
Foreign	**-**	-	87	9	13
Other	**-**	-	-	-	1
Total nonperforming loans	**546**	284	186	37	26
Other assets owned	**4**	8	4	1	13
Total nonperforming assets	**$ 550** (b)	$ 292 (b)	$ 190 (b)	$ 38	$ 39
Nonperforming assets ratio	**1.5%**	0.7%	0.4%	0.1%	0.1%
Allowance for loan losses/nonperforming loans	**92.1**	146.1	175.8	775.7	1,253.8
Allowance for loan losses/nonperforming assets	**91.5**	142.1	172.1	755.3	835.9
Total allowance for credit losses/nonperforming loans	**115.0**	186.3	265.6	1,181.1	1,807.7
Total allowance for credit losses/nonperforming assets	**114.2**	181.2	260.0	1,150.0	1,205.1

(a) *Reflects legacy The Bank of New York Company, Inc. only.*
(b) *Nonperforming assets at Dec. 31, 2009 exclude discontinued operations. Nonperforming assets at Dec. 31, 2008 and Dec. 31, 2007 include discontinued operations of $96 million and $18 million, respectively.*

Nonperforming assets were $550 million at Dec. 31, 2009, an increase of $258 million compared with Dec. 31, 2008. The increase primarily resulted from $137 million in the insurance portfolio, $108 million in the media portfolio, $99 million in other residential mortgages, an increase of $62 million in loans to wealth management clients, $37 million to real estate investment companies, $27 million to mortgage companies and $21 million to a finance/leasing company. Partially offsetting this increase was $96 million that was transferred to discontinued operations, $95 million of charge-offs and $49 million of loan payments/sales.

Nonperforming assets activity (in millions)	2009	2008
Balance at beginning of year	**$292**	$190
Additions	**510**	251
Charge-offs	**(95)**	(61)
Paydowns/sales	**(49)**	(91)
Transferred to discontinued operations	**(96)**	-
Other	**(12)**	3
Balance at end of year *(a)*	**$550**	$292

(a) Nonperforming assets at Dec. 31, 2009 exclude discontinued operations. Nonperforming assets at Dec. 31, 2008 include discontinued operations of $96 million.

The following table shows loans past due 90 days or more and still accruing interest.

Past due loans still accruing interest at year-end (in millions)	2009	2008	2007	2006 (a)	2005 (a)
Domestic:					
Consumer	**$ 93**	$ 27	$ -	$ 9	$ 2
Commercial	**338**	315	343	7	7
Total domestic	**431**	342	343	16	9
Foreign	**-**	-	-	-	-
Total past due loans	**$431** *(b)*	$342 *(b)*	$343 *(b)*	$ 16	$ 9

(a) Reflects legacy The Bank of New York Company, Inc. only.
(b) Past due loans at Dec. 31, 2009 exclude discontinued operations. There were no past due loans at Dec. 31, 2008 and 2007 included in discontinued operations.

Past due loans at Dec. 31, 2009 were primarily comprised of loans to an asset manager that has filed for bankruptcy. For additional information, see Note 26 of the Notes to Consolidated Financial Statements. These loans are well secured, largely by cash and high grade fixed income securities, and are in the process of collection. The remainder of past due loans at Dec. 31, 2009 include $93 million of other residential mortgages and $25 million of commercial real estate loans.

Deposits

Total deposits were $135.1 billion at Dec. 31, 2009, a decrease of 15% compared with $159.7 billion at Dec. 31, 2008. The decrease in deposits reflects the roll-off of client cash as the credit market eased throughout 2009 and deposits taken in during the credit crisis decreased to more normal levels.

Noninterest-bearing deposits were $33.5 billion at Dec. 31, 2009, compared with $55.8 billion at Dec. 31, 2008. Interest-bearing deposits were $101.6 billion at Dec. 31, 2009, compared with $103.9 billion at Dec. 31, 2008.

The aggregate amount of deposits by foreign customers in domestic offices was $11 billion and $16 billion at Dec. 31, 2009 and 2008, respectively.

Deposits in foreign offices totaled approximately $71 billion at both Dec. 31, 2009 and Dec. 31, 2008. The majority of these deposits were in amounts in excess of $100,000 and were primarily overnight foreign deposits.

The following table shows the maturity breakdown of domestic time deposits of $100,000 or more at Dec. 31, 2009.

Domestic time deposits > $100,000 at Dec. 31, 2009 (in millions)	Certificates of deposits	Other time deposits	Total
3 months or less	**$ 311**	**$27,102**	**$27,413**
Between 3 and 6 months	**427**	**-**	**427**
Between 6 and 12 months	**32**	**-**	**32**
Over 12 months	**68**	**-**	**68**
Total	**$ 838**	**$27,102**	**$27,940**

Other borrowings

We fund ourselves primarily through deposits and other borrowings, which are comprised of federal funds purchased and securities sold under repurchase agreement, payables to customers and broker-dealers, other borrowed funds and long-term debt. Federal funds purchased and securities sold under repurchase agreements were $3.3 billion at Dec. 31, 2009, compared with $1.4 billion at Dec. 31, 2008. Payables to customers and broker-dealers were $10.7 billion at Dec. 31, 2009 and $9.3 billion at Dec. 31, 2008. The increase to payables to customers and broker-dealers was due to higher short selling activity and a general increase in cash held in customer accounts awaiting re-investment. Other borrowed funds were $477 million at Dec. 31, 2009, compared with $755 million at Dec. 31, 2008. Other borrowed funds consist primarily of extended federal funds purchased and amounts owed to the U.S. Treasury. At Dec. 31, 2009, we had $12 million of commercial paper compared with $138 million at Dec. 31, 2008.

At Dec. 31, 2008, we held $5.6 billion of borrowings related to the Federal Reserve’s Asset-Backed Commercial Paper Program that was implemented in 2008. These balances were repaid in early 2009.

See “Liquidity and dividends” below for a discussion of long-term debt.

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Information related to federal funds purchased and securities sold under repurchase agreements in 2009, 2008 and 2007 is presented in the table below.

Federal funds purchased and securities sold under repurchase agreements *(a)* *(dollar amounts in millions)*	**2009**	2008	2007
Maximum month-end balance	**$3,928**	$11,788	$8,496
Average daily balance	**2,695**	4,624	2,555
Average rate during the year	**-%**	1.00%	4.33%
Balance at Dec. 31	**$3,348**	$ 1,372	$2,193
Average rate at Dec. 31	**0.01%**	0.14%	3.54%

(a) Discontinued operations were excluded in 2009 and were included in 2008 and 2007.

Information related to other borrowed funds in 2009, 2008 and 2007 is presented in the table below.

Other borrowed funds (includes commercial paper) *(dollar amounts in millions)*	**2009**	2008	2007
Maximum month-end balance	**$3,409**	$3,029	$5,919
Average daily balance	**2,855**	3,259	2,523
Average rate during the year	**1.49%**	2.77%	3.59%
Balance at Dec. 31	**$ 489**	$ 893	$5,919
Average rate at Dec. 31	**1.36%**	1.04%	3.07%

Information related to borrowings from Federal Reserve related to asset-backed commercial paper in 2009 and 2008 is presented in the table below.

Borrowings from Federal Reserve related to asset-backed commercial paper *(dollar amounts in millions)*	**2009**	2008
Maximum month-end balance	**$1,080**	$10,865
Average daily balance	**317**	2,348
Average rate during the year	**2.25%**	2.25%
Balance at Dec. 31	**$ -**	$ 5,591
Average rate at Dec. 31	**-%**	2.92%

Support agreements

In 2008, we voluntarily provided support to clients invested in money market mutual funds, cash sweep funds and similar collective funds, managed by our affiliates, as well as clients invested in funds within our securities lending business.

These support agreements are designed to enable these funds to continue to operate at a stable share price of $1.00. In 2009, we recorded a credit to support agreement charges of $15 million (pre-tax). This credit reflects a reduction in the support agreement reserve primarily due to improved pricing of Lehman securities, primarily offset by the final support agreement charge for four Dreyfus money market funds entered into in 2008. The agreements supporting the Dreyfus money market funds expired and were completed in 2009. At Dec. 31, 2009, the value of Lehman securities increased to 19.50% from 9.75% at Dec. 31, 2008.

At Dec. 31, 2009, our additional potential maximum exposure to support agreements was approximately $86.1 million, based on the securities subject to these agreements being valued at zero and the NAV of the related funds declining below established thresholds. This exposure includes agreements covering Lehman securities ($49.6 million), as well as other client support agreements ($36.5 million).

Liquidity and dividends

BNY Mellon defines liquidity as the ability of the Company and its subsidiaries to access funding or convert assets to cash quickly and inexpensively, especially during periods of market stress. Appropriate consideration in managing the balance sheet is given to balancing the competing needs to maintain adequate levels of liquidity while maintaining profitability. Liquidity risk is the potential for loss resulting from an inability to satisfy contractual and contingent funding requirements, both on- and off-balance sheet, at an acceptable cost.

Our liquidity policy is based on several core principles. BNY Mellon seeks to maintain an adequate liquidity cushion in both normal and stressed environments and seeks to diversify funding sources by customer, market segment and maturity. Liquidity is managed on a subsidiary basis, a consolidated basis and at The Bank of New York Mellon Corporation parent company (“Parent”).

Primary uses of liquidity include withdrawals of customer deposits and client drawdowns on unfunded credit or liquidity facilities. We actively monitor unfunded loan commitments, thereby reducing unanticipated funding requirements.

At Dec. 31, 2009, we had approximately $60 billion of liquid funds and $11 billion of cash (including approximately $7 billion on deposit with the Federal Reserve and other central banks) for a total of approximately $71 billion of available funds. This compares with available funds of $105 billion at Dec. 31, 2008. Our liquid assets to total assets was 33% at Dec. 31, 2009 compared with 44% at Dec. 31,

2008. The decrease from Dec. 31, 2008 primarily reflects lower cash balances, primarily deposits with the Federal Reserve and other central banks, resulting from the decline in noninterest-bearing deposits as the balance sheet returned to expected levels during 2009.

On an average basis for 2009 and 2008, non-core sources of funds such as money market rate accounts, certificates of deposit greater than $100,000, federal funds purchased and other borrowings were $25.1 billion and $23.8 billion, respectively. The increase primarily reflects a higher level of money market rate accounts, partially offset by lower levels of federal funds purchased and certificates of deposits greater than $100,000. Average foreign deposits, primarily from our European-based securities servicing business, were $72.6 billion in 2009 compared with $68.8 billion in 2008. The increase in foreign deposits primarily reflects greater liquidity from our corporate trust business. Domestic savings and other time deposits averaged $6.1 billion in 2009 compared with $7.2 billion in 2008. The 2008 average included the impact of a large government deposit.

Average payables to customers and broker-dealers were $5.3 billion in 2009 and $5.5 billion in 2008. Long-term debt averaged $16.9 billion in 2009 and $16.4 billion in 2008. The increase in long-term debt primarily reflects the issuance of senior debt, partially offset by maturities. Average noninterest-bearing deposits increased to $36.4 billion in 2009 from $33.7 billion in 2008, primarily reflecting a significant increase in customer deposits in late 2008 during the credit crisis.

The Parent has five major sources of liquidity:

- cash on hand;
- dividends from its subsidiaries;
- access to the commercial paper market;
- a revolving credit agreement with third party financial institutions; and
- access to the long-term debt markets.

As a result of charges related to the restructuring of the securities portfolios, The Bank of New York Mellon and BNY Mellon, N.A. will require consent from our regulators prior to paying a dividend. Despite this limitation, management estimates that liquidity at the Parent will continue to be sufficient to meet BNY Mellon's ongoing quarterly dividend requirement. Based on projections, we currently expect this restriction to be lifted in the fourth quarter of 2010. At Dec. 31, 2009, our other bank subsidiaries had the ability to pay dividends of approximately $136 million to the Parent without the need for a regulatory waiver. In addition, at Dec. 31, 2009, nonbank subsidiaries of the Parent had liquid assets of approximately $1.1 billion.

Any increase in BNY Mellon's ongoing quarterly dividends would require consultation with the Federal Reserve.

Restrictions on our ability to obtain funds from our subsidiaries are discussed in more detail in Note 22 of the Notes to Consolidated Financial Statements.

In 2009 and 2008, the Parent's average commercial paper borrowings were $186 million and $34 million, respectively. The Parent had cash of $4.4 billion at Dec. 31, 2009, compared with $5.0 billion at Dec. 31, 2008. Commercial paper outstandings issued by the Parent were $12 million and $16 million at Dec. 31, 2009 and 2008, respectively. Net of commercial paper outstanding, the Parent's cash position at Dec. 31, 2009 decreased by $596 million compared with Dec. 31, 2008. The decrease in cash held by the Parent reflected the repurchase of the preferred stock and warrant issued to the U.S. Treasury as part of the TARP Capital Purchase Program, primarily offset by common stock and debt offerings in 2009. The Parent's liquidity target is to have sufficient cash on hand to meet its obligations over the next 18 months without the need to receive dividends from its bank subsidiaries or issue debt. As of Dec. 31, 2009, the liquidity target was exceeded.

We currently have a $226 million credit agreement with 10 financial institutions that matures in October 2011. The fee on this facility depends on our credit rating and at Dec. 31, 2009 was 6 basis points. The credit agreement requires us to maintain:

- shareholder's equity of $5 billion;
- a ratio of Tier 1 capital plus the allowance for credit losses to nonperforming assets of at least 2.5;
- a double leverage ratio less than 130%; and
- adequate capitalization of all our banks for regulatory purposes.

We are currently in compliance with these covenants. There were no borrowings under this facility at Dec. 31, 2009.

We also have the ability to access the capital markets. In July 2007, we filed a shelf registration statement on

Results of Operations (continued)

Form S-3 with the Securities and Exchange Commission ("SEC") covering the issuance of certain securities, including an unlimited amount of debt, common stock, preferred stock and trust preferred securities.

Our ability to access the capital markets on favorable terms, or at all, is partially dependent on our credit ratings, which, as of Dec. 31, 2009, were as follows:

Debt ratings at Dec. 31, 2009	Moody's	Standard & Poor's	Fitch	DBRS
Parent:				
Long-term senior debt	Aa2	AA-	AA-	AA (low)
Subordinated debt	Aa3	A+	A+	A (high)
The Bank of New York Mellon:				
Long-term senior debt	Aaa	AA	AA-	AA
Long-term deposits	Aaa	AA	AA	AA
BNY Mellon, N.A.:				
Long-term senior debt	Aaa	AA	AA- *(a)*	AA
Long-term deposits	Aaa	AA	AA	AA
Outlook	**Stable**	**Stable**	**Stable**	**Stable** (long-term)

(a) *Represents senior debt issuer default rating.*

In February 2010, the rating agencies referenced above affirmed the ratings included in the table above of BNY Mellon and its subsidiaries.

In January and February 2010, Fitch and Moody's revised their global guidelines for rating hybrid securities. These revised guidelines impacted the ratings of hybrid securities of a significant number of U.S. financial institutions (primarily banks), monitored by these agencies. As a result of these changes, the ratings on BNY Mellon's Trust Preferred securities were revised from A+ to A by Fitch and Aa3/A1 to A1/A3 by Moody's. BNYMellon's other ratings from Fitch and Moody's were not impacted by these changes.

The Parent's major uses of funds are payment of dividends, principal and interest on its borrowings, acquisitions, and additional investment in its subsidiaries.

In 2009, $1.225 billion of senior and subordinated long-term debt matured. The Parent has $1.85 billion of long-term debt that will mature in 2010. The Parent has the option to call $1.07 billion of subordinated debt in 2010, which it may call and refinance if market conditions are favorable.

We have $850 million of trust-preferred securities that are callable in 2010. These securities qualify as Tier 1 capital. We have not yet decided if we will call these securities. The decision to call will be based on interest rates, the availability of cash and capital, and regulatory conditions. See discussion of qualification of trust preferred securities as capital in Capital.

Long-term debt increased to $17.2 billion at Dec. 31, 2009 from $15.9 billion at Dec. 31, 2008 primarily due to the issuance of $3.4 billion of senior medium-term debt, summarized in the following table:

Debt issuances *(in millions)*	**2009**
Senior medium-term notes:	
3-month LIBOR + 16 bps senior notes due 2012 *(a)*	**$ 603**
4.3% senior medium-term notes due 2014 *(b)*	**1,000**
5.45% senior medium-term notes due 2019 *(b)*	**500**
3.1% senior medium-term notes due 2015 *(b)*	**750**
4.6% senior medium-term notes due 2020 *(b)*	**500**
Total debt issuances	**$3,353**

(a) *Guaranteed under the FDIC's Temporary Liquidity Guarantee Program ("TLGP"). In 2009, the Parent issued the maximum amount of debt permissible for it under the TLGP.*
(b) *These notes are not guaranteed under the FDIC's TLGP.*

In the second quarter of 2009, BNY Mellon issued 48.3 million common shares, at $28.75 per share, for a total of $1.4 billion.

In June 2009, we repurchased the 3 million shares of Series B preferred stock issued to the U.S. Treasury in October 2008 as part of TARP. We paid the U.S. Treasury $3.0 billion, which reflects the liquidation value of the preferred stock.

On Aug. 5, 2009, BNY Mellon repurchased, for $136 million, the warrant issued to the U.S. Treasury in connection with the TARP Capital Purchase Program.

The double leverage ratio is the ratio of investment in subsidiaries divided by our consolidated equity plus trust preferred securities. Our double leverage ratio at Dec. 31, 2009 and 2008 was 104.8%, and 98.34%, respectively. Our target double leverage ratio is a maximum of 120%. The double leverage ratio is monitored by regulators and rating agencies and is an important constraint on our ability to invest in our subsidiaries and expand our businesses.

In 2009, BNY Mellon contributed $300 million to its primary U.S. pension plan.

Pershing LLC, an indirect subsidiary of BNY Mellon, has committed and uncommitted lines of credit in

place for liquidity purposes which are guaranteed by the Parent. The committed line of credit of $905 million extended by 15 financial institutions matures in March 2010. We expect that this line of credit will be renewed. In 2009, the average borrowing against this line of credit was $178 million. Additionally, Pershing has another committed line of credit for $125 million extended by one financial institution that matures in September 2010. The average borrowing against this line of credit was $39 million during 2009.

Pershing LLC has four separate uncommitted lines of credit, amounting to $875 million in aggregate. In 2009, average daily borrowing under these lines was $187 million in aggregate.

The committed line of credit maintained by Pershing LLC requires the Parent to maintain:

- shareholders equity of $5 billion;
- a ratio of Tier 1 capital plus the allowance for credit losses to nonperforming assets of at least 2.5; and
- a double leverage ratio less than 130%.

We are currently in compliance with these covenants.

Pershing Limited, an indirect U.K.-based subsidiary of BNY Mellon, has committed and uncommitted lines in place for liquidity purposes, which are guaranteed by the Parent. The committed line of credit of $171 million extended by four financial institutions matures in March 2010. We expect this line to be renewed. In 2009, there were no borrowings against these lines of credit. Pershing Limited has three separate uncommitted lines of credit amounting to $250 million in aggregate. In 2009, average daily borrowing under these lines was $16 million in aggregate.

Statement of cash flows

Cash provided by operating activities was $3.8 billion in 2009, compared with $2.9 billion in 2008 and $4.0 billion in 2007. In 2009, earnings, excluding the non-cash impact of investment securities losses, depreciation and amortization and accruals and other balances, partially offset by deferred tax benefits and changes in trading activities were a significant source of funds. The cash flows from operations in 2008 were principally the result of earnings. The cash flows from operations in 2007 were principally the result of earnings and changes in trading activities.

In 2009, cash provided by investing activities was $23.1 billion compared to $56.0 billion used for investing activities in 2008 and $21.6 billion used for investing activities in 2007. In 2009, interest-bearing deposits with the Federal Reserve and other central banks was a significant source of funds, partially offset by purchases of securities available for sale. In 2008, interest-bearing deposits at the Federal Reserve and other central banks and interest-bearing deposits with banks were a significant use of funds, and federal funds sold and securities purchased under resale agreements and loans to customers were a significant source of funds. In 2007, cash was used to increase our investment in securities. Interest-bearing deposits, loans to customers and Federal funds sold and securities purchased under resale agreements were uses of funds in 2007.

In 2009, cash used for financing activities was $28.0 billion, compared to $51.8 billion provided by financing activities in 2008 and $21.5 billion provided by financing activities in 2007. In 2009, change in deposits, other borrowed funds and the repurchase of the Series B preferred stock and the warrant were significant uses of funds, partially offset by proceeds from the issuance of long term debt and common stock, and the change in federal funds purchased and securities sold under repurchase agreements. In 2008, deposits and other funds borrowed, partially offset by use of funds for the repayments of long-term debt and commercial paper were the primary source of funds. In 2007, sources of funds included deposits and the issuance of long-term debt.

Commitments and obligations

We have contractual obligations to make fixed and determinable payments to third parties as indicated in the table below. The table excludes certain obligations such as trade payables and trading liabilities, where the obligation is short-term or subject to valuation based on market factors.

Results of Operations (continued)

Contractual obligations at Dec. 31, 2009		Payments due by period			
(in millions)	Total	Less than 1 year	1-3 years	3-5 years	Over 5 years
Deposits without a stated maturity	**$ 26,599**	$ 26,599	$ -	$ -	$ -
Term deposits	**74,974**	74,900	45	22	7
Federal funds purchased and securities sold under repurchase agreements	**3,348**	3,348	-	-	-
Payables to customers and broker-dealers	**10,721**	10,721	-	-	-
Other borrowed funds	**489**	489	-	-	-
Long-term debt *(a)*	**24,592**	2,573	6,066	4,719	11,234
Operating leases	**2,775**	347	610	494	1,324
Unfunded pension and post retirement benefits	**382**	39	81	75	187
Capital leases	**47**	31	16	-	-
Total contractual obligations	**$143,927**	$119,047	$6,818	$5,310	$12,752

(a) Including interest.

We have entered into fixed and determinable commitments as indicated in the table below:

Other commitments at Dec. 31, 2009		Amount of commitment expiration per period			
(in millions)	Total	Less than 1 year	1-3 years	3-5 years	Over 5 years
Securities lending indemnifications	**$247,560**	$247,560	$ -	$ -	$ -
Lending commitments	**32,454**	11,797	18,547	1,795	315
Standby letters of credit	**11,359**	7,423	3,686	250	-
Commercial letters of credit	**789**	789	-	-	-
Investment commitments *(a)*	**207**	3	25	3	176
Purchase obligations *(b)*	**1,087**	400	495	169	23
Support agreements	**86**	-	36	50	-
Total commitments	**$293,542**	$267,972	$22,789	$2,267	$ 514

(a) Includes private equity, community reinvestment act, and other investment-related commitments.
(b) Purchase obligations are defined as agreements to purchase goods or services that are enforceable and legally binding and specify all significant terms.

In addition to the amounts shown in the table above, at Dec. 31, 2009, $335 million of unrecognized tax benefits have been recorded as liabilities in accordance with ASC 740. Related to these unrecognized tax benefits, we have also recorded a liability for potential interest of $80 million. At this point, it is not possible to determine when these amounts will be settled or resolved.

Off-balance sheet arrangements

Off-balance sheet arrangements required to be discussed in this section are limited to guarantees, retained or contingent interests, support agreements, certain derivative instruments related to our common stock, and obligations arising out of unconsolidated variable interest entities. For BNY Mellon, these items include certain credit guarantees and securitizations. Guarantees include: lending-related guarantees issued as part of our corporate banking business; securities lending indemnifications issued as part of our servicing and fiduciary businesses and support agreements issued to customers in our asset servicing and asset management businesses. See the Support agreements section and Note 26 of the Notes to Consolidated Financial Statements for a further discussion of our off-balance sheet arrangements.

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Capital

Capital data (dollar amounts in millions except per share amounts; common shares in thousands)	2009	2008
At period end:		
Common shareholders' equity to assets ratio	**13.7%**	10.6%
Total shareholders' equity	**$ 28,977**	$ 28,050
Tangible common shareholders' equity – Non-GAAP *(a)*	**$ 9,540**	$ 5,950
Book value per common share	**$ 23.99**	$ 22.00
Tangible book value per common share – Non-GAAP *(a)*	**$ 7.90**	$ 5.18
Closing common stock price per share	**$ 27.97**	$ 28.33
Market capitalization	**$ 33,783**	$ 32,536
Common shares outstanding	**1,207,835**	1,148,467
Full-year:		
Average total shareholders' equity to average assets	**13.4%**	13.7%
Cash dividends per common share	**$ 0.51**	$ 0.96
Dividend yield	**1.8%**	3.4%

(a) See Supplemental information beginning on page 74 for a reconciliation of GAAP to non-GAAP.

The increase in total shareholders' equity compared with Dec. 31, 2008 primarily resulted from an improvement in unrealized losses on the investment securities portfolio resulting from improved pricing in the fixed income market in 2009 and the restructuring of the securities portfolio. This improvement in OCI was offset by lower retained earnings resulting from the impairment charges recorded in 2009. Also impacting total shareholders' equity was the common stock offering of 48.3 million shares ($1.4 billion) in 2009, which was more than offset by the repurchase of the Series B preferred stock and warrant issued to the U.S. Treasury in 2008. During 2009, retained earnings decreased $1.3 billion.

In 2009, we acquired Insight and a 20% minority interest in Siguler Guff. In connection with these transactions, BNY Mellon issued approximately 3 million common shares ($85 million).

In January 2010, we declared a quarterly common stock dividend of $0.09 per common share that was paid on Feb. 9, 2010, to shareholders of record as of the close of business on Feb. 1, 2010.

The Tier 1 capital ratio varies depending on the size of the balance sheet at quarter-end. The balance sheet size fluctuates from quarter to quarter based on levels of customer and market activity. In general, when servicing clients are more actively trading securities, deposit balances and the balance sheet as a whole are higher.

Our Tier 1 capital ratio was 12.1% at Dec. 31, 2009, compared with 13.2% at Dec. 31, 2008. The decrease in the Tier 1 capital ratio compared with Dec. 31, 2008 primarily reflects the restructuring of the investment securities portfolio and the repurchase of Series B preferred stock issued as part of the TARP Capital Purchase Program ("CPP"), offset by the issuance of common shares in the second quarter of 2009. At Dec. 31, 2009, our total assets were $212.2 billion compared with $237.5 billion at Dec. 31, 2008. The decrease in assets had an immaterial impact on risk-weighted assets as the decrease was in lower risk-weighted government investments.

A billion dollar change in risk-weighted assets changes the Tier 1 ratio by approximately 11 basis points while a $100 million change in common equity changes the Tier 1 ratio by approximately 9 basis points.

Our tangible common equity to tangible assets ratio was 5.2% at Dec. 31, 2009, up from 3.8% at Dec. 31, 2008. The increase compared with the prior year primarily reflects the improvement in pricing in the fixed income market in 2009 and the $1.4 billion common stock offering in 2009. The unrealized net of tax loss on our available-for-sale securities portfolio recorded in other comprehensive income was $619 million at Dec. 31, 2009 compared with $4.0 billion at Dec. 31, 2008. The improvement reflects the restructuring of the investment securities portfolio and the improvements in the fixed income markets.

Troubled Asset Relief Program

In October 2008, the U.S. Government announced the Troubled Asset Relief Program Capital Purchase Program authorized under the Emergency Economic Stabilization Act. See Note 18 of the Notes to the Consolidated Financial Statements for a further discussion of the impact of TARP on BNY Mellon.

Capital adequacy

Regulators establish certain levels of capital for bank holding companies and banks, including BNY Mellon and our bank subsidiaries, in accordance with established quantitative measurements. For the Parent to maintain its status as a financial holding company, our bank subsidiaries must, among other things, qualify as well capitalized. In addition, major bank holding companies such as the Parent are expected by the regulators to be well capitalized.

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As of Dec. 31, 2009 and 2008, the Parent and our bank subsidiaries were considered well capitalized on the basis of the ratios (defined by regulation) of Total and Tier 1 capital to risk-weighted assets and leverage (Tier 1 capital to average assets).

At Dec. 31, 2009, we had approximately $1.7 billion of trust preferred securities outstanding, net of issuance costs, all of which qualifies as Tier 1 capital.

The following tables present the components of our Tier 1 and Total risk-based capital and risk-weighted assets at Dec. 31, 2009 and 2008, as well as our consolidated capital ratios and capital ratios of our largest bank subsidiary, The Bank of New York Mellon.

Components of Tier 1 and total risk-based capital *(a)*	Dec. 31,	
(in millions)	**2009**	2008
Tier 1 capital:		
Common shareholders' equity	**$ 28,977**	$ 25,264
Series B preferred stock	**-**	2,786
Trust-preferred securities	**1,686**	1,654
Adjustments for:		
Goodwill and other intangibles *(b)*	**(19,437)**	(19,312)
Pensions	**1,070**	1,010
Securities valuation allowance	**619**	4,035
Merchant banking investment	**(32)**	(35)
Total Tier 1 capital	**12,883**	15,402
Tier 2 capital:		
Qualifying unrealized gains on equity securities	**3**	-
Qualifying subordinate debt	**3,429**	3,823
Qualifying allowance for credit losses	**665**	529
Total Tier 2 capital	**4,097**	4,352
Total risk-based capital	**$ 16,980**	$ 19,754

(a) On a regulatory basis and including discontinued operations.
(b) Reduced by deferred tax liabilities of $2.4 billion at both Dec. 31, 2009 and Dec. 31, 2008 associated with non-tax deductible identifiable intangible assets and tax deductible goodwill.

Components of risk-weighted assets *(a)*	**2009**		2008	
(in millions)	**Balance sheet/ notional amount**	**Risk-weighted assets**	Balance sheet/ notional amount	Risk-weighted assets
Assets:				
Cash, due from banks and interest-bearing deposits in banks	**$ 67,396**	**$ 11,923**	$ 102,914	$ 8,728
Securities	**56,049**	**17,633**	39,435	18,217
Trading assets	**6,001**	**-**	11,102	-
Fed funds sold and securities purchased under resale agreements	**3,535**	**17**	2,000	8
Loans	**36,689**	**25,746**	43,394	30,253
Allowance for loan losses	**(503)**	**-**	(415)	-
Other assets	**43,057**	**20,589**	39,082	20,817
Total assets	**$ 212,224**	**$ 75,908**	$ 237,512	$ 78,023
Off-balance sheet exposure:				
Commitments to extend credit	**$ 33,598**	**$ 12,180**	$ 39,441	$ 12,063
Securities lending	**249,120**	**132**	326,602	530
Standby letters of credit and other guarantees	**14,426**	**11,886**	16,515	13,121
Derivative instruments	**1,314,246**	**4,552**	1,137,453	10,448
Total off-balance sheet exposure	**$1,611,390**	**$ 28,750**	$1,520,011	$ 36,162
Market risk equivalent assets		**1,670**		2,528
Total risk-weighted assets		**$106,328**		$116,713
Average assets for leverage capital purposes		**$196,857**		$223,164

(a) On a regulatory basis and including discontinued operations.

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Results of Operations (continued)

Consolidated and largest bank subsidiary capital ratios	Well capitalized	Adequately capitalized	Dec. 31, 2009	2008
Consolidated capital ratios:				
Tier 1	6%	4%	**12.1%**	13.2%
Total capital	10	8	**16.0**	16.9
Leverage	5	3	**6.5**	6.9
Tier 1 common equity to risk-weighted assets ratio *(a)*			**10.5**	9.4
Tangible common shareholders' equity to tangible assets ratio – Non-GAAP *(a)*			**5.2%**	3.8%
The Bank of New York Mellon capital ratios:				
Tier 1	6%	4%	**11.2%**	11.2%
Total capital	10	8	**15.0**	14.7
Leverage	5	3	**6.3**	5.9

(a) See Supplemental information beginning on page 74 for a calculation of this ratio.

If a bank holding company or bank fails to qualify as "adequately capitalized", regulatory sanctions and limitations are imposed. At Dec. 31, 2009, the amounts of capital by which BNY Mellon and our largest bank subsidiary, The Bank of New York Mellon, exceed the well-capitalized guidelines are as follows:

Capital above guidelines at Dec. 31, 2009 *(in millions)*	**Consolidated**	**The Bank of New York Mellon**
Tier I Capital	$ 6,503	$ 4,708
Total Capital	6,347	4,538
Leverage	3,041	2,069

Capital framework

The U.S. federal bank regulatory agencies' risk-based capital guidelines are based upon the 1988 Capital Accord of the Basel Committee on Banking Supervision (the "Basel Committee"). The Basel Committee issued, in June 2004, and updated in November 2005, a revised framework for capital adequacy commonly known as the New Accord (the "New Accord" or "Basel II") that would set capital requirements for operational risk and refine the existing capital requirements for credit risk.

In the United States, U.S. regulators are mandating the adoption of the New Accord for "core" banks. BNY Mellon and its depository institution subsidiaries are "core" banks. The only approach available to "core" banks is the Advanced Internal Ratings Based ("A-IRB") approach for credit risk and the Advanced Measurement Approach ("AMA") for operational risk.

The U.S. Basel II final rule, published by the U.S. regulatory agencies, became effective on April 1, 2008. Under the final rule, 2009 was the first year for a bank to begin its first of three transitional floor periods during which banks subject to the final rule calculate their capital requirements under both the old guidelines and new guidelines.

In the U.S., we will begin the parallel run of calculations under both the old and new guidelines in the second quarter of 2010. Beginning Jan. 1, 2008 we implemented the Basel II Standardized Approach in the United Kingdom, Belgium and Luxembourg. We maintain an active dialogue with U.S. and international regulatory jurisdictions to facilitate a smooth Basel II reporting process. We believe Basel II will not constrain our current business practices.

Stock repurchase programs

Share repurchases during fourth quarter 2009 *(common shares in thousands)*	Total shares repurchased	Average price per share	Total shares repurchased as part of a publicly announced plan
October 2009	8	$ 29.44	-
November 2009	7	27.27	-
December 2009	71	26.71	-
Fourth quarter 2009	86 *(a)*	$ 27.02	-

(a) These shares were purchased at a purchase price of approximately $2 million from employees, primarily in connection with the employees' payment of taxes upon the vesting of restricted stock.

On Dec. 18, 2007, the Board of Directors of BNY Mellon authorized the repurchase of up to 35 million shares of common stock. There were no shares repurchased under the Dec. 18, 2007 program in the fourth quarter of 2009. At Dec. 31, 2009, 33.8 million shares were available for repurchase under the December 2007 program. There is no expiration date on this repurchase program.

In June 2009, we completed a public offering of 48.3 million shares of common stock at a weighted-average price of $28.75 per common share, for a total of $1.4 billion. In November 2009, we issued 2.0 million shares of common stock to HBOS Insurance & Investment Group Limited in connection with our acquisition of Insight that was exempt from registration under the Securities Act of 1933, pursuant to Section 4(2) thereof. Also in November 2009, we issued 1 million shares of common stock in connection with our acquisition of a 20% minority interest in Siguler Guff to Siguler Guff's selling shareholders. This issuance was also exempt from registration under the Securities Act of 1933, pursuant to Section 4(2) thereof.

Risk management

The understanding, identification and management of risk are essential elements for the successful management of BNY Mellon. Our primary risk exposures are:

Type of risk	Description
Credit	The possible loss we would suffer if any of our borrowers or other counterparties were to default on their obligations to us. Credit risk arises primarily from lending, trading, and securities servicing activities.
Market	The risk of loss due to adverse changes in the financial markets. Market risk arises from derivative financial instruments, such as futures, forwards, swaps and options, and other financial instruments, including loans, securities, deposits, and other borrowings. Our market risks are primarily interest rate and foreign exchange risk, equity risk and credit risk.
Operational	The risk of loss resulting from inadequate or failed internal processes, human factors and systems, or from external events.

Risk management and oversight begins with the Board of Directors and two key Board committees: the Risk Committee and the Audit Committee.

The Risk Committee is comprised entirely of independent directors and meets on a regular basis to review and assess our risks, and to control processes with respect to such risks, and our risk management and fiduciary policies and activities. The delegation of policy formulation and day-to-day oversight is to our Chief Risk Officer, who, together with the Chief Auditor and Chief Compliance Officer, helps ensure an effective risk management structure. The functions of the Risk Committee are described in more detail in its charter, a copy of which is available on our website, www.bnymellon.com.

The Audit Committee is also comprised entirely of independent directors, all of whom have been determined by the Board to have banking and financial management expertise within the meaning of the FDIC rules and to be financially literate within the meaning of the NYSE listing standards as interpreted by the Board, and two of whom have been determined (based upon education and experience as a principal accounting or financial officer or public accountant, or experience actively supervising a principal accounting or financial officer or public accountant) to be audit committee financial experts as set out in the rules and regulations under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and to have accounting or related financial management expertise within the meaning of the NYSE listing standards as interpreted by the Board. The Audit Committee meets on a regular basis to perform, among other things, an oversight review of the integrity of our financial statements and financial reporting process, compliance with legal and regulatory requirements, our independent registered public accountant's qualifications and independence, and the performance of our independent registered public accountant and our internal audit function. The Audit Committee also reviews management's assessment of the adequacy of internal controls. The functions of the Audit Committee are described in more detail in its charter, a copy of which is available on our website, www.bnymellon.com.

The Senior Risk Management Committee is the senior-most management body that approves BNY Mellon's risk appetite and tolerances and sets strategic direction and policy and provides oversight for the risk management, compliance and ethics framework.

Our risk management framework is designed to:

- Provide that risks are identified, monitored, reported, and priced properly;
- Define and communicate the types and amount of risk to take;
- Communicate to the appropriate management level, the type and amount of risk taken;
- Maintain a risk management organization that is independent of the risk taking activities; and
- Promote a strong risk management culture that encourages a focus on risk-adjusted performance.

Credit risk

To balance the value of our activities with the credit risk incurred in pursuing them, we set and monitor internal credit limits for activities that entail credit risk, most often on the size of the exposure and the maximum maturity of credit extended. For credit exposures driven by changing market rates and prices, exposure measures include an add-on for such potential changes.

We manage credit risk at both the individual exposure level as well as at the portfolio level. Credit risk at the individual exposure level is managed through our credit approval system of Divisional Portfolio Managers ("DPMs") and the Chief Credit Officer ("CCO"). The DPMs and CCO are responsible for approving the size, terms and maturity of all credit exposures as well as the ongoing monitoring of the exposures. In addition, they are responsible for assigning and maintaining the risk ratings on each exposure.

Credit risk management at the portfolio level is supported by the Portfolio Management Division ("PMD") within the Risk Management and Compliance Sector. The PMD is responsible for calculating two fundamental credit measures. First, we project a statistically expected credit loss, used to help determine the appropriate loan loss reserve and to measure customer profitability. Expected loss considers three basic components: the estimated size of the exposure whenever default might occur, the probability of default before maturity, and the severity of the loss we would incur, commonly called "loss given default." For corporate banking, where most of our credit risk is created, unfunded commitments are assigned a usage given default percentage. Borrowers/Counterparties are assigned ratings by DPMs and the CCO on an 18-grade scale, which translates to a scaled probability of default. Additionally, transactions are assigned loss-given-default ratings (on a 12-grade scale) that reflect the transactions' structures including the effects of guarantees, collateral, and relative seniority of position.

The second fundamental measurement of credit risk calculated by the PMD is called economic capital. Our economic capital model estimates the capital required to support the overall credit risk portfolio. Using a Monte Carlo simulation engine and measures of correlation among borrower defaults, the economic model examines extreme and highly unlikely scenarios of portfolio credit loss in order to estimate credit related capital, and then allocates that capital to individual borrowers and exposures. The credit related capital calculation supports a second tier of policy standards and limits by serving as an input to both profitability analysis and concentration limits of capital at risk with any one borrower, industry or country.

The PMD is responsible for the calculation methodologies and the estimates of the inputs used in those methodologies for the determination of expected loss and economic capital. These methodologies and input estimates are regularly evaluated to ensure their appropriateness and accuracy. As new techniques and data become available, the PMD attempts to incorporate, where appropriate, those techniques or data.

Credit risk is intrinsic to much of the banking business and necessary to its smooth functioning. However, BNY Mellon seeks to limit both on and off-balance sheet credit risk through prudent underwriting and the use of capital only where risk-adjusted returns warrant. We seek to manage risk and improve our portfolio diversification through syndications, asset sales, credit enhancements, credit derivatives, and active collateralization and netting agreements. In addition, we have a separate Credit Risk Review group, which is part of Internal Audit, made up of experienced loan review officers who perform timely reviews of the loan files and credit ratings assigned to the loans.

Market risk

Our market risk governance structure is comprised of senior executives who review market risk activities, risk measurement methodologies and risk limits, approve new products and provide direction for our market risk profile. The Head of Enterprise-wide market risk reports to the Chief Risk Officer. The Asset/Liability Management Committee, which is part of this structure, oversees the market risk management process for interest rate risk related to asset/liability management activities. Our market risk governance structure is supported by a comprehensive risk management process that is designed to help identify, measure, and manage market risk, as discussed under "Trading activities and risk management" and "Asset/liability management" below and in Note 27 of the Notes to Consolidated Financial Statements.

Operational risk

Overview

In providing a comprehensive array of products and services, we are exposed to operational risk. Operational risk may result from, but is not limited to, errors related to transaction processing, breaches of the internal control system and compliance requirements, fraud by employees or persons outside BNY Mellon or business interruption due to system failures or other events. Operational risk also includes potential legal or regulatory actions that could arise as a result of noncompliance with applicable laws and/or regulatory requirements. In the case of an operational event, we could suffer a financial loss as well as damage to our reputation.

To address these risks, we maintain comprehensive policies and procedures and an internal control framework designed to provide a sound operational environment. These controls have been designed to manage operational risk at appropriate levels given our financial strength, the business environment and markets in which we operate, the nature of our businesses, and considering factors such as competition and regulation. Our internal auditors and internal control group monitor and test the overall effectiveness of the internal control and financial reporting systems on an ongoing basis.

We have also established procedures that are designed to ensure that policies relating to conduct, ethics and business practices are followed on a uniform basis. Among the procedures designed to ensure effectiveness are our "Code of Conduct", "Know Your Customer", and compliance training programs.

Operational risk management

We have established operational risk management as an independent risk discipline. The Operational Risk Management ("ORM") Group reports to the Chief Risk Officer. The organizational framework for operational risk is based upon a strong risk culture that incorporates both governance and risk management activities comprising:

- Board Oversight and Governance—The Risk Committee of the Board approves and oversees our operational risk management strategy in addition to credit and market risk. The Risk Committee meets regularly to review and approve operational risk management initiatives, discuss key risk issues, and review the effectiveness of the risk management systems.
- Business Line Accountability—Business managers are responsible for maintaining an effective system of internal controls commensurate with their risk profiles and in accordance with BNY Mellon policies and procedures.
- ORM Group—The ORM Group is responsible for developing risk management policies and tools for assessing, measuring, monitoring and managing operational risk for BNY Mellon. The primary objectives of the ORM group are to promote effective risk management, identify emerging risks, create incentives for generating continuous improvement in controls, and to optimize capital.

Global compliance

Our global compliance function provides leadership, guidance, and oversight to help business units identify applicable laws and regulations and implement effective measures to meet the specific requirements. Compliance takes a proactive approach by anticipating evolving regulatory standards and remaining aware of industry best practices, legislative initiatives, competitive issues, and public expectations and perceptions. The function uses its global reach to disseminate information about compliance-related matters throughout BNY Mellon. The Chief Compliance and Ethics Officer reports to the Chief Risk Officer, is a member of all critical committees of BNY Mellon and provides regular updates to the Audit Committee of the Board of Directors.

Internal audit

Our internal audit function reports directly to the Audit Committee of the Board of Directors. Internal audit utilizes a risk-based approach to its audit activity covering the risks in the operational, compliance, regulatory, technology, fraud, processing and other key risk areas of BNY Mellon. Internal Audit has unrestricted access to BNY Mellon and regularly participates in key committees of BNY Mellon.

Economic capital

BNY Mellon has implemented a methodology to quantify economic capital. We define economic capital as the capital required to protect against unexpected economic losses over a one-year period at

a level consistent with the solvency of a firm with a target debt rating. We quantify economic capital requirements for the risks inherent in our business activities using statistical modeling techniques and then aggregate them at the consolidated level. A capital reduction, or diversification benefit, is applied to reflect the unlikely event of experiencing an extremely large loss in each type of risk at the same time. Economic capital levels are directly related to our risk profile. As such, it has become a part of our internal capital assessment process and, along with regulatory capital, is a key component to ensuring that the actual level of capital is commensurate with our risk profile, and is sufficient to provide the financial flexibility to undertake future strategic business initiatives.

The framework and methodologies to quantify each of our risk-types have been developed by the PMD and are designed to be consistent with our risk management principles. The framework has been approved by senior management and has been reviewed by the Risk Committee of the Board of Directors. Due to the evolving nature of quantification techniques, we expect to continue to refine the methodologies used to estimate our economic capital requirements.

Trading activities and risk management

Our trading activities are focused on acting as a market maker for our customers. The risk from these market-making activities and from our own positions is managed by our traders and limited in total exposure through a system of position limits, a value-at-risk ("VAR") methodology based on a Monte Carlo simulation, stop loss advisory triggers, and other market sensitivity measures. See Note 27 of the Notes to Consolidated Financial Statements for additional information on the VAR methodology.

The following tables indicate the calculated VAR amounts for the trading portfolio for the years ended Dec. 31, 2009 and 2008.

VAR *(a)*	**2009**			
(in millions)	**Average**	**Minimum**	**Maximum**	**Dec. 31**
Interest rate	**$ 5.8**	**$ 2.8**	**$ 11.7**	**$ 6.9**
Foreign exchange	**2.4**	**0.8**	**5.6**	**1.0**
Equity	**2.7**	**1.3**	**8.1**	**1.6**
Credit	**2.9**	**0.7**	**7.5**	**0.7**
Diversification	**(6.1)**	**N/M**	**N/M**	**(2.1)**
Overall portfolio	**7.7**	**3.9**	**13.5**	**8.1**

VAR *(a)*	2008			
(in millions)	Average	Minimum	Maximum	Dec. 31
Interest rate	$ 6.6	$ 2.5	$ 14.6	$ 4.9
Foreign exchange	2.1	0.8	5.7	1.5
Equity	3.4	1.0	9.8	8.7
Credit	4.7	1.9	10.7	7.5
Diversification	(6.7)	N/M	N/M	(7.9)
Overall portfolio	10.1	4.6	18.9	14.7

(a) VAR figures do not reflect the impact of the credit valuation adjustment guidance in ASC 820. This is consistent with the Regulatory treatment.

N/M - Because the minimum and maximum may occur on different days for different risk components, it is not meaningful to compute a portfolio diversification effect.

During 2009, interest rate risk generated 42% of average VAR, credit risk generated 21% of average VAR, equity risk generated 20% of average VAR, and foreign exchange risk accounted for 17% of average VAR. During 2009, our daily trading loss did not exceed our calculated VAR amount of the overall portfolio on any given day.

BNY Mellon monitors a volatility index of global currency using a basket of 30 major currencies. In 2009, the volatility of this index decreased from the abnormally high levels experienced in 2008.

The extraordinary financial environment and the consequent volatility experienced in the last half of 2008 and the first half of 2009 contributed to elevated trading earnings during those periods, evidenced by the number of days where revenue exceeded $5 million. As the global economy stabilized, volatility declined, and trading performance returned to a more normalized level.

The following table of total daily trading revenue or loss captures this performance and illustrates the number of trading days in which our trading revenue or loss fell within particular ranges during the past year.

Distribution of trading revenues (losses) *(a)*

	Quarter ended				
	Dec. 31, 2008	March 31, 2009	June 30, 2009	Sept. 30, 2009	**Dec. 31, 2009**
Revenue range *(in millions)* :	Number of days				
Less than $(2.5)	1	1	2	-	**1**
$(2.5) - $0	-	1	2	5	**5**
$0 - $2.5	6	5	11	16	**13**
$2.5 - $5.0	14	21	23	24	**22**
More than $5.0	41	33	26	19	**21**

(a) Distribution of trading revenues (losses) does not reflect the impact of the credit valuation adjustment guidance in ASC 820. This is consistent with the Regulatory treatment.

Foreign exchange and other trading

Under our mark to market methodology for derivative contracts, an initial "risk-neutral" valuation is performed on each position assuming time-discounting based on a AA credit curve. In addition, we consider credit risk in arriving at the fair value of our derivatives.

As required by ASC 820 – *Fair Value Measurements and Disclosures* , in the first quarter of 2008 we began to reflect external credit ratings as well as observable credit default swap spreads for both ourselves as well as our counterparties when measuring the fair value of our derivative positions.

Accordingly, the valuation of our derivative positions is sensitive to the current changes in our own credit spreads, as well as those of our counterparties. In addition, in cases where a counterparty is deemed impaired, further analyses are performed to value such positions.

At Dec. 31, 2009, our over-the-counter ("OTC") derivative assets of $4.8 billion included a credit valuation adjustment ("CVA") deduction of $114 million, including $61 million related to the declining credit quality of CDO counterparties. Our OTC derivative liabilities of $4.6 billion included $30 million of debit valuation adjustments ("DVA") related to our own credit spread.

Adjustments to the CVA and DVA decreased foreign exchange and other trading activities revenue by $38 million in 2009. Adjustments to our own credit spread decreased foreign exchange and other trading activities revenue by $15 million in 2009.

The table below summarizes the risk ratings for our foreign exchange and interest rate derivative counterparty credit exposure.

Foreign exchange and other trading-counterparty risk ratings profile *(a)*	Quarter ended				
	Dec. 31, 2008	March 31, 2009	June 30, 2009	Sept. 30, 2009	**Dec. 31, 2009**
Ratings:					
AAA to AA-	51%	52%	57%	58%	**56%**
A+ to A-	35	23	20	17	**22**
BBB+ to BBB-	7	17	14	16	**15**
Noninvestment grade (BB+ and lower)	7	8	9	9	**7**
Total	100%	100%	100%	100%	**100%**

(a) Represents credit rating agency equivalent of internal credit ratings.

Asset/liability management

Our diversified business activities include processing securities, accepting deposits, investing in securities, lending, raising money as needed to fund assets, and other transactions. The market risks from these activities are interest rate risk and foreign exchange risk. Our primary market risk is exposure to movements in U.S. dollar interest rates and certain foreign currency interest rates. We actively manage interest rate sensitivity and use earnings simulation and discounted cash flow models to identify interest rate exposures.

An earnings simulation model is the primary tool used to assess changes in pre-tax net interest revenue. The model incorporates management's assumptions regarding interest rates, balance changes on core deposits, market spreads, changes in the prepayment behavior of loans and securities and the impact of derivative financial instruments used for interest rate risk management purposes. These assumptions have been developed through a combination of historical analysis and future expected pricing behavior and are inherently uncertain. As a result, the earnings simulation model cannot precisely estimate net interest revenue or the impact of higher or lower interest rates on net interest revenue. Actual results may differ from projected results due to timing, magnitude and frequency of interest rate changes, and changes in market conditions and management's strategies, among other factors.

We evaluate the effect on earnings by running various interest rate ramp scenarios from a baseline scenario. These scenarios are reviewed to examine the impact of large interest rate movements. Interest rate sensitivity is quantified by calculating the change in

pre-tax net interest revenue between the scenarios over a 12-month measurement period.

The following table shows net interest revenue sensitivity for BNY Mellon:

Estimated changes in net interest revenue	**Dec. 31, 2009**	
(dollar amounts in millions)	**$**	**%**
up 200 bps vs. baseline	**$ 318**	**10.9%**
up 100 bps vs. baseline	**259**	**8.8**

The baseline scenario's Fed Funds rate in the Dec. 31, 2009 analysis was 0.25%. The 100 basis point ramp scenario assumes short-term rates change 25 basis points in each of the next four quarters and the 200 basis point ramp scenario assumes a 50 basis point per quarter change. Both the up 200 basis point and the up 100 basis point Dec. 31, 2009 scenarios assume 10-year rates rising 196 and 96 basis points, respectively.

These scenarios do not reflect strategies that management could employ to limit the impact as interest rate expectations change. The previous table relies on certain critical assumptions regarding the balance sheet and depositors' behavior related to interest rate fluctuations and the prepayment and extension risk in certain of our assets. To the extent that actual behavior is different from that assumed in the models, there could be a change in interest rate sensitivity.

We also project future cash flows from our assets and liabilities over a long-term horizon and then discount these cash flows using instantaneous parallel shocks to interest rates. The aggregation of these discounted cash flows is the Economic Value of Equity ("EVE"). The following table shows how the EVE would change in response to changes in interest rates:

Estimated changes in EVE at Dec. 31, 2009	
Rate change:	
up 200 bps vs. baseline	**(1.3)%**
up 100 bps vs. baseline	**(0.7)**

These results do not reflect strategies that management could employ to limit the impact as interest rate expectations change.

The asymmetrical accounting treatment of the impact of a change in interest rates on our balance sheet may create a situation in which an increase in interest rates can adversely affect reported equity and regulatory capital, even though economically there may be no impact on our economic capital position. For example, an increase in rates will result in a decline in the value of our fixed income investment portfolio, which will be reflected through a reduction in other comprehensive income in our shareholders' equity, thereby affecting our tangible common equity ("TCE") ratios. Under current accounting rules, to the extent the fair value option provided in ASC 825 is not applied, there is no corresponding change on our fixed liabilities, even though economically these liabilities are more valuable as rates rise.

We project the impact of this change using the same interest rate shock assumptions described earlier and compare the projected mark-to-market on the investment securities portfolio at Dec. 31, 2009, under the higher rate environments versus a stable rate scenario. The table below shows the impact of a change in interest rates on the TCE ratio:

Estimated changes in the TCE ratio at Dec. 31, 2009 *(in basis points)*	
up 200 bps vs. baseline	**(91)**
up 100 bps vs. baseline	**(47)**

These results do not reflect strategies that management could employ to limit the impact as interest rate expectations change.

To manage foreign exchange risk, we fund foreign currency-denominated assets with liability instruments denominated in the same currency. We utilize various foreign exchange contracts if a liability denominated in the same currency is not available or desired, and to minimize the earnings impact of translation gains or losses created by investments in foreign markets. The foreign exchange risk related to the interest rate spread on foreign currency-denominated asset/liability positions is managed as part of our trading activities. We use forward foreign exchange contracts to protect the value of our net investment in foreign operations. At Dec. 31, 2009, net investments in foreign operations totaled approximately $6.0 billion and were spread across 14 foreign currencies.

Business continuity

We are prepared for events that could damage our physical facilities, cause delay or disruptions to operational functions, including telecommunications networks, or impair our clients, vendors, and counterparties. Key elements of our business continuity strategies are extensive planning and

testing, and diversity of business operations, data centers and telecommunications infrastructure.

We have established multiple geographically diverse locations for our funds transfer and broker-dealer services operational units, which provide redundant functionality to facilitate uninterrupted operations.

Our securities clearing, mutual fund accounting and custody, securities lending, master trust, Unit Investment Trust, corporate trust, stock transfer, item processing, wealth management and treasury units have common functionality in multiple sites designed to facilitate continuance of operations or rapid recovery. In addition, we have recovery positions for over 13,900 employees on a global basis of which over 7,700 are proprietary.

We continue to enhance geographic diversity for business operations by moving additional personnel to growth centers outside of existing major urban centers. We replicate 100% of our critical production computer data to multiple recovery data centers.

We have an active telecommunications diversity program. All major buildings and data centers have diverse telecommunications carriers. The data centers have multiple fiber optic rings and have been designed so that there is no single point of failure. All major buildings have been designed with diverse telecommunications access and connect to at least two geographically dispersed connection points. We have an active program to audit circuits for route diversity and to test customer back-up connections.

In 2003, the Federal Reserve, OCC and SEC jointly published the Interagency Paper, "Sound Practices to Strengthen the Resilience of the U.S. Financial System" ("Sound Practices Paper"). The purpose of the document was to define the guidelines for the financial services industry and other interested parties regarding "best practices" related to business continuity planning. Under these guidelines we are a key clearing and settlement organization required to meet a higher standard for business continuity.

We believe we have substantially met all of the requirements of the Sound Practices Paper. As a core clearing and settlement organization, we believe that we are at the forefront of the industry in improving business continuity practices.

We are committed to seeing that requirements for business continuity are met not just within our own facilities, but also within those of vendors and service providers whose operation is critical to our safety and soundness. To that end, we have a Service Provider Management Office whose function is to review new and existing service providers and vendors to see that they meet our standards for business continuity, as well as for information security, financial stability, and personnel practices, etc.

We have developed a comprehensive plan to prepare for the possibility of a flu pandemic, which anticipates significant reduced staffing levels and will provide for increased remote working by staff for one or more periods lasting several weeks.

Although we are committed to observing best practices as well as meeting regulatory requirements, geopolitical uncertainties and other external factors will continue to create risk that cannot always be identified and anticipated.

Explanation of Non-GAAP financial measures

BNY Mellon has included in this Annual Report certain Non-GAAP financial measures based upon tangible common shareholders' equity. BNY Mellon believes that the ratio of tangible common shareholders' equity to tangible assets is a measure of capital strength that adds additional useful information to investors supplementing the Tier 1 capital ratio which is utilized by regulatory authorities. Unlike the Tier 1 ratio, the tangible common shareholders' equity ratio fully incorporates those changes in investment securities valuations which are reflected in shareholders' equity. In addition, this ratio is expressed as a percentage of the actual book value of assets, as opposed to a percentage of a risk-based reduced value established in accordance with regulatory requirements, although BNY Mellon in its calculation has excluded certain assets which are given a zero percent risk-weighting for regulatory purposes. This ratio is also informative to investors in BNY Mellon's common stock because, unlike the Tier 1 capital ratio, it excludes preferred stock and trust preferred securities issued by BNY Mellon. Further, BNY Mellon believes that the return on tangible common equity measure, which excludes goodwill and intangible assets net of deferred tax liabilities, is a useful additional measure for investors because it presents a measure of BNY Mellon's performance in reference to those assets which are productive in generating income.

BNY Mellon has provided a measure of tangible book value per share, which it believes provides additional useful information as to the level of such assets in relation to shares of common stock outstanding. BNY Mellon has presented revenue measures which exclude the effect of investment securities gains (losses) and SILO/LILO charges; expense measures which exclude restructuring charges, an FDIC special assessment, support agreement charges, asset-based taxes, M&I expenses and intangible amortization expense; and measures which utilize net income excluding tax items such as the benefit of tax settlements and discrete tax benefits related to a tax loss on mortgages. Return on equity measures and operating margin measures which exclude some or all of these items are also presented. BNY Mellon believes that these measures are useful to investors because they permit a focus on period to period comparisons which relate to the ability of BNY Mellon to enhance revenues and limit expenses in circumstances where such matters are within BNY Mellon's control. The excluded items in general relate to situations where accounting rules require certain ongoing charges as a result of prior transactions, or where valuation or other accounting/regulatory requirements require charges unrelated to operational initiatives. M&I expenses relate to our Corporate Trust Acquisition in 2006 and to the merger with Mellon Financial Corporation in 2007. M&I expenses generally continue for approximately three years after the transaction and can vary on a year-to-year basis depending on the stage of the integration. BNY Mellon believes that the exclusion of M&I expenses provides investors with a focus on BNY Mellon's business as it would appear on a consolidated going-forward basis, after such M&I expenses have ceased, typically after approximately three years. Future periods will not reflect such M&I expenses, and thus may be more easily compared to our current results if M&I expenses are excluded. With regard to the exclusion of investment securities gains (losses), BNY Mellon's primary businesses are Asset and Wealth Management and Institutional Services. The management of these sectors is evaluated on the basis of the ability of these businesses to generate fee and net interest revenue and to control expenses, and not on the results of BNY Mellon's investment securities portfolio. Management of the investment securities portfolio is a shared service contained in the Other segment. The primary objective of the investment securities portfolio is to generate net interest revenue from the liquidity generated by BNY Mellon's processing businesses. BNY Mellon does not generally originate or trade the securities in the investment securities portfolio. As a result, BNY Mellon believes that presenting measures that exclude investment securities gains (losses) from its results, as a supplement to GAAP information, gives investors a clearer picture of the results of its primary businesses. The SILO/LILO charges relate to a one-time settlement with the IRS of tax structured lease transactions in 2008. BNY Mellon believes that excluding the SILO/LILO charges from net interest revenue provides investors with a clearer impact of the net interest margin generated on our interest-earning assets. Restructuring charges relate to migrating positions to global growth centers and the elimination of certain positions. Excluding the discrete tax benefits related to a tax loss on mortgages permits investors to calculate the tax impact of BNY Mellon's primary businesses.

In this Annual Report, certain amounts are presented on an FTE basis. We believe that this presentation provides comparability of amounts arising from both taxable and tax-exempt sources, and is consistent with

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Supplemental Information (unaudited) (continued)

industry practice. The adjustment to an FTE basis has no impact on net income.

Each of these measures as described above is used by management to monitor financial performance, both on a company-wide and on a business segment basis.

Return on common equity and tangible common equity

(dollars in millions)	**2009**	2008	2007 *(a)*	2006 *(b)*	2005 *(b)*
Net income (loss) applicable to common shareholders of The Bank of New York Mellon Corporation before extraordinary loss	**$ (1,367)**	$ 1,412	$ 2,219	$ 2,847	$1,571
Add: Intangible amortization	**265**	292	194	50	27
Net income (loss) applicable to common shareholders of The Bank of New York Mellon Corporation before extraordinary loss excluding intangible amortization – Non-GAAP	**(1,102)**	1,704	2,413	2,897	1,598
Add: Investment securities (gains) losses	**3,374**	983	119	(1)	(15)
SILO/LILO/tax settlements	**-**	410	-	-	-
Support agreement charges	**(9)**	533	2	-	-
FDIC special assessment	**36**	-	-	-	-
M&I expenses	**144**	288	238	72	-
Restructuring charges	**94**	107	-	-	-
Discrete tax benefits and the benefit of tax settlements	**(267)**	-	-	-	-
Net income (loss) before extraordinary loss excluding investment securities (gains) losses, SILO/LILO/tax settlements, support agreement charges, FDIC special assessment, M&I expenses, restructuring charges, discrete tax benefits and the benefit of tax settlements and intangible amortization – Non-GAAP	**$ 2,270**	$ 4,025	$ 2,772	$ 2,968	$1,583
Average common shareholders' equity	**$27,198**	$28,212	$20,234	$10,333	$9,473
Less: Average goodwill	**16,042**	16,525	10,739	4,394	3,772
Average intangible assets	**5,654**	5,896	3,769	772	568
Add: Deferred tax liability – tax deductible goodwill	**720**	599	495	384	303
Deferred tax liability – non-tax deductible intangible assets	**1,680**	1,841	2,006	162	-
Average tangible common shareholders' equity – Non-GAAP	**$ 7,902**	$ 8,231	$ 8,227	$ 5,713	$5,436
Return on common equity before extraordinary loss – GAAP	**N/M**	5.0%	11.0%	27.6%	16.6%
Return on common equity before extraordinary loss excluding investment securities (gains) losses, SILO/LILO/tax settlements, support agreement charges, FDIC special assessment, M&I expenses, restructuring charges, discrete tax benefits and the benefit of tax settlements and intangible amortization – Non-GAAP	**8.3%**	14.3%	13.7%	28.7%	16.7%
Return on tangible common equity before extraordinary loss – Non-GAAP	**N/M**	20.7%	29.3%	50.7%	29.4%
Return on tangible common equity before extraordinary loss excluding investment securities (gains) losses, SILO/LILO/tax settlements, support agreement charges, FDIC special assessment, M&I expenses, restructuring charges and discrete tax benefits and the benefit of tax settlements – Non-GAAP	**28.7%**	48.9%	33.7%	52.0%	29.1%

(a) Results for 2007 include six months of BNY Mellon and six months of legacy The Bank of New York Company, Inc.
(b) Results for 2006 and 2005 include legacy The Bank of New York Company, Inc. only.

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Supplemental Information (unaudited) (continued)

Reconciliation of income (loss) from continuing operations before income taxes – pre-tax operating margin

(dollars in millions)	**2009**	2008	2007 *(a)*	2006 *(b)*	2005 *(b)*
Income (loss) from continuing operations before income taxes – GAAP	**$ (2,208)**	$ 1,946	$ 3,215	$2,183	$1,984
Add: Investment securities (gains) losses	**5,369**	1,628	201	(2)	(22)
SILO/LILO charges	**-**	489	-	-	-
Support agreement charges	**(15)**	894	3	-	-
FDIC special assessment	**61**	-	-	-	-
M&I expenses	**233**	483	404	106	-
Restructuring charges	**150**	181	-	-	-
Asset-based taxes	**20**	-	-	-	-
Intangible amortization	**426**	473	314	76	40
Income (loss) from continuing operations before income taxes excluding investment securities (gains) losses, SILO/LILO charges, support agreement charges, FDIC special assessment, M&I expenses, restructuring charges, asset-based taxes and intangible amortization – Non-GAAP	**$ 4,036**	$ 6,094	$ 4,137	$2,363	$2,002
Fee and other revenue – GAAP	**$ 4,772**	$10,714	$ 9,053	$5,339	$4,715
Net interest revenue – GAAP	**$ 2,915**	$ 2,859	$ 2,245	$1,499	$1,340
Total revenue – GAAP	**7,687**	13,573	11,298	6,838	6,055
Add: Investment securities (gains) losses	**5,369**	1,628	201	(2)	(22)
SILO/LILO charges	**-**	489	-	-	-
Total revenue excluding investment securities (gains) losses and SILO/LILO charges – Non-GAAP	**$13,056**	$15,690	$11,499	$6,836	$6,033
Pre-tax operating margin *(c)*	**N/M**	14%	28%	32%	33%
Pre-tax operating margin, excluding investment securities (gains) losses, SILO/LILO charges, support agreement charges, FDIC special assessment, M&I expenses, restructuring charges, asset-based taxes and intangible amortization – Non-GAAP *(c)*	**31%**	39%	36%	35%	33%

(a) Results for 2007 include six months of BNY Mellon and six months of legacy The Bank of New York Company, Inc.
(b) Results for 2006 and 2005 include legacy The Bank of New York Company, Inc. only.
(c) Income (loss) before taxes divided by total revenue.

Reconciliation of fee and other revenue as a percent of total revenue

(dollars in millions)	**2009**	2008	2007 *(a)*	2006 *(b)*	2005 *(b)*
Fee and other revenue – GAAP	**$ 4,772**	$10,714	$ 9,053	$5,339	$4,715
Less: Investment securities gains (losses)	**(5,369)**	(1,628)	(201)	2	22
Fee and other revenue excluding investment securities gains (losses) – Non-GAAP	**10,141**	12,342	9,254	5,337	4,693
Net interest revenue – GAAP	**2,915**	2,859	2,245	1,499	1,340
Add: SILO/LILO charges	**-**	489	-	-	-
Net interest revenue excluding SILO/LILO charges – Non-GAAP	**2,915**	3,348	2,245	1,499	1,340
Total revenue – GAAP	**$ 7,687**	$13,573	$11,298	$6,838	$6,055
Total revenue excluding investment securities gains (losses) and SILO/LILO charges – Non-GAAP	**$13,056**	$15,690	$11,499	$6,836	$6,033
Fee and other revenue as a percentage of total revenue	**62%**	79%	80%	78%	78%
Fee and other revenue as a percentage of total revenue excluding investment securities gains (losses) and SILO/LILO charges – Non-GAAP	**78%**	79%	80%	78%	78%

(a) Results for 2007 include six months of BNY Mellon and six months of legacy The Bank of New York Company, Inc.
(b) Results for 2006 and 2005 include legacy The Bank of New York Company, Inc. only.

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Supplemental Information (unaudited) (continued)

Equity to assets and book value per common share *(dollars in millions, except per share amounts and unless otherwise noted)*	**2009**	2008	2007	2006 *(a)*	2005 *(a)*
Common shareholders' equity at period end – GAAP	**$ 28,977**	$ 25,264	$ 29,403	$ 11,429	$ 9,876
Less: Goodwill	**16,249**	15,898	16,331	5,008	3,619
Intangible assets	**5,588**	5,856	6,402	1,453	811
Add: Deferred tax liability – tax deductible goodwill	**720**	599	495	384	303
Deferred tax liability – non-tax deductible intangible assets	**1,680**	1,841	2,006	162	-
Tangible common shareholders' equity at period end – Non-GAAP	**$ 9,540**	$ 5,950	$ 9,171	$ 5,514	$ 5,749
Total assets at period end – GAAP	**$ 212,224**	$ 237,512	$ 197,656	$103,206	$102,118
Less: Goodwill	**16,249**	15,898	16,331	5,008	3,619
Intangible assets	**5,588**	5,856	6,402	1,453	811
Cash on deposit with the Federal Reserve and other central banks *(b)*	**7,375**	53,278	80	-	-
U.S. Government-backed commercial paper *(b)*	**-**	5,629	-	-	-
Tangible total assets at period end – Non-GAAP	**$ 183,012**	$ 156,851	$ 174,843	$ 96,745	$ 97,688
Common shareholders' equity to assets – GAAP	**13.7%**	10.6%	14.9%	11.1%	9.7%
Tangible common shareholders' equity to tangible assets – Non-GAAP	**5.2%**	3.8%	5.2%	5.7%	5.9%
Period end common shares outstanding *(in thousands)*	**1,207,835**	1,148,467	1,145,983	713,079	727,483
Book value per common share	**$ 23.99**	$ 22.00	$ 25.66	$ 16.03	$ 13.57
Tangible book value per common share – Non-GAAP	**$ 7.90**	$ 5.18	$ 8.00	$ 7.73	$ 7.90

(a) The 2006 and 2005 share-related data includes legacy The Bank of New York Company, Inc. only and is presented in post merger share count terms.
(b) Assigned a zero percent risk weighting by the regulators.

Calculation of the Tier 1 common equity to risk-weighted assets ratio *(a)* *(dollars in millions)*	**2009**	2008	2007	2006 *(b)*	2005 *(b)*
Total Tier 1 capital	**$ 12,883**	$ 15,402	$ 11,259	$ 6,350	$ 6,643
Less: Trust preferred securities	**1,686**	1,654	2,030	1,150	1,150
Series B preferred stock	**-**	2,786	-	-	-
Total Tier 1 common equity	**$ 11,197**	$ 10,962	$ 9,229	$ 5,200	$ 5,493
Total risk-weighted assets	**$106,328**	$116,713	$120,866	$77,567	$79,282
Tier 1 common equity to risk-weighted assets ratio	**10.5%**	9.4%	7.6%	6.7%	6.9%

(a) On a regulatory basis. Includes discontinued operations.
(b) Results for 2006 and 2005 include legacy The Bank of New York Company, Inc. only.

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Supplemental Information (unaudited) (continued)

Rate/volume analysis

Rate/Volume analysis *(a)*	**2009 over (under) 2008**			2008 over (under) 2007		
	Due to change in			Due to change in		
(dollar amounts in millions, presented on an FTE basis)	**Average balance**	**Average rate**	**Net change**	Average balance	Average rate	Net change
Interest revenue						
Interest-earning assets:						
Interest-bearing deposits with banks (primarily foreign banks)	**$ 295**	**$(1,365)**	**$(1,070)**	$ 792	$ (281)	$ 511
Interest-bearing deposits with the Federal Reserve and other central banks	**29**	**(13)**	**16**	-	27	27
Other short-term investments – U.S. government-backed commercial paper	**(60)**	**(2)**	**(62)**	-	71	71
Federal funds sold and securities under resale agreements	**(55)**	**(63)**	**(118)**	35	(175)	(140)
Margin loans	**(31)**	**(83)**	**(114)**	2	(151)	(149)
Non-margin loans:						
Domestic offices:						
Consumer	**(32)**	**(13)**	**(45)**	79	(40)	39
Commercial	**(55)**	**260**	**205**	110	(818)	(708)
Foreign offices	**(89)**	**(224)**	**(313)**	79	(209)	(130)
Total non-margin loans	**(176)**	**23**	**(153)**	268	(1,067)	(799)
Securities:						
U.S. government obligations	**44**	**(12)**	**32**	12	(5)	7
U.S. government agency obligations	**201**	**(88)**	**113**	180	(70)	110
State and political subdivisions	**(5)**	**(3)**	**(8)**	25	3	28
Other securities:						
Domestic offices	**(132)**	**(285)**	**(417)**	178	(54)	124
Foreign offices	**111**	**(330)**	**(219)**	44	56	100
Total other securities	**(21)**	**(615)**	**(636)**	222	2	224
Trading securities:						
Domestic offices	**8**	**(24)**	**(16)**	23	(4)	19
Foreign offices	**(2)**	**(2)**	**(4)**	(33)	(13)	(46)
Total trading securities	**6**	**(26)**	**(20)**	(10)	(17)	(27)
Total securities	**225**	**(744)**	**(519)**	429	(87)	342
Total interest revenue	**$ 227**	**$(2,247)**	**$(2,020)**	$1,526	$(1,663)	$(137)
Interest expense						
Interest-bearing deposits						
Domestic offices:						
Money market rate accounts	**$ 34**	**$ (150)**	**$ (116)**	$ 67	$ (274)	$(207)
Savings	**2**	**(9)**	**(7)**	7	(11)	(4)
Certificates of deposits of $100,000 & over	**(21)**	**(29)**	**(50)**	(34)	(58)	(92)
Other time deposits	**(22)**	**(79)**	**(101)**	130	(65)	65
Total domestic	**(7)**	**(267)**	**(274)**	170	(408)	(238)
Foreign offices:						
Banks	**(69)**	**(102)**	**(171)**	65	(239)	(174)
Government and official institutions	**(7)**	**(17)**	**(24)**	10	(30)	(20)
Other	**204**	**(1,329)**	**(1,125)**	460	(641)	(181)
Total foreign	**128**	**(1,448)**	**(1,320)**	535	(910)	(375)
Total interest-bearing deposits	**121**	**(1,715)**	**(1,594)**	705	(1,318)	(613)
Federal funds purchased and securities sold under repurchase agreements	**(14)**	**(32)**	**(46)**	55	(119)	(64)
Other borrowed funds:						
Domestic offices	**(2)**	**(22)**	**(24)**	18	(33)	(15)
Foreign offices	**(8)**	**(16)**	**(24)**	5	9	14
Total other borrowed funds	**(10)**	**(38)**	**(48)**	23	(24)	(1)
Borrowings from Federal Reserve related to asset-backed commercial paper	**(46)**	**-**	**(46)**	-	53	53
Payables to customers and broker-dealers	**(3)**	**(60)**	**(63)**	12	(120)	(108)
Long-term debt	**21**	**(297)**	**(276)**	185	(212)	(27)
Total interest expense	**$ 69**	**$(2,142)**	**$(2,073)**	$ 980	$(1,740)	$(760)

Changes in net interest revenue	**$ 158**	**$ (105)**	**$ 53**	$ 546	$ 77	$ 623

(a) Changes which are solely due to balance changes or rate changes are allocated to such categories on the basis of the respective percentage changes in average balances and average rates. Changes in interest revenue or interest expense arising from the combination of rate and volume variances are allocated proportionately to rate and volume based on their relative absolute magnitudes.

Recent Accounting and Regulatory Developments

SFAS No. 166—Accounting for Transfers of Financial Assets

In June 2009, the FASB issued SFAS No. 166, "Accounting for Transfers of Financial Assets, an amendment to FASB Statement No. 140." This statement removed (1) the concept of a qualifying special purpose entity ("QSPE") from SFAS No. 140 (ASC 860 — *Transfers and Servicing*) and (2) the exceptions from applying FASB Interpretatation No. ("FIN") 46 (R) (ASC 810— *Consolidation*) to QSPEs. This statement amends SFAS No. 140 (ASC 860) to revise and clarify the derecognition requirements for transfers of financial assets and the initial measurement of beneficial interests that are received as proceeds by a transferor in connection with transfers of financial assets. This statement also requires additional disclosure about transfers of financial assets and a transferor's continuing involvement with such transferred financial assets. This statement was effective Jan. 1, 2010, at which time any QSPEs will be evaluated for consolidation in accordance with SFAS No. 167, which amends FIN 46 (R) (ASC 810). However, the amendments on how to account for transfers of financial assets will apply prospectively to transfers occurring on or after the effective date. Accordingly, the Grantor Trust into which we securitized certain of our investment securities will no longer qualify as a QSPE, resulting in approximately $0.7 billion being added to our securities portfolio.

SFAS No. 167—Amendments to FIN 46 (R) (ASC 810)

In June 2009, the FASB issued SFAS No. 167, "Amendments to FASB Interpretation No. 46 (R)." This statement amends FIN 46 (R) (ASC 810) to require ongoing assessments to determine whether an entity is a variable interest entity ("VIE") and whether an enterprise is the primary beneficiary of a VIE. This statement also amends the guidance for determining which enterprise, if any, is the primary beneficiary of a VIE by requiring the enterprise to initially perform a qualitative analysis to determine if the enterprise's variable interest or interests give it a controlling financial interest. Consolidation is based on a company's ability to direct the activities of the entity that most significantly impact the entity's economic performance. If a company has control and the right to receive benefits or the obligation to absorb losses which could potentially be significant to the VIE, then consolidation is required. This statement also requires additional disclosures about an enterprise's involvement in a VIE, including a requirement for sponsors of a VIE to disclose information even if they do not hold a significant variable interest in the VIE. This statement was effective Jan. 1, 2010 and is expected to primarily impact our asset management businesses.

The new statement does not change the economic risk related to these businesses and therefore, BNY Mellon's computation of economic capital required by our businesses will not change.

On Jan. 27, 2010, the FASB approved an ASU "Amendments to Statement No. 167 for Certain Investment Funds" which defers the requirements of Statement No. 167 for asset managers' interests in entities that apply the specialized accounting guidance for investment companies or that have the attributes of investment companies and for interests in money market funds. This amendment became effective Jan. 1, 2010.

The new statement will increase the size of our balance sheet by approximately $3.0 billion for the consolidation of certain asset management funds sponsored by BNY Mellon's Alcentra subsidiary and certain seed capital investments. In addition, as noted in the preceding section, the Grantor Trust will lose its QSPE status and be consolidated.

In January 2010, the Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, and the Office of Thrift Supervision issued a final rule requiring banks to hold capital for assets consolidated under FAS No. 166 and FAS No. 167. The final rule allows for (1) opting for a two-quarter delay through June 30, 2010, of recognition of the effect on risk-weighted assets and allowance for loan losses includable in Tier 2 capital that results from implementation of FAS 167 and (2) a phase-in of those effects for the quarters ending Sept. 30, 2010 and Dec. 31, 2010. We currently expect that the implementation of FAS 167 will impact the March 31, 2010 Tier 1 capital ratio by approximately 25 basis points.

ASU 2010-6—Improving Disclosures About Fair Value Measurements

In January 2010, the FASB issued ASU 2010-6, "Improving Disclosures about Fair Value Measurements." This amends ASC 820 to clarify existing requirements regarding disclosures of inputs

and valuation techniques and levels of disaggregation. This ASU also requires the following new disclosures: (1) significant transfers in and out of Levels 1 and 2 and the reasons that such transfers were made; and (2) additional disclosures in the reconciliation of Level 3 activity, including information on a gross basis for purchases, sales, issuances and settlements. This ASU is required in interim and annual financial statements and is effective March 31, 2010, except for the disclosures about Level 3 purchases, sales, issuances and settlements in the rollforward activity for fair value measurements, which will be effective March 31, 2011.

Adoption of new accounting standards

For a discussion of the adoption of new accounting standards, see Note 2 to the Notes to Consolidated Financial Statements.

Regulatory developments

Proposed capital requirements

In September 2009, the U.S. Department of the Treasury issued a policy statement “Principles for Reforming the U.S. and International Regulatory Capital Framework for Banking Firms.” This statement sets forth core principles that the Treasury believes would shape a new international capital accord to better protect the safety and soundness of individual banking firms and the stability of the global financial system and economy. These core principles include: (a) capital requirements should be designed to protect the stability of the financial system, not just the solvency of individual banking firms; (b) capital requirements for all banks should be increased and those that could pose a threat to overall financial stability should be higher than others; (c) there should be a greater emphasis on higher quality forms of capital (common equity should constitute a “large majority” of a bank’s Tier 1 capital); (d) risk-based capital requirements should be a function of the relative risk; (e) the procyclicality of the regulatory capital and accounting regimes should be reduced (hold a larger buffer over banks’ minimum capital requirements during good times); (f) banks should be subject to a simple, non-risk-based leverage constraint; (g) banks should be subject to a conservative, explicit liquidity standard; and (h) stricter capital and liquidity requirements for the banking system should not be allowed to result in the re-emergence of an under-regulated non-bank financial sector that poses a threat to financial stability.

The U.S. Department of the Treasury issued this statement to facilitate the process of reaching a domestic and then international consensus on a new regulatory capital and liquidity regime for global banking firms. The Department of the Treasury seeks to reach a comprehensive international agreement on the new global framework by Dec. 31, 2010, with implementation of the reforms effective Dec. 31, 2012.

Basel Committee—Proposed capital and liquidity reforms

On Dec. 17, 2009, the Basel Committee issued two consultative documents proposing reforms to bank capital and liquidity regulation, which are intended to address lessons learned from the financial crisis that began in 2007. The document titled *“Strengthening the Resilience of the Banking Sector”,* which proposes reforms to bank capital, and the document titled *“International Framework for Liquidity Risk Management, Standards and Monitoring”* are discussed below.

The proposal included in the document titled *“Strengthening the Resilience of the Banking Sector”* would significantly revise the definitions of Tier 1 capital and Tier 2 capital, with the most significant changes being to Tier 1 capital. Among other things, the proposal would disqualify certain capital instruments—including U.S.-style trust preferred securities and other instruments that effectively pay cumulative distributions—from Tier 1 capital status.

The liquidity proposals included in the document titled “ *International Framework for Liquidity Risk Management, Standards and Monitoring”,* would impose two measures of liquidity risk exposure, one based on a 30-day time horizon and the other addressing longer-term structural liquidity mismatches over a one-year time period.

IFRS

International Financial Reporting Standards (“IFRS”) are a set of standards and interpretations adopted by the International Accounting Standards Board. The SEC is currently considering a potential IFRS adoption process in the U.S., which would, in the near term, provide domestic issuers with an alternative

Recent Accounting and Regulatory Developments (continued)

accounting method and ultimately could replace U.S. GAAP reporting requirements with IFRS reporting requirements. The intention of this adoption would be to provide the capital markets community with a single set of high-quality, globally accepted accounting standards. The adoption of IFRS for U.S. companies with global operations would allow for streamlined reporting, allow for easier access to foreign capital markets and investments, and facilitate cross-border acquisitions, ventures or spin-offs.

In November 2008, the SEC proposed a "roadmap" for phasing in mandatory IFRS filings by U.S. public companies beginning for years ending on or after Dec. 15, 2014. The roadmap is conditional on progress towards milestones that would demonstrate improvements in both the infrastructure of international standard setting and the preparation of the U.S. financial reporting community. The SEC will monitor progress of these milestones between now and 2011, when the SEC plans to consider requiring U.S. public companies to adopt IFRS. The comment period on this proposed roadmap ended on April 20, 2009.

While the SEC decides whether IFRS will be required to be used in the preparation of our consolidated financial statements, a number of countries have mandated the use of IFRS by BNY Mellon's subsidiaries in their statutory reports. BNY Mellon's operations in the Netherlands are required to prepare their statutory financial statements in accordance with IFRS. Other subsidiaries in Canada, Brazil and Japan will be required to use IFRS for statutory reporting. The use of IFRS is currently optional in the United Kingdom.

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Selected Quarterly Data (unaudited)

(dollar amounts in millions, except per share amounts)	Quarter ended							
	2009				2008			
	Dec. 31	**Sept. 30**	**June 30**	**March 31**	Dec. 31	Sept. 30	June 30	March 31
Consolidated income statement								
Total fee and other revenue	**$ 2,595**	**$ (2,216)**	**$ 2,257**	**$ 2,136**	$ 1,817	$ 2,926	$ 2,989	$ 2,982
Net interest revenue	**724**	**716**	**700**	**775**	1,047	681	388	743
Total revenue	**3,319**	**(1,500)**	**2,957**	**2,911**	2,864	3,607	3,377	3,725
Provision for credit losses	**65**	**147**	**61**	**59**	54	23	13	14
Noninterest expense	**2,582**	**2,318**	**2,383**	**2,280**	2,859	3,319	2,743	2,602
Income (loss) from continuing operations before income taxes and extraordinary (loss)	**672**	**(3,965)**	**513**	**572**	(49)	265	621	1,109
Provision (benefit) for income taxes	**(41)**	**(1,527)**	**12**	**161**	(137)	(42)	312	358
Income (loss) from continuing operations	**713**	**(2,438)**	**501**	**411**	88	307	309	751
Income (loss) from discontinued operations, net of tax	**(119)**	**(19)**	**(91)**	**(41)**	4	-	6	4
Extraordinary (loss) on consolidation of commercial paper conduit, net of tax	**-**	**-**	**-**	**-**	(26)	-	-	-
Net income (loss)	**594**	**(2,457)**	**410**	**370**	66	307	315	755
Net (income) loss attributable to noncontrolling interests, net of tax	**(1)**	**(1)**	**2**	**(1)**	(5)	(4)	(6)	(9)
Redemption charge and preferred dividends	**-**	**-**	**(236)**	**(47)**	(33)	-	-	-
Net income (loss) applicable to common shareholders of The Bank of New York Mellon Corporation	**$ 593**	**$ (2,458)**	**$ 176**	**$ 322**	$ 28	$ 303	$ 309	$ 746
Basic earnings per share								
Continuing operations	**$ 0.59**	**$ (2.04)**	**$ 0.23**	**$ 0.31**	$ 0.04	$ 0.26	$ 0.26	$ 0.65
Discontinued operations	**(0.10)**	**(0.02)**	**(0.08)**	**(0.04)**	-	-	-	-
Extraordinary (loss)	**-**	**-**	**-**	**-**	(0.02)	-	-	-
Net income (loss) applicable to common stock	**$ 0.49**	**$ (2.05)** *(a)*	**$ 0.15**	**$ 0.28** *(a)*	$ 0.02	$ 0.26	$ 0.27 *(a)*	$ 0.65
Diluted earnings per share								
Continuing operations	**$ 0.59**	**$ (2.04)**	**$ 0.23**	**$ 0.31**	$ 0.04	$ 0.26	$ 0.26	$ 0.64
Discontinued operations	**(0.10)**	**(0.02)**	**(0.08)**	**(0.04)**	-	-	-	-
Extraordinary (loss)	**-**	**-**	**-**	**-**	(0.02)	-	-	-
Net income (loss) applicable to common stock	**$ 0.49**	**$ (2.05)** *(a)*	**$ 0.15**	**$ 0.28** *(a)*	$ 0.02	$ 0.26	$ 0.27 *(a)*	$ 0.65 *(a)*
Average balances								
Interest-bearing deposits with banks	**$ 55,467**	**$ 54,343**	**$ 56,917**	**$ 56,505**	$ 78,680	$ 43,999	$ 43,361	$ 38,658
Securities *(b)*	**55,573**	**53,889**	**51,903**	**43,465**	40,057	42,864	44,384	47,531
Loans *(b)*	**35,239**	**34,535**	**37,029**	**38,958**	48,326	45,435	45,633	47,024
Total interest-earning assets *(b)*	**164,075**	**155,159**	**157,265**	**167,427**	181,639	142,062	142,032	142,863
Total assets	**214,205**	**205,786**	**208,533**	**220,119**	243,962	198,827	195,997	200,790
Deposits *(b)*	**133,395**	**128,552**	**131,748**	**145,034**	147,455	118,969	118,232	117,732
Long-term debt	**17,863**	**17,393**	**16,793**	**15,493**	15,467	15,993	16,841	17,125
Common shareholders' equity	**28,843**	**28,144**	**26,566**	**25,189**	26,812	27,996	28,507	29,551
Net interest margin (FTE) *(b)*	**1.77%**	**1.85%**	**1.80%**	**1.87%**	2.32%	1.92%	1.11%	2.09%
Annualized return on common equity *(b)*	**9.8%**	**N/M**	**4.0%**	**5.8%**	0.8% *(c)*	4.3%	4.3%	10.1%
Pre-tax operating margin *(b)*	**20%**	**N/M**	**17%**	**20%**	(2)%	7%	18%	30%
Common stock data *(d)*								
Market price per share range:								
High	**$ 29.94**	**$ 31.57**	**$ 33.62**	**$ 29.28**	$ 36.07	$ 43.00	$ 46.89	$ 49.40
Low	**25.80**	**26.11**	**23.75**	**15.44**	20.49	21.33	36.92	38.70
Average	**27.38**	**28.70**	**28.41**	**24.72**	28.80	35.62	42.71	45.32
Period end close	**27.97**	**28.99**	**29.31**	**28.25**	28.33	32.58	37.83	41.73
Dividends per common share	**0.09**	**0.09**	**0.09**	**0.24**	0.24	0.24	0.24	0.24
Market capitalization *(e)*	**$ 33,783**	**$ 34,911**	**$ 35,255**	**$ 32,585**	$ 32,536	$ 37,388	$ 43,356	$ 47,732

(a) Amount does not foot due to rounding.

(b) Continuing operations basis.

(c) Calculated before extraordinary loss.

(d) At Dec. 31, 2009, there were 27,727 shareholders registered with our stock transfer agent, compared with 29,428 at Dec. 31, 2008 and 28,904 at Dec. 31, 2007. In addition, there were approximately 41,106 of BNY Mellon's current and former employees at Dec. 31, 2009, who participate in BNY Mellon's 401(k) Retirement Savings Plans. All shares of BNY Mellon's common stock held by the Plans for its participants are registered in the names of The Bank of New York Mellon Corporation and Fidelity Management Trust Company, as trustee.

(e) At period end.

Forward-Looking Statements

Some statements in this document are forward-looking. These include all statements about the future results of BNY Mellon; projected business growth; statements with respect to the merger of The Bank of New York Company, Inc., and Mellon Financial with and into BNY Mellon; BNY Mellon's plans, areas of focus and long-term financial goals; the effects of pending and proposed legislation and regulation, including the Federal Reserve and Financial Stability Boards' proposals on compensation policies and the proposed Financial Crisis Responsibility Fee; the effects of our investment securities portfolio restructuring, including statements with respect to net interest revenue and consolidation of the Grantor Trust; our planned acquisition of GIS, including the timing of the transaction, our position in the market, the potential for synergies and any plans to raise equity in connection with the transaction; expectations with respect to reductions in our workforce; expectations with respect to our expenses; impact of U.S. tax law on income of certain foreign subsidiaries; the impact of changes in the value of market indices; expectations with respect to fees and assets, factors affecting the performance of our segments; statements on our targeted customers; descriptions of our critical accounting estimates, including management's estimates of probable losses; management's judgment in determining the size of unallocated allowances, the effect of credit ratings on allowances, estimates and cash flow models; judgments and analyses with respect to interest rate swaps, estimates of fair value, other-than-temporary impairment, goodwill and other intangibles; and long-term financial goals, objectives and strategies. In addition, these forward-looking statements relate to: the expected increase in the percentage of revenue and income from outside the U.S.; reasons why our businesses are compatible with our strategies and goals; growth in our segments and assets; globalization of the investment process; targeted capital ratios; the impact of the events in the global markets; deposit levels; expectations with respect to earnings per share; assumptions with respect to pension plans, including discount rates, costs, expected future returns, contributions and benefit payments; statements with respect to our intent to sell or hold securities; expectations with respect to our future exposure to private equity activities; statements on our fund commitments and institutional credit strategies; goals with respect to our commercial loan portfolio; descriptions of our allowance for credit losses and loan losses; statements with respect to the timing of current restrictions on dividends, our liquidity targets and ability to pay dividends; expectations with respect to capital, including anticipated repayment and call of outstanding debt and issuance of replacement securities; expectations with respect to our lines of credit; our goal of migrating to a predominantly investment grade credit portfolio; the effect of a change in risk-weighted assets or common equity on Tier 1 capital, the effect of a change in interest rates on our earnings and the effect of a change in the value of the S&P 500 Index; the impact of 2009 acquisitions on earnings per share; statements on our target double leverage ratios and our target Tier 1 capital ratio; expectations with respect to securities lending guarantees expiring without the need to advance cash; expectations with respect to the well capitalized status of BNY Mellon and its bank subsidiaries; the effects of the implementation of Basel II; compliance with the requirements of the Sound Practices Paper; descriptions of our risk management framework; qualifications of our economic capital; statements with respect to our risk management methodologies; descriptions of our earnings simulation models and assumptions; statements with respect to our disaster preparedness and our business continuity plans; additional consideration with respect to acquisitions; and effect of geopolitical factors and other external factors; timing and impact of adoption of recent accounting pronouncements; ability to realize benefit of deferred tax assets including carryovers; calculations of the fair value of our option grants; statements with respect to unrecognized compensation costs; our assessment of the adequacy of our accruals for tax liabilities; amount of dividends bank subsidiaries can pay without regulatory waiver; the expected outcome and impact of judgments and settlements, if any, arising from pending or potential legal or regulatory proceedings, and matters relating to the information returns and withholding tax.

In this report, any other report, any press release or any written or oral statement that BNY Mellon or its executives may make, words, such as "estimate," "forecast," "project," "anticipate," "confident," "target," "expect," "intend," "seek," "believe," "plan," "goal," "could," "should," "may," "will," "strategy," "synergies," "opportunities," "trends" and words of similar meaning, signify forward-looking statements.

Factors that could cause BNY Mellon's results to differ materially from those described in the forward-looking statements, as well as other uncertainties affecting future results and the value of BNY Mellon's stock and factors which represent risk associated with the business and operations of BNY Mellon, can be found in the "Risk Factors" section of BNY Mellon's Annual Report on Form 10-K for the

Forward-Looking Statements (continued)

year ended Dec. 31, 2009, and any subsequent reports filed with the SEC by BNY Mellon pursuant to the Exchange Act.

Forward-looking statements, including discussions and projections of future results of operations and discussions of future plans contained in the MD&A, are based on management's current expectations and assumptions that involve risk and uncertainties and that are subject to change based on various important factors (some of which are beyond BNY Mellon's control), including adverse changes in market conditions, and the timing of such changes, and the actions that management could take in response to these changes. Actual results may differ materially from those expressed or implied as a result of these risks and uncertainties and the risks and uncertainties described in the documents referred to in the preceding paragraph. The "Risk Factors" discussed in the Form 10-K could cause or contribute to such differences. Investors should consider all risks mentioned elsewhere in this document and in subsequent reports filed by BNY Mellon with the Commission pursuant to the Exchange Act, as well as other uncertainties affecting future results and the value of BNY Mellon's stock.

All forward-looking statements speak only as of the date on which such statements are made, and BNY Mellon undertakes no obligation to update any statement to reflect events or circumstances after the date on which such forward-looking statement is made or to reflect the occurrence of unanticipated events.

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Glossary

Accumulated Benefit Obligation (“ABO”) —The actuarial present value of benefits (vested and non-vested) attributed to employee services rendered.

Alt-A securities —A mortgage risk categorization that falls between prime and subprime. Borrowers behind these mortgages will typically have clean credit histories but the mortgage itself will generally have issues that increase its risk profile such as inadequate documentation of the borrower’s income or higher loan-to-value and debt-to-income ratios.

Alternative investments —Usually refers to investments in hedge funds, leveraged loans, subordinated and distressed debt, real estate and foreign currency overlay. Many hedge funds pursue strategies that are uncommon relative to mutual funds. Examples of alternative investment strategies are: long-short equity, event driven, statistical arbitrage, fixed income arbitrage, convertible arbitrage, short bias, global macro, and equity market neutral.

APAC —Asia-Pacific region.

Assets Under Custody And Administration (“AUC”) —Assets beneficially owned by our clients or customers which we hold in various capacities for which various services are provided such as; custody, accounting, administration valuations and performance measurement. These assets are not on our balance sheet.

ASC —Accounting Standards Codification.

Assets Under Management (“AUM”) —Assets beneficially owned by our clients or customers which we hold in various capacities that are either actively or passively managed. These assets are not on our balance sheet.

bp —basis point.

Collateral management —A comprehensive program designed to simplify collateralization and expedite securities transfers for buyers and sellers. BNY Mellon acting as an independent collateral manager is positioned between the buyer and seller to provide a convenient, flexible, and efficient service to ensure proper collateralization throughout the term of the transaction. The service includes verification of securities eligibility and maintenance of margin requirements.

Collateralized Debt Obligations (“CDOs”) —A type of asset-backed security and structured credit product constructed from a portfolio of fixed-income assets. CDOs are divided into different tranches and losses are applied in reverse order of seniority.

Collateralized loan obligation (“CLO”) —A debt security backed by a pool of commercial loans.

Collective trust fund —An investment fund formed from the pooling of investments by investors.

Credit derivatives —Contractual agreements that provide insurance against a credit event of one or more referenced credits. The nature of the credit event is established by the buyer and seller at the inception of the transaction. Such events include bankruptcy, insolvency and failure to meet payment obligations when due. The buyer of the credit derivative pays a periodic fee in return for a contingent payment by the seller (insurer) following a credit event.

Credit risk —The risk of loss due to borrower or counterparty default.

Currency swaps— An agreement to exchange stipulated amounts of one currency for another currency.

Depositary Receipts (“DR”) —A negotiable security that generally represents a non-U.S. company’s publicly traded equity. Although typically denominated in U.S. dollars, DRs can also be denominated in Euros. DRs are eligible to trade on all U.S. stock exchanges and many European stock exchanges. American Depositary Receipts (“ADR”) trade only in the U.S.

Derivative —A contract or agreement whose value is derived from changes in interest rates, foreign exchange rates, prices of securities or commodities, credit worthiness for credit default swaps or financial or commodity indices.

Discontinued operations —The operating results of a component of an entity, as defined by ASC 205, that are removed from continuing operations when that component has been disposed of or it is management’s intention to sell the component.

Double leverage —The situation that exists when a holding company’s equity investments in wholly-owned subsidiaries (including goodwill and intangibles) exceed its equity capital. Double leverage is created when a bank holding company issues debt and downstreams the proceeds to a subsidiary as an equity investment.

Glossary (continued)

Economic Value of Equity (“EVE”) —An aggregation of discounted future cash flows of assets and liabilities over a long-term horizon.

EMEA —Europe, the Middle East and Africa.

Exchange traded fund —Each share of an exchange traded fund tracks a basket of stocks in some index or benchmark, providing investors with a vehicle that closely parallels the performance of these benchmarks while allowing for intraday trading.

FASB —Financial Accounting Standards Board.

FDIC —Federal Deposit Issuance Corporation.

Foreign currency options —Similar to interest rate options except they are based on foreign exchange rates. Also, see interest rate options in this glossary.

Foreign currency swaps —An agreement to exchange stipulated amounts of one currency for another currency at one or more future dates.

Foreign exchange contracts —Contracts that provide for the future receipt or delivery of foreign currency at previously agreed-upon terms.

Forward rate agreements —Contracts to exchange payments on a specified future date, based on a market change in interest rates from trade date to contract settlement date.

Fully Taxable Equivalent (“FTE”) —Basis for comparison of yields on assets having ordinary taxability with assets for which special tax exemptions apply. The FTE adjustment reflects an increase in the interest yield or return on a tax-exempt asset to a level that would be comparable had the asset been fully taxable.

Generally Accepted Accounting Principles (“GAAP”) —Accounting rules and conventions defining acceptable practices in preparing financial statements in the U.S. The FASB is the primary source of accounting rules.

Grantor Trust —A legal, passive entity through which pass-through securities are sold to investors.

Hedge fund —A fund, usually used by wealthy individuals and institutions, which is allowed to use aggressive strategies that are unavailable to mutual funds, including selling short, leverage, program trading, swaps, arbitrage, and derivatives. Hedge funds are exempt from many of the rules and regulations governing mutual funds, which allow them to accomplish aggressive investing goals. Legal requirements in many countries allow only certain sophisticated investors to participate in hedge funds.

Home Equity Line of Credit (“HELOC”) —A line of credit extended to a homeowner who uses the borrower’s home as collateral.

Impairment —When an asset’s market value is less than its carrying value.

Interest rate options, including caps and floors —Contracts to modify interest rate risk in exchange for the payment of a premium when the contract is initiated. As a writer of interest rate options, we receive a premium in exchange for bearing the risk of unfavorable changes in interest rates. Conversely, as a purchaser of an option, we pay a premium for the right, but not the obligation, to buy or sell a financial instrument or currency at predetermined terms in the future.

Interest rate sensitivity —The exposure of net interest income to interest rate movements.

Interest rate swaps —Contracts in which a series of interest rate flows in a single currency is exchanged over a prescribed period. Interest rate swaps are the most common type of derivative contract that we use in our asset/liability management activities. An example of a situation in which we would utilize an interest rate swap would be to convert our fixed-rate debt to a variable rate. By entering into a swap, the principal amount of a debt remains unchanged, but the interest stream changes.

Investment grade loans and commitments —Those where the customer has a Moody’s long-term rating of Baa3 or better; and/or a Standard & Poor’s long-term rating of BBB- or better; or if unrated, an equivalent rating using our internal risk ratings.

Joint venture —A company or entity owned and operated by a group of companies for a specific business purpose, no one of which has a majority interest.

Lease-In-Lease-Out (“LILO”) transaction —A transaction in which a person or entity leases property from the owner for a specified time period and then leases the property back to that owner for a shorter time period. The obligations of the property owner as

Glossary (continued)

sublessee are usually secured by deposits, letters of credit, or marketable securities.

Leverage ratio —Tier 1 capital divided by leverage assets. Leverage assets are defined as quarterly average total assets, net of goodwill, intangibles and certain other items as required by the Federal Reserve.

Liquidity risk —The risk of being unable to fund our portfolio of assets at appropriate maturities and rates, and the risk of being unable to liquidate a position in a timely manner at a reasonable price.

Loans for purchasing or carrying securities —Loans primarily to brokers and dealers in securities.

Margin loans —A loan that is used to purchase shares of stock. The shares purchased are used as collateral for the loan.

Mark-to-market exposure —A measure, at a point in time, of the value of a derivative or foreign exchange contract in the open market. When the mark-to-market is positive, it indicates the counterparty owes us and, therefore, creates a repayment risk for us. When the mark-to-market is negative, we owe the counterparty. In this situation, we do not have repayment risk.

Market risk —The potential loss in value of portfolios and financial instruments caused by movements in market variables, such as interest and foreign exchange rates, credit spreads, and equity and commodity prices.

Master netting agreement —An agreement between two counterparties that have multiple contracts with each other that provides for the net settlement of all contracts through a single payment in the event of default or termination of any one contract.

Mortgage-Backed Security (“MBS”) —An asset-backed security whose cash flows are backed by the principal and interest payments of a set of mortgage loans.

N/A —Not applicable.

N/M —Not meaningful.

Net interest margin —The result of dividing net interest revenue by average interest-earning assets.

Operating leverage —The rate of increase in revenue to the rate of increase in expenses.

Operational risk —The risk of loss resulting from inadequate or failed processes or systems, human factors, or external events.

Performance fees —Fees received by an investment advisor based upon the fund’s performance for the period relative to various predetermined benchmarks.

Prime securities —A classification of securities collateralized by loans to borrowers who have a high-value and/or a good credit history.

Private equity/venture capital —Investment in start-up companies or those in the early processes of developing products and services with perceived, long-term growth potential.

Pre-tax operating margin —Income before taxes for a period divided by total revenue for that period.

Projected Benefit Obligation (“PBO”) —The actuarial present value of all benefits accrued on employee service rendered prior to the calculation date, including allowance for future salary increases if the pension benefit is based on future compensation levels.

Qualified Special Purpose Entity (“QSPE”) —A special purpose entity whose activities are strictly limited to holding and servicing financial assets and meet the requirements set forth in ASC 860. A qualified special purpose entity is generally not required to be consolidated by any party.

Real Estate Investment Trust (“REIT”) — An investor-owned corporation, trust or association that sells shares to investors and invests in income-producing property.

Residential Mortgage-Backed Security (“RMBS”) —An asset-backed security whose cash flows are backed by principal and interest payments of a set of residential mortgage loans.

Restructuring charges —Typically result from the consolidation and/or relocation of operations. Restructuring charges may be incurred in connection with a business combination, a change in an enterprise’s strategic plan, or a managerial response to declines in demand.

Return on assets —Income divided by average assets.

Return on common equity —Income divided by average common shareholders’ equity.

Glossary (continued)

Return on tangible common equity —Income, excluding intangible amortization, divided by average tangible common shareholders' equity.

Sale-In-Lease-Out ("SILO") transaction —A transaction in which an entity sells its property to a corporation. The corporation simultaneously leases the property back to the entity for a shorter period of time. The SILO arrangement typically involves a service contract which guarantees a fixed return to the corporation.

Securities lending transaction —A fully collateralized transaction in which the owner of a security agrees to lend the security through an agent (The Bank of New York Mellon) to a borrower, usually a broker/dealer or bank, on an open, overnight or term basis, under the terms of a prearranged contract, which generally matures in less than 90 days.

Structured Investment Vehicle ("SIV") —A fund which borrows money by issuing short-term securities at low interest and then lends money by buying long-term securities at higher interest.

Sub-custodian —A local provider (e.g., a bank) contracted to provide specific custodial related services in a selected country or geographic area. Services generally include holding foreign securities in safekeeping, facilitating settlements and reporting holdings to the custodian.

Subprime securities —A classification of securities collateralized by loans to borrowers who have a tarnished or limited credit history. Subprime securities carry increased credit risk and subsequently carry higher interest rates.

Tangible common shareholders' equity to tangible assets ratio ("TCE") —Common shareholders' equity less goodwill and intangible assets adjusted for deferred tax liabilities associated with tax deductible goodwill and non-tax deductible intangible assets divided by period-end total assets less goodwill, intangible assets, deposits with the Federal Reserve and other central banks, and U.S. government-backed commercial paper.

Tangible common shareholders' equity —Common equity less goodwill and intangible assets adjusted for deferred tax liabilities associated with non-tax deductible intangible assets and tax deductible goodwill.

Tier 1 and total capital —Includes common shareholders' equity (excluding certain components of comprehensive income), Series B preferred stock, qualifying trust preferred securities, less goodwill and certain intangible assets adjusted for deferred tax liabilities associated with non-tax deductible intangible assets and tax deductible goodwill and a deduction for certain non-financial equity investments and disallowed deferred tax assets. Total capital includes Tier 1 capital, qualifying unrealized equity securities gains, qualifying subordinated debt and the allowance for credit losses.

Tier 1 common equity to risk-weighted assets ratio —Tier 1 capital excluding trust preferred securities and preferred stock divided by risk-weighted assets.

Unfunded commitments —Legally binding agreements to provide a defined level of financing until a specified future date.

Value-at-Risk ("VAR") —A measure of the dollar amount of potential loss at a specified confidence level from adverse market movements in an ordinary market environment.

Variable Interest Entity ("VIE") —An entity that: (1) lacks enough equity investment at risk to permit the entity to finance its activities without additional financial support from other parties; (2) has equity owners that lack the right to make significant decisions affecting the entity's operations; and/or (3) has equity owners that do not have an obligation to absorb or the right to receive the entity's losses or return.

Report of Management on Internal Control Over Financial Reporting

Management of BNY Mellon is responsible for establishing and maintaining adequate internal control over financial reporting for BNY Mellon, as such term is defined in Rule 13a-15(f) under the Exchange Act.

BNY Mellon's management, including its principal executive officer and principal financial officer, has assessed the effectiveness of BNY Mellon's internal control over financial reporting as of December 31, 2009. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control—Integrated Framework. Based upon such assessment, management believes that, as of December 31, 2009, BNY Mellon's internal control over financial reporting is effective based upon those criteria.

KPMG LLP, the independent registered public accounting firm that audited BNY Mellon's 2009 financial statements included in this Annual Report under "Financial Statements and Notes," has issued a report with respect to the effectiveness of BNY Mellon's internal control over financial reporting. This report appears on page 90.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
The Bank of New York Mellon Corporation:

We have audited The Bank of New York Mellon Corporation's ("BNY Mellon") internal control over financial reporting as of December 31, 2009, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). BNY Mellon's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report of Management on Internal Control over Financial Reporting. Our responsibility is to express an opinion on BNY Mellon's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, BNY Mellon maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of BNY Mellon as of December 31, 2009 and 2008, and the related consolidated statements of income, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2009, and our report dated February 26, 2010 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

New York, New York
February 26, 2010

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The Bank of New York Mellon Corporation (and its subsidiaries)

Consolidated Income Statement

(in millions)	Year ended Dec. 31, 2009	2008	2007 *(a)*
Fee and other revenue			
Securities servicing fees:			
Asset servicing	**$ 2,573**	$ 3,370 *(b)*	$2,376 *(b)*
Issuer services	**1,463**	1,685	1,560
Clearing services	**962**	1,065 *(c)*	1,187 *(c)*
Total securities servicing fees	**4,998**	6,120	5,123
Asset and wealth management fees	**2,639**	3,218	2,153
Foreign exchange and other trading activities	**1,036**	1,462	786
Treasury services	**519**	514	346
Distribution and servicing	**397**	421	212
Financing-related fees	**215**	186	216
Investment income	**226**	207 *(c)*	207 *(c)*
Other	**111**	214 *(c)*	211 *(c)*
Total fee revenue	**10,141**	12,342	9,254
Net securities gains (losses) – including other-than-temporary impairment	**(5,552)**	(1,628)	(201)
Noncredit related losses on securities not expected to be sold (recognized in OCI)	**183**	-	-
Net securities gains (losses)	**(5,369)**	(1,628)	(201)
Total fee and other revenue	**4,772**	10,714	9,053
Net interest revenue			
Interest revenue	**3,507**	5,524	5,670
Interest expense	**592**	2,665	3,425
Net interest revenue	**2,915**	2,859	2,245
Provision for credit losses	**332**	104	(11)
Net interest revenue after provision for credit losses	**2,583**	2,755	2,256
Noninterest expense			
Staff	**4,700**	5,189 *(d)*	4,126 *(d)*
Professional, legal and other purchased services	**1,017**	1,021 *(d)*	760 *(d)*
Net occupancy	**564**	570	447
Distribution and servicing	**426**	517	268
Software	**367**	331	280
Sub-custodian and clearing	**320**	335 *(b)*	406 *(b)*
Furniture and equipment	**309**	323	266
Business development	**214**	278	189
Other	**837**	1,822 *(e)*	634
Subtotal	**8,754**	10,386	7,376
Amortization of intangible assets	**426**	473	314
Restructuring charges	**150**	181	-
Merger and integration expenses:			
The Bank of New York Mellon Corporation	**233**	471	355
Acquired Corporate Trust Business	**-**	12	49
Total noninterest expense	**9,563**	11,523	8,094
Income			
Income (loss) from continuing operations before income taxes	**(2,208)**	1,946	3,215
Provision (benefit) for income taxes	**(1,395)**	491	987
Income (loss) from continuing operations	**(813)**	1,455	2,228
Discontinued operations:			
Income (loss) from discontinued operations	**(421)**	28	13
Provision (benefit) for income taxes	**(151)**	14	3
Income (loss) from discontinued operations, net of tax	**(270)**	14	10
Extraordinary (loss) on consolidation of commercial paper conduits, net of tax	**-**	(26)	(180)
Net income (loss)	**(1,083)**	1,443	2,058
Net (income) loss attributable to noncontrolling interests, net of tax	**(1)**	(24)	(19)
Redemption charge and preferred dividends	**(283)**	(33)	-
Net income (loss) applicable to common shareholders of The Bank of New York Mellon Corporation	**$ (1,367)**	$ 1,386	$2,039

The Bank of New York Mellon Corporation (and its subsidiaries)

Consolidated Income Statement (continued)

Earnings per common share applicable to the common shareholders' of The Bank of New York Mellon Corporation *(in dollars)*	Year ended Dec. 31, **2009**	2008	2007 *(a)*
Basic:			
Income (loss) from continuing operations	**$ (0.93)**	$ 1.21	$ 2.37
Income (loss) from discontinued operations, net of tax	**(0.23)**	0.01	0.01
Extraordinary (loss), net of tax	**-**	(0.02)	(0.19)
Net income (loss) applicable to common stock *(f)*	**$ (1.16)**	$ 1.20	$ 2.19
Diluted: (g)			
Income (loss) from continuing operations	**$ (0.93)**	$ 1.21	$ 2.35
Income (loss) from discontinued operations, net of tax	**(0.23)**	0.01	0.01
Extraordinary (loss), net of tax	**-**	(0.02)	(0.19)
Net income (loss) applicable to common stock *(f)*	**$ (1.16)**	$ 1.20	$ 2.17

Average common shares and equivalents outstanding *(in thousands)*	Year ended Dec. 31, **2009**	2008	2007 *(a)*
Basic	**1,178,907**	1,142,239	923,199
Common stock equivalents	**-**	10,383	11,505
Participating securities	**-**	(4,264)	(4,028)
Diluted	**1,178,907** *(g)*	1,148,358	930,676
Anti-dilutive securities *(h)*	**98,112**	83,763	67,171

Reconciliation of net income (loss) from continuing operations applicable to the common shareholders' of The Bank of New York Mellon Corporation *(in millions)*	Year ended Dec. 31, **2009**	2008	2007 *(a)*
Income (loss) from continuing operations	**$ (813)**	$ 1,455	$ 2,228
Net (income) loss attributable to noncontrolling interests, net of tax	**(1)**	(24)	(19)
Income (loss) from continuing operations attributable to The Bank of New York Mellon Corporation	**(814)**	1,431	2,209
Redemption charge and preferred dividends	**(283)**	(33)	-
Income (loss) from continuing operations applicable to common shareholders of The Bank of New York Mellon Corporation, net of tax	**(1,097)**	1,398	2,209
Income (loss) from discontinued operations, net of tax	**(270)**	14	10
Extraordinary (loss), net of tax	**-**	(26)	(180)
Net income (loss) applicable to the common shareholders of The Bank of New York Mellon Corporation	**$ (1,367)**	$ 1,386	$ 2,039

(a) Results for 2007 include six months of BNY Mellon and six months of legacy The Bank of New York Company, Inc.

(b) In 2009, global sub-custodian out-of-pocket expense related to client reimbursements was reclassified from sub-custodian expense to asset servicing revenue. This reclassification totaled $22 million in 2008 and $23 million in 2007.

(c) In 2009, fee revenue associated with equity investments was reclassified from clearing services revenue and other revenue to investment income. Fee revenue associated with an equity investment previously recorded in clearing services revenue was $22 million in 2008 and $5 million in 2007. Fee revenue associated with an equity investment previously recorded in other revenue was $32 million in 2008 and $53 million in 2007. Prior periods have been reclassified.

(d) In 2009, certain temporary/consulting expenses were reclassified from professional, legal and other purchased services to staff expense. This reclassification totaled $100 million in 2008 and $19 million in 2007.

(e) Includes support agreement charges of $894 million in 2008.

(f) Basic and diluted earnings per share under the two-class method were calculated after deducting earnings allocated to participating securities of $- million in 2009, $9.7 million in 2008 and $17.3 million in 2007.

(g) Diluted earnings per share for the year ended Dec. 31, 2009, was calculated using average basic shares. Adding back the dilutive shares would be anti-dilutive.

(h) Represents stock options, restricted stock, restricted stock units, participating securities and warrants outstanding that are not included in the computation of diluted average common shares because their effect would be anti-dilutive.

See accompanying Notes to Consolidated Financial Statements.

The Bank of New York Mellon Corporation (and its subsidiaries)

Consolidated Balance Sheet

(dollar amounts in millions, except per share amounts)	Dec. 31, 2009	2008
Assets		
Cash and due from:		
Banks	**$ 3,732**	$ 4,889
Interest-bearing deposits with the Federal Reserve and other central banks	**7,362**	53,270
Other short-term investments – U.S. government-backed commercial paper, at fair value	**-**	5,629
Interest-bearing deposits with banks	**56,302**	39,126
Federal funds sold and securities purchased under resale agreements	**3,535**	2,000
Securities:		
Held-to-maturity (fair value of $4,240 and $6,333)	**4,417**	7,371
Available-for-sale	**51,632**	32,064
Total securities	**56,049**	39,435
Trading assets	**6,001**	11,102
Loans	**36,689**	43,394
Allowance for loan losses	**(503)**	(415)
Net loans	**36,186**	42,979
Premises and equipment	**1,602**	1,686
Accrued interest receivable	**639**	619
Goodwill	**16,249**	15,898
Intangible assets	**5,588**	5,856
Other assets (includes $863 and $1,870 at fair value)	**16,737**	15,023
Assets of discontinued operations	**2,242**	-
Total assets	**$212,224**	$237,512
Liabilities		
Deposits:		
Noninterest-bearing (principally domestic offices)	**$ 33,477**	$ 55,816
Interest-bearing deposits in domestic offices	**32,944**	32,386
Interest-bearing deposits in foreign offices	**68,629**	71,471
Total deposits	**135,050**	159,673
Borrowing from Federal Reserve related to asset-backed commercial paper, at fair value	**-**	5,591
Federal funds purchased and securities sold under repurchase agreements	**3,348**	1,372
Trading liabilities	**6,396**	8,085
Payables to customers and broker-dealers	**10,721**	9,274
Commercial paper	**12**	138
Other borrowed funds	**477**	755
Accrued taxes and other expenses	**4,484**	4,052
Other liabilities (including allowance for lending related commitments of $125 and $114, also includes $610 and $721, at fair value)	**3,891**	4,618
Long-term debt	**17,234**	15,865
Liabilities of discontinued operations	**1,608**	-
Total liabilities	**183,221**	209,423
Equity		
Preferred stock – par value $0.01 per share; authorized 100,000,000 shares; issued – shares and 3,000,000 shares	**-**	2,786
Common stock – par value $0.01 per common share; authorized 3,500,000,000 common shares; issued 1,208,861,641 and 1,148,507,561 common shares	**12**	11
Additional paid-in capital	**21,917**	20,432
Retained earnings	**8,912**	10,225
Accumulated other comprehensive loss, net of tax	**(1,835)**	(5,401)
Less: Treasury stock of 1,026,927 and 40,262 common shares, at cost	**(29)**	(3)
Total The Bank of New York Mellon Corporation shareholders' equity	**28,977**	28,050
Noncontrolling interests	**26**	39
Total equity	**29,003**	28,089
Total liabilities and equity	**$212,224**	$237,512

See accompanying Notes to Consolidated Financial Statements.

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The Bank of New York Mellon Corporation (and its subsidiaries)

Consolidated Statement Of Cash Flows

(in millions)	Year ended Dec. 31, 2009	2008	2007 (a)
Operating activities			
Net income (loss)	**$ (1,083)**	$ 1,443	$ 2,058
Net income attributable to noncontrolling interests, net of tax	**(1)**	(24)	(19)
Income (loss) from discontinued operations, net of tax	**(270)**	14	10
Extraordinary (loss), net of taxes	**-**	(26)	(180)
Income (loss) from continuing operations attributable to The Bank of New York Mellon Corporation	**(814)**	1,431	2,209
Adjustments to reconcile net income (loss) to cash provided by (used for) operating activities:			
Provision for credit losses	**332**	104	(11)
Depreciation and amortization	**711**	878	820
Deferred tax (benefit) expense	**(1,970)**	(1,257)	(146)
Securities losses and venture capital income	**5,387**	1,659	141
Change in trading activities	**(636)**	(368)	1,949
Pension plan contribution	**(394)**	(80)	(29)
Change in accruals and other, net	**1,192**	513	(927)
Net effect of discontinued operations	**(27)**	34	(36)
Net cash provided by operating activities	**3,781**	2,914	3,970
Investing activities			
Change in interest-bearing deposits with banks	**(9,635)**	(13,973)	(10,625)
Change in interest-bearing deposits with the Federal Reserve and other central banks	**45,908**	(53,270)	-
Change in margin loans	**(680)**	1,233	(43)
Purchases of securities held-to-maturity	**(114)**	-	-
Paydowns of securities held-to-maturity	**643**	267	228
Maturities of securities held-to-maturity	**280**	238	233
Purchases of securities available-for-sale	**(28,665)**	(11,561)	(30,398)
Sales of securities available-for-sale	**3,204**	114	2,600
Paydowns of securities available-for-sale	**6,361**	4,950	4,862
Maturities of securities available-for-sale	**2,001**	5,468	16,023
Sale of Grantor Trust Series A senior tranche	**771**	-	-
Net principal received from (disbursed to) loans to customers	**4,948**	4,660	(2,201)
Sales of loans and other real estate	**851**	334	52
Change in federal funds sold and securities purchased under resale agreements	**(1,545)**	6,095	(2,603)
Change in seed capital investments	**(8)**	56	136
Purchases of premises and equipment/capitalized software	**(318)**	(303)	(313)
Acquisitions, net cash	**(364)**	(511)	1,431
Dispositions, net cash	**-**	310	-
Proceeds from the sale of premises and equipment	**6**	41	1
Other, net	**(987)**	(171)	1,234
Net effect of discontinued operations	**431**	48	(2,191)
Net cash provided by (used for) investing activities	**23,088**	(55,975)	(21,574)
Financing activities			
Change in deposits	**(24,774)**	48,780	17,667
Change in federal funds purchased and securities sold under repurchase agreements	**2,602**	(660)	(711)
Change in payables to customers and broker-dealers	**1,447**	1,696	313
Change in other funds borrowed	**(5,717)**	5,596	(772)
Change in commercial paper	**(126)**	(3,941)	(295)
Net proceeds from the issuance of long-term debt	**3,350**	2,647	4,617
Repayments of long-term debt	**(1,882)**	(4,082)	(1,131)
Proceeds from the exercise of stock options	**16**	182	475
Issuance of common stock	**1,371**	40	20
Tax benefit realized on share-based payment awards	**4**	14	55
Treasury stock acquired	**(28)**	(308)	(113)
Common cash dividends paid	**(599)**	(1,107)	(884)
Series B preferred stock issued/(repurchased)	**(3,000)**	2,779	-
Common stock warrant issued/(repurchased)	**(136)**	221	-
Preferred dividends paid	**(73)**	(22)	-
Net effect of discontinued operations	**(428)**	(82)	2,227
Net cash provided by (used for) financing activities	**(27,973)**	51,753	21,468
Effect of exchange rate changes on cash	**(53)**	(438)	(69)
Change in cash and due from banks			
Change in cash and due from banks	**(1,157)**	(1,746)	3,795
Cash and due from banks at beginning of period	**4,889**	6,635	2,840
Cash and due from banks at end of period	**$ 3,732**	$ 4,889	$ 6,635
Supplemental disclosures			
Interest paid	**$ 682**	$ 2,682	$ 3,521
Income taxes paid	**2,392**	2,455	1,390
Income taxes refunded	**664**	65	147

(a) Results for 2007 include six months of BNY Mellon and six months of legacy The Bank of New York Company, Inc.

See accompanying Notes to Consolidated Financial Statements.

The Bank of New York Mellon Corporation (and its subsidiaries)

Consolidated Statement of Changes in Equity

	The Bank of New York Mellon Corporation shareholders'								
(in millions, except per share amounts)	Preferred stock	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss), net of tax	Treasury stock	ESOP loan	Non-controlling interests	Total equity
Balance at Dec. 31, 2006	$ -	$ 10	$ 10,035	$ 9,255	$ (292)	$ (7,576)	$ (3)	$ 171	$11,600 *(a)*
Adjustments for the cumulative effect of applying ASC 740 and ASC 840, net of taxes of ($214)	-	-	-	(416)	-	-	-	-	(416)
Adjusted balance at Jan. 1, 2007	-	10	10,035	8,839	(292)	(7,576)	(3)	171	11,184
Distributions paid to noncontrolling interest	-	-	-	-	-	-	-	(7)	(7)
Comprehensive income:									
Net income	-	-	-	2,039	-	-	-	19	2,058
Other comprehensive income, net of tax	-	-	-	-	(231)	-	-	(1)	(232)
Reclassification adjustment	-	-	-	-	(26)	-	-	-	(26)
Total comprehensive income	-	-	-	2,039	(257)	-	-	18	1,800
Dividends on common stock at $0.95 per share	-	-	-	(884)	-	-	-	-	(884)
Repurchase of common stock	-	-	-	-	-	(113)	-	-	(113)
Common stock issued under employee benefit plans	-	-	25	-	-	2	3	-	30
Common stock issued in settlement of share repurchase agreements with broker-dealer counterparties	-	-	(35)	-	-	35	-	-	-
Stock awards and options exercised	-	-	644	-	-	69	-	-	713
Retirement of treasury stock	-	(3)	(7,541)	-	-	7,544	-	-	-
Merger with Mellon		4	16,846	-	-	-	-	-	16,850
Other	-	-	16	(4)	-	-	-	-	12
Balance at Dec. 31, 2007	$ -	$ 11	$ 19,990	$ 9,990	$ (549)	$ (39)	$ -	182	$29,585 *(a)*
Adjustments for the cumulative effect of applying ASC 715 and ASC 825, net of taxes of $24	-	-	-	(57)	-	-	-	-	(57)
Adjusted balance at Jan. 1, 2008	-	11	19,990	9,933	(549)	(39)	-	182	29,528
Purchase of subsidiary shares from non-controlling interest	-	-	-	-	-	-	-	(148)	(148)
Distributions paid to noncontrolling interest	-	-	-	-	-	-	-	(7)	(7)
Comprehensive income:									
Net income	-	-	-	1,419	-	-	-	24	1,443
Other comprehensive income, net of tax	-	-	-	-	(5,824)	-	-	(12)	(5,836)
Reclassification adjustment	-	-	-	-	972	-	-	-	972
Total comprehensive income	-	-	-	1,419	(4,852)	-	-	12	(3,421)
Dividends on common stock at $0.96 per share	-	-	-	(1,107)	-	-	-	-	(1,107)
Dividends on preferred stock at $8.75 per share	-	-	-	(26)	-	-	-	-	(26)
Repurchase of common stock	-	-	-	-	-	(308)	-	-	(308)
Common stock issued under employee benefit plans	-	-	12	(3)	-	58	-	-	67
Common stock issued under direct stock purchase and dividend reinvestment plan	-	-	-	(1)	-	31	-	-	30
Series B preferred stock issued	2,779	-	-	-	-	-	-	-	2,779
Amortization of preferred stock discount	7	-	-	(7)	-	-	-	-	-
Stock awards and options exercised	-	-	200	-	-	249	-	-	449
Warrant issued in connection with TARP	-	-	221	-	-	-	-	-	221
Other	-	-	9	17	-	6	-	-	32
Balance at Dec. 31, 2008	$ 2,786	$ 11	$ 20,432	$ 10,225	$ (5,401)	$ (3)	$ -	$ 39	$28,089 *(a)*

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The Bank of New York Mellon Corporation (and its subsidiaries)

Consolidated Statement of Changes in Equity (continued)

	The Bank of New York Mellon Corporation shareholders'								
(in millions, except per share amounts)	Preferred stock	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss), net of tax	Treasury stock	ESOP loan	Non-controlling interests	Total equity
Balance at Dec. 31, 2008	$ 2,786	$ 11	$ 20,432	$ 10,225	$ (5,401)	$ (3)	$ -	$ 39	$28,089 *(a)*
Adjustments for the cumulative effect of applying ASC 320, net of taxes of $470	**-**	**-**	**-**	**676**	**(676)**	**-**	**-**	**-**	**-**
Adjusted balance at Jan. 1, 2009	**2,786**	**11**	**20,432**	**10,901**	**(6,077)**	**(3)**	**-**	**39**	**28,089**
Purchase of subsidiary shares from noncontrolling interest	**-**	**-**	**(74)**	**-**	**-**	**-**	**-**	**(11)**	**(85)**
Distributions paid to noncontrolling interest	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(7)**	**(7)**
Comprehensive income:									
Net income	**-**	**-**	**-**	**(1,084)**	**-**	**-**	**-**	**1**	**(1,083)**
Other comprehensive income, net of tax	**-**	**-**	**-**	**-**	**926**	**-**	**-**	**4**	**930**
Reclassification adjustment	**-**	**-**	**-**	**-**	**3,316**	**-**	**-**	**-**	**3,316** *(b)*
Total comprehensive income	**-**	**-**	**-**	**(1,084)**	**4,242**	**-**	**-**	**5**	**3,163**
Dividends on common stock at $0.51 per share	**-**	**-**	**-**	**(599)**	**-**	**-**	**-**	**-**	**(599)**
Dividends on preferred stock at $24.58 per share	**-**	**-**	**-**	**(69)**	**-**	**-**	**-**	**-**	**(69)**
Repurchase of common stock	**-**	**-**	**-**	**-**	**-**	**(28)**	**-**	**-**	**(28)**
Repurchase of Series B preferred stock	**(3,000)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(3,000)**
Repurchase of common stock warrant	**-**	**-**	**(136)**	**-**	**-**	**-**	**-**	**-**	**(136)**
Common stock issued in public offering	**-**	**1**	**1,346**	**-**	**-**	**-**	**-**	**-**	**1,347**
Common stock issued in connection with acquisitions and investments	**-**	**-**	**85**	**-**	**-**	**-**	**-**	**-**	**85**
Common stock issued under employee benefit plans	**-**	**-**	**49**	**-**	**-**	**2**	**-**	**-**	**51**
Common stock issued under direct stock purchase and dividend reinvestment plan	**-**	**-**	**19**	**-**	**-**	**-**	**-**	**-**	**19**
Amortization of preferred stock discount and redemption charge	**214**	**-**	**-**	**(214)**	**-**	**-**	**-**	**-**	**-**
Stock awards and options exercised	**-**	**-**	**197**	**-**	**-**	**-**	**-**	**-**	**197**
Other	**-**	**-**	**(1)**	**(23)**	**-**	**-**	**-**	**-**	**(24)**
Balance at Dec. 31, 2009	**$ -**	**$ 12**	**$ 21,917**	**$ 8,912**	**$ (1,835)**	**$ (29)**	**$ -**	**$ 26**	**$29,003** *(a)*

(a) Includes total common shareholders' equity of $11,429 million at Dec. 31, 2006, $29,403 million at Dec. 31, 2007, $25,264 million at Dec. 31, 2008 and $28,977 million at Dec. 31, 2009.

(b) Includes $3,348 million (after tax) related to OTTI which was reclassified to net securities gains (losses) on the income statement.

See accompanying Notes to Consolidated Financial Statements.

1. Summary of significant accounting and reporting policies

Basis of Presentation

The accounting and financial reporting policies of BNY Mellon, a global financial services company, conform to U.S. generally accepted accounting principles ("GAAP") and prevailing industry practices. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates based on assumptions about future economic and market conditions which affect reported amounts and related disclosures in our financial statements. Although our current estimates contemplate current conditions and how we expect them to change in the future, it is reasonably possible that in the near term, actual conditions could be worse than anticipated in those estimates, which could materially affect our results of operations and financial condition. Amounts subject to significant estimates are items such as the allowance for loan losses and lending-related commitments, goodwill and intangible assets, pension accounting, the fair value of financial instruments and other-than-temporary impairments. Among other effects, such changes could result in future impairments of investment securities, goodwill and intangible assets and establishment of allowances for loan losses and lending-related commitments as well as increased pension and post-retirement expense.

In the opinion of management, all adjustments necessary for a fair presentation of financial position, results of operations and cash flows for the annual periods have been made. Certain other immaterial reclassifications in addition to discontinued operations (see Note 4 of the Notes to Consolidated Financial Statements) have been made to prior years to place them on a basis comparable with current period presentation.

The consolidated financial statements include the accounts of BNY Mellon and its subsidiaries. Equity investments of less than a majority but at least 20% ownership are accounted for by the equity method and classified as other assets. Earnings on these investments are reflected in fee and other revenue as securities servicing fees or investment income, as appropriate, in the period earned. Our most significant equity method investments are:

Equity method investments at Dec. 31, 2009

(dollars in millions)	Percent Ownership	Book Value
CIBC Mellon	**50.0%**	**$ 586**
Wing Hang	**20.3%**	**$ 316**
Siguler Guff	**20.0%**	**$ 245**
West LB Joint Venture	**50.0%**	**$ 128**
ConvergEx	**33.8%**	**$ 82**

The income statement and balance sheet include results of acquired businesses accounted for under the acquisition method of accounting pursuant to ASC 805 —*Business Combinations* and equity investments from the dates of acquisition. For acquisitions prior to Jan. 1, 2009, we recorded any contingent purchase payments when the amounts were resolved and became payable. For acquisitions occurring after Dec. 31, 2008, contingent purchase consideration was measured at its fair value and recorded on the purchase date.

The Parent financial statements in Note 22 of the Notes to Consolidated Financial Statements include the accounts of the Parent; those of a wholly owned financing subsidiary that functions as a financing entity for BNY Mellon and its subsidiaries by issuing commercial paper and other debt guaranteed by BNY Mellon; and MIPA, LLC, a single member company, created to hold and administer corporate owned life insurance. Financial data for the Parent, the financing subsidiary and the single member company are combined for financial reporting purposes because of the limited function of these entities and the unconditional guarantee by BNY Mellon of their obligations.

We consider the underlying facts and circumstances of individual transactions when assessing whether or not an entity is a potential variable interest entity ("VIE"). BNY Mellon's assessment focuses on the dispersion of risks and rewards attributable to the potential VIE. VIEs are entities in which equity investors do not have the characteristics of a controlling financial interest. A company is deemed to be the primary beneficiary and thus required to

consolidate a VIE, if BNY Mellon has a variable interest (or combination of variable interests) that will absorb a majority of the VIE's expected losses, that will receive a majority of the VIE's expected residual returns, or both. A "variable interest" is a contractual, ownership or other interest that changes with changes in the fair value of the VIE's net assets. "Expected losses" and "expected residual returns" are measures of variability in the expected cash flows of a VIE. When we transfer financial assets in a securitization to a VIE, the VIE must represent a qualifying special purpose entity (QSPE) or we would continue to consolidate the transferred financial assets. QSPE status is achieved when all conditions specified in ASC 860 —*Transfers and Servicing* are met. Those conditions focus on whether the entity is demonstrably distinct from BNY Mellon, limited to only permitted activities, limited on what assets the QSPE may hold, and limited on sales or other dispositions of assets. We also obtain the required true-sale opinions from outside counsel on all securitizations. We have determined that all of our securitization trusts are QSPEs.

Nature of operations

BNY Mellon is a global leader in providing a broad range of financial products and services in domestic and international markets. Through our seven business segments (Asset Management, Wealth Management, Asset Servicing, Issuer Services, Clearing Services, Treasury Services and Other), we serve the following major classes of customers—institutions, corporations, and high net worth individuals. For institutions and corporations, we provide the following services:

- investment management;
- trust and custody;
- foreign exchange;
- securities lending;
- depositary receipts;
- corporate trust;
- shareowner services;
- global payment/cash management; and
- banking services.

For individuals, we provide mutual funds, separate accounts, wealth management and private banking services. BNY Mellon's asset management businesses provide investment products in many asset classes and investment styles on a global basis.

Trading account securities, available-for-sale securities, and held-to-maturity securities

Securities are accounted for under ASC 320 *Investments—Debt and Equity Securities.* Securities are generally classified in the trading, available-for-sale investment or the held-to-maturity investment securities portfolios when they are purchased. Securities are classified as trading securities when our intention is to resell. Securities are classified as available-for-sale securities when we intend to hold the securities for an indefinite period of time or when the securities may be used for tactical asset/liability purposes and may be sold from time to time to effectively manage interest rate exposure, prepayment risk and liquidity needs. Securities are classified as held-to-maturity securities when we intend to hold them until maturity. Seed capital investments are classified as other assets, trading securities or available- for-sale securities, depending on the nature of the investment and management's intent.

Trading securities are stated at fair value. Trading revenue includes both realized and unrealized gains and losses. The liability incurred on short-sale transactions, representing the obligation to deliver securities, is included in trading liabilities at fair value.

Available-for-sale securities are stated at fair value. The difference between fair value and amortized cost representing unrealized gains or losses on assets classified as available-for-sale, are recorded net of tax as an addition to or deduction from other comprehensive income, unless a security is deemed to have an other than temporary impairment ("OTTI"). Gains and losses on sales of available-for-sale securities are reported in the income statement. The cost of debt and equity securities sold is determined on a specific identification and average cost method, respectively. Unrealized gains and losses on seed capital investments classified as other assets are recorded in investment income. Held-to-maturity securities are stated at cost.

Income on securities purchased is adjusted for amortization of premium and accretion of discount on a level yield basis, unless a security is other-than-temporarily impaired.

Effective 2009, the Company adopted FAS 115-2 and FAS 124-2 "Recognition and Presentation of Other-Than-Temporary Impairments" (included in ASC 320) which changed the accounting disclosure for OTTI.

Under this new guidance, only the credit component of an OTTI of a debt security is recognized in earnings and the noncredit component is recognized in other comprehensive income ("OCI") when we do not intend to sell the security and it is more likely than not that BNY Mellon will not be required to sell the security prior to recovery.

For held-to-maturity debt securities, the amount of OTTI recorded in OCI for the non-credit portion of a previous OTTI is amortized prospectively, as an increase to the carrying amount of the security, over the remaining life of the security on the basis of the timing of future estimated cash flows of the securities. Effective with the adoption of the new accounting guidance in 2009, management is required to assert that it does not have the intent to sell the security and that it is more likely than not it will not have to sell the security before recovery of its cost basis in order not to be required to recognize non-credit component of an OTTI in earnings.

If we intend to sell the security or it is more likely than not that BNY Mellon will be required to sell the security prior to recovery, the non-credit component of OTTI is recognized in earnings and subsequently accreted to interest income on an effective yield basis over the life of the security.

ASC 325 *Investments—Other* provides additional specific guidance for unrated investments which are beneficial interests in securitized financial assets. BNY Mellon decides whether a security is within the scope of ASC 325 upon its acquisition and does not alter this decision if the security is subsequently downgraded. Under ASC 325, the excess of future estimated cash flows over the initial carrying amount of the investment is accreted to interest income over the life of the investment using the effective yield method.

We routinely conduct periodic reviews to identify and evaluate each investment security to determine whether OTTI has occurred. We examine various factors when determining whether an impairment, representing the fair value of a security being below its amortized cost, is other than temporary. The following are examples of factors that BNY Mellon considers:

- The length of time and the extent to which the fair value has been less than the amortized cost basis;
- Whether management has an intent to sell the security;
- Whether the decline in fair value is attributable to specific adverse conditions affecting a particular investment;
- Whether the decline in fair value is attributable to specific conditions, such as conditions in an industry or in a geographic area;
- Whether a debt security has been downgraded by a rating agency;
- Whether a debt security exhibits cash flow deterioration; and
- For each non-agency RMBS, we compare the remaining credit enhancement that protects the individual security from losses against the projected losses of principal and/or interest expected to come from the underlying mortgage collateral, to determine whether such credit losses might directly impact the relevant security.

The accounting policies for the determination of the fair value of financial instruments and OTTI have been identified as "critical accounting estimates" as they require us to make numerous assumptions based on available market data.

Loans and leases

Loans are reported net of any unearned discount. Loan origination and upfront commitment fees, as well as certain direct loan origination and commitment costs, are deferred and amortized as a yield adjustment over the lives of the related loans. Deferred fees and costs are netted against outstanding loan balances. Loans held for sale are carried at the lower of aggregate cost or fair value.

Unearned revenue on direct financing leases is accreted over the lives of the leases in decreasing amounts to provide a constant rate of return on the net investment in the leases. Revenue on leveraged leases is recognized on a basis to achieve a constant yield on the outstanding investment in the lease, net of the related deferred tax liability, in the years in which the net investment is positive. Gains and losses on residual values of leased equipment sold are included in investment income. Considering the nature of these leases and the number of significant assumptions, there is risk associated with the income recognition on these leases should any of the assumptions change materially in future periods.

Nonperforming assets

Commercial loans are placed on nonaccrual status when principal or interest is past due 90 days or more, or when there is reasonable doubt that interest or principal will be collected. Residential mortgage loans are generally placed on nonaccrual status when, in our judgment, collection is in doubt or the loans are 90 days or more delinquent, subject to an impairment test. When a loan is placed on nonaccrual status, previously accrued and uncollected interest is reversed against current period interest revenue. Interest receipts on nonaccrual and impaired loans are recognized as interest revenue or are applied to principal when we believe the ultimate collectibility of principal is in doubt. Nonaccrual loans generally are restored to an accrual basis when principal and interest become current.

A loan is considered to be impaired, as defined by ASC 310 — *Accounting by Creditors for Impairment of a Loan* , when it is probable that we will be unable to collect all principal and interest amounts due according to the contractual terms of the loan agreement. An impairment allowance is measured on loans greater than $1 million and which meet the definition of an impaired loan per ASC 310. Impaired loans greater than $1 million are required to be measured based upon the loan's market price, the present value of expected future cash flows, discounted at the loan's initial effective interest rate, or at fair value of the collateral if the loan is collateral dependent. If the loan valuation is less than the recorded value of the loan, an impairment allowance is established by either an allocation of the allowance for credit losses or by a provision for credit losses. Impairment allowances are not needed when the recorded investment in an impaired loan is less than the loan valuation.

Allowance for loans losses and allowance for lending related commitments

The allowance for loans losses, shown as a valuation allowance to loans, and the allowance for lending related commitments are referred to as BNY Mellon's allowance for credit exposure. The accounting policy for the determination of the adequacy of the allowances has been identified as a "critical accounting estimate" as it requires us to make numerous complex and subjective estimates and assumptions relating to amounts which are inherently uncertain.

The allowance for loans losses is maintained to absorb losses inherent in the loan portfolio as of the balance sheet date based on our judgment. The allowance determination methodology is designed to provide procedural discipline in assessing the appropriateness of the allowance. Credit losses are charged against the allowance. Recoveries are added to the allowance.

The methodology for determining the allowance for lending related commitments considers the same factors as the allowance for loan losses, as well as an estimate of the probability of drawdown.

Premises and equipment

Premises and equipment are carried at cost less accumulated depreciation and amortization. Depreciation and amortization is computed using the straight-line method over the estimated useful life of the owned asset and, for leasehold improvements, over the lesser of the remaining term of the leased facility or the estimated economic life of the improvement. For owned and capitalized assets, estimated useful lives range from 2 to 40 years. Maintenance and repairs are charged to expense as incurred, while major improvements are capitalized and amortized to operating expense over their identified useful lives.

Software

BNY Mellon capitalizes costs relating to acquired software and internal-use software development projects that provide new or significantly improved functionality. We capitalize projects that are expected to result in longer term operational benefits, such as replacement systems or new applications that result in significantly increased operational efficiencies or functionality. All other costs incurred in connection with an internal-use software project are expensed as incurred. Capitalized software is recorded in other assets.

Identified intangible assets and goodwill

Identified intangible assets with estimable lives are amortized in a pattern consistent with the assets' identifiable cash flows or using a straight-line method over their remaining estimated benefit periods if the pattern of cash flows is not estimable. Intangible assets with estimable lives are reviewed for possible impairment when events or changed circumstances may affect the underlying basis of the asset. Goodwill and intangibles with indefinite lives are not amortized,

but are assessed at least annually for impairment. The accounting policy for valuing and impairment testing of identified intangible assets and goodwill has been identified as a "critical accounting estimate" as it requires us to make numerous complex and subjective estimates.

Fee revenue

We record security servicing fees, asset and wealth management fees, foreign exchange and other trading activities, treasury services, financing-related fees, distribution and servicing, and other revenue when the services are provided and earned based on contractual terms, when amounts are determined and collectibility is reasonably assured.

Additionally, we recognize revenue from non-refundable, up-front implementation fees under outsourcing contracts using a straight-line method, commencing in the period the ongoing services are performed through the expected term of the contractual relationship. Incremental direct set-up costs of implementation, up to the related implementation fee or minimum fee revenue amount, are deferred and amortized over the same period that the related implementation fees are recognized. If a client terminates an outsourcing contract prematurely, the unamortized deferred incremental direct set-up costs and the unamortized deferred up-front implementation fees related to that contract are recognized in the period the contract is terminated.

Performance fees are recognized in the period in which the performance fees are earned and become determinable. Performance fees are generally calculated as a percentage of the applicable portfolio's performance in excess of a benchmark index or a peer group's performance. For hedge fund investments, an investment management performance fee is calculated as a percentage of the applicable portfolio's positive returns. When a portfolio underperforms its benchmark or fails to generate positive performance in the instance of a hedge fund investment, subsequent years' performance must generally exceed this shortfall prior to fees being earned. Amounts billable in subsequent years and which are subject to a clawback if performance thresholds in those years are not met are not recognized since the fees are potentially uncollectible. These fees are recognized when it is determined that they will be collected. When a multi-year performance contract provides that fees earned are billed ratably over the performance period, only the portion of the fees earned that are non-refundable are recognized.

Net interest revenue

Revenue on interest-earning assets and expense on interest-bearing liabilities is recognized based on the effective yield of the related financial instrument.

Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated to U.S. dollars at the rate of exchange on the balance sheet date. Transaction gains and losses are included in the income statement. Translation gains and losses on investments in foreign entities with functional currencies that are not the U.S. dollar are recorded as foreign currency translation adjustments in other comprehensive results. Revenue and expense accounts are translated monthly at an average monthly exchange rate.

Pension

The measurement date for BNY Mellon's pension plans is Dec. 31. Plan assets are determined based on fair value generally representing observable market prices. The projected benefit obligation is determined based on the present value of projected benefit distributions at an assumed discount rate. The discount rate utilized is based on the yield of high quality corporate bonds available in the marketplace. The net periodic pension expense or credit includes service costs, interest costs based on an assumed discount rate, an expected return on plan assets based on an actuarially derived market-related value and amortization of prior years' actuarial gains and losses.

Actuarial gains and losses include the impact of plan amendments, gains or losses related to changes in the amount of the projected benefit obligation or plan assets resulting from experience different from the assumed rate of return, changes in the discount rate or other assumptions. To the extent an actuarial gain or loss exceeds 10 percent of the greater of the projected benefit obligation or the market-related value of plan assets, the excess is recognized over the future service periods of active employees.

The market-related value utilized to determine the expected return on plan assets is based on the fair value of plan assets adjusted for the difference between expected returns and actual performance of plan assets. The difference between actual experience and expected returns on plan assets is included as an adjustment in the market-related value over a five-year period.

BNY Mellon's accounting policy regarding pensions has been identified as a "critical accounting estimate" as it is regarded to be critical to the presentation of our financial statements since it requires management to make numerous complex and subjective assumptions relating to amounts which are inherently uncertain.

Severance

BNY Mellon provides separation benefits through The Bank of New York Mellon Corporation Separation Plan, The Bank of New York Company, Inc. Separation Plan or the Mellon Financial Corporation Displacement Program to eligible employees separated or displaced from their jobs for business reasons not related to individual performance. Basic separation benefits are based on the employee's years of continuous benefited service. Separation expense is recorded when management commits to an action that will result in separation and the amount of the liability can be reasonably estimated.

Income taxes

We record current tax liabilities or assets through charges or credits to the current tax provision for the estimated taxes payable or refundable for the current year. Deferred tax assets and liabilities are recorded for future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. A deferred tax valuation allowance is established if it is more likely than not that all or a portion of the deferred tax assets will not be realized. A tax position that fails to meet a more-likely-than-not recognition threshold will result in either reduction of current or deferred tax assets, and/or recording of current or deferred tax liabilities. Interest and penalties related to income taxes are recorded as income tax expense.

Derivative financial instruments

Derivative contracts, such as futures contracts, forwards, interest rate swaps, foreign currency swaps and options and similar products used in trading activities are recorded at fair value. Gains and losses are included in foreign exchange and other trading activities in fee and other revenue. Unrealized gains and losses are reported on a gross basis in trading account assets and trading liabilities, after taking into consideration master netting agreements.

We enter into various derivative financial instruments for non-trading purposes primarily as part of our asset/liability management ("ALM") process. These derivatives are designated as fair value and cash flow hedges of certain assets and liabilities when we enter into the derivative contracts. Gains and losses associated with fair value hedges are recorded in income as well as any change in the value of the related hedged item. Gains and losses on cash flow hedges are recorded in other comprehensive income. Foreign currency transaction gains and losses related to a hedged net investment in a foreign operation, net of their tax effect, are recorded with cumulative foreign currency translation adjustments within other comprehensive income.

We formally document all relationships between hedging instruments and hedged items, as well as our risk-management objectives and strategy for undertaking various hedge transactions. This process includes linking all derivatives that are designated as fair value hedges to specific assets or liabilities on the balance sheet.

We formally assess, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective and whether those derivatives are expected to remain highly effective in future periods. We evaluate ineffectiveness in terms of amounts that could impact a hedge's ability to qualify for hedge accounting and the risk that the hedge could result in more than a de minimis amount of ineffectiveness. At inception, the potential causes of ineffectiveness related to each of our hedges is assessed to determine if we can expect the hedge to be highly effective over the life of the transaction and to determine the method for evaluating effectiveness on an ongoing basis.

Recognizing that changes in the value of derivatives used for hedging or the value of hedged items could result in significant ineffectiveness, we have processes in place that are designed to identify and evaluate such changes when they occur. Quarterly, we perform a quantitative effectiveness assessment and record any ineffectiveness in current earnings.

We discontinue hedge accounting prospectively when we determine that a derivative is no longer an effective hedge, the derivative expires, is sold, or management discontinues the derivative's hedge designation. Subsequent gains and losses on these derivatives are included in foreign exchange and other trading activities. For fair value hedges, the

accumulated gain or loss on the hedged item is amortized on a yield basis over the remaining life of the hedged item. Accumulated gains and losses, net of tax effect, from cash flow hedges are reclassified from other comprehensive income and recognized in current earnings in other revenue upon receipt of the hedged cash flow.

The accounting policy for the determination of the fair value of derivative financial instruments has been identified as a "critical accounting estimate" as it requires us to make numerous assumptions based on the available market data.

Statement of cash flows

We have defined cash, as cash and due from banks. Cash flows from hedging activities are classified in the same category as the items hedged.

Stock options

We are using the "modified prospective" method included in ASC 718 *Compensation—Stock Compensation.* Under this method, compensation cost is recognized for all share-based payments granted after Jan. 1, 2006 and for all awards granted to employees prior to Jan. 1, 2006 that were unvested on Jan 1, 2006. Stock option grants are amortized using the straight-line method.

Certain of our stock compensation grants vest when the employee retires. ASC 718 requires the completion of expensing of new grants with this feature by the first date the employee is eligible to retire. For grants prior to Jan. 1, 2006, we will continue to expense them over their stated vesting period.

2. Accounting changes and new accounting guidance

Noncontrolling interests and selected implementation questions

In December 2007, the FASB issued new guidance on noncontrolling interests included in ASC 810— *Consolidation* . This amends previous guidance to establish accounting and reporting standards for the noncontrolling interest in a subsidiary (i.e., minority interest) and for the deconsolidation of a subsidiary. This guidance applies to all entities that prepare consolidated financial statements. This guidance clarifies that a noncontrolling interest in a subsidiary is part of the equity of the controlling group and is reported on the balance sheet within the equity section separately from BNY Mellon's equity as a distinct item. The equity section of the balance sheet is required to present equity attributable to both controlling and noncontrolling interests. The carrying amount of the noncontrolling interest is adjusted to reflect the change in ownership interest, and any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity attributable to the noncontrolling interest (i.e., as additional paid in capital). Any transaction that results in the loss of control of a subsidiary is considered a remeasurement event with any retained interest remeasured at fair value. The gain or loss recognized in income includes both the realized gain or loss related to the portion of the ownership interest sold and the gain or loss on the remeasurement to fair value of the retained interest.

We adopted this guidance on Jan. 1, 2009. This guidance required retrospective application. As a result, effective Jan. 1, 2009, we reclassified $39 million of minority interest from liabilities to equity on our balance sheet. Net income attributable to noncontrolling interests was $1 million in 2009, $24 million in 2008 and $19 million in 2007.

Business combinations

In December 2007, the FASB issued new guidance on business combinations included in ASC 805— *Business Combinations* . This guidance requires all acquisitions of businesses to be measured at the fair value of the net assets acquired rather than the cost allocation process specified in previous guidance. The adoption of this guidance did not have a significant impact on our financial position or results of operations. However, any business combination entered into beginning in 2009 may significantly impact our financial position and results of operations compared with how it would have been recorded under prior GAAP. Earnings volatility could result, depending on the terms of the acquisition. This statement requires transaction costs, such as legal, investment banking, and due diligence costs, to be expensed as incurred and requires earn out contingencies to be measured at fair value. The accounting requirements of this guidance are applied on a prospective basis for all transactions completed subsequent to Dec. 31, 2008.

Participating securities

In June 2008, the FASB issued new guidance, included in ASC 260— *Earnings Per Share* , on determining whether instruments granted in share-based payment transactions are participating securities prior to vesting and, therefore, need to be included in the earnings allocation in computing earnings per share (“EPS”) under the two-class method. This guidance applies to the calculation of EPS for share-based payment awards with rights to dividends or dividend equivalents. Unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and are included in the computation of EPS pursuant to the two-class method. This guidance was effective Jan. 1, 2009. The adoption reduced basic EPS by approximately $0.01 for the year ended Dec. 31, 2008. All prior period EPS data was adjusted to conform to the provisions of this guidance.

Useful life of intangible assets

In April 2008, the FASB issued new guidance on the determination of the useful life of intangible assets, included in ASC 350 — *Intangibles—Goodwill and Other* . This guidance amended the factors that should be considered in renewal or extension assumptions used to determine the useful life and initial fair value of recognized intangible assets. The new guidance became effective Jan. 1, 2009.

BNY Mellon estimates the fair value of intangible assets at acquisition generally on the basis of an income approach using discounted estimated cash flows. For customer relationship and customer contract intangibles, the expected renewals by customers are included in estimating the period over which cash flows will be generated to BNY Mellon. Estimates of customer renewals are generally based upon the historical information of the acquired intangible assets, and also consider BNY Mellon’s own historical experience with similar types of customer relationships and contracts. In the absence of historical information or our own experience, we use assumptions market participants would expect to use consistent with the highest and best use of the assets.

Intangibles are amortized over the periods of and in a pattern that is consistent with the identifiable cash flows, or on a straight-line method over the benefit period if the pattern of cash flows is not estimable.

The initial application of this guidance did not impact BNY Mellon as it already considers expected customer renewals or extensions in cash flow estimates used to estimate fair values and useful lives. BNY Mellon does not capitalize any costs incurred that may contribute to the renewal or extension of any customer relationship and contract intangibles.

Other-than-temporary impairment

In April 2009, the FASB issued new guidance on recognition and presentation of other-than-temporary impairments, included in ASC 320— *Investments —Debt and Equity Securities* . This new guidance replaced the “intent and ability” indication in previous guidance by specifying that (a) if a company does not have the intent to sell a debt security prior to recovery and (b) it is more likely than not that it will not have to sell the debt security prior to recovery, the security would not be considered other-than-temporarily impaired unless there is a credit loss. When an entity does not intend to sell the security and it is more likely than not that the entity will not have to sell the security before recovery of its cost basis, it will recognize the credit component of an other-than-temporary impairment of a debt security in earnings and the remaining portion in other comprehensive income. For held-to-maturity debt securities, the amount of OTTI recorded in OCI for the non-credit portion of a previous OTTI should be amortized prospectively over the remaining life of the security on the basis of the timing of future estimated cash flows of the security.

ASC 320 requires entities to initially apply the provisions of the standard to previously other-than-temporarily impaired debt securities (i.e. debt securities that the entity does not intend to sell and that the entity is not more likely than not required to sell before recovery) existing as of the date of initial adoption by making a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The cumulative-effect adjustment reclassifies the noncredit portion of a previously other-than-temporarily impaired debt security held as of the date of initial adoption to accumulated OCI from retained earnings.

This guidance also amends the previous disclosure provisions of ASC 320 for both debt and equity securities. It requires disclosures in interim and annual periods for major security types identified on the basis of how an entity manages, monitors and measures its securities and the nature and risks of the security. We

adopted this new guidance effective Jan 1, 2009. As a result of adopting this guidance, BNY Mellon recorded a cumulative-effect adjustment as of the beginning of the first quarter of 2009 of $676 million (after-tax) to reclassify the non-credit component of the previously recognized OTTI from retained earnings to accumulated OCI (for those securities where management did not intend to sell the security and it was not more likely than not that BNY Mellon would have been required to sell the securities before recovery). Additionally, the new accounting prescribed for recording OTTI on debt securities increased net income by $126 million and diluted earnings per common share by $0.11 in 2009.

Nonactive markets

In April 2009, the FASB issued new guidance on determining fair value when the volume and level of activity for the asset or liability have significantly decreased and identifying transactions that are not orderly, included in ASC 820 —*Fair Value Measurements and Disclosures* . The fair value of an asset, when the market is not active, is the price that would be received to sell the asset in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions (that is, the inactive market). Entities need to conclude whether a transaction was orderly based on the weight of evidence. When estimating fair value, more weight is placed on transactions that BNY Mellon concludes are orderly and less weight on transactions for which we do not have sufficient information to conclude whether the transaction is orderly. This new guidance also amends the disclosure provisions of ASC 820 to require entities to disclose on interim and annual periods the inputs and valuation techniques used to measure fair value.

ASU 2009-5—Measuring Liabilities at Fair Value

In August 2009, the FASB issued Accounting Standards Update (“ASU”) 2009-5, “Measuring Liabilities at Fair Value.” This update provides amendments to ASC 820 for the fair value measurement of liabilities. This new guidance provides clarification that in circumstances in which a quoted market price in an active market for the identical liability is not available, a reporting entity is required to measure fair value using the following techniques: (1) a valuation technique that uses the quoted price of the identical liability when traded as an asset, and quoted prices for similar liabilities or similar liabilities when traded as assets, or (2) another valuation technique that is consistent with the principles of ASC 820. In applying the above techniques, an entity must maximize the use of relevant observable inputs and minimize the use of unobservable inputs. If applicable, an entity must also apply the guidance in ASC 820 for identifying transactions that are not orderly and for determining fair value when the volume and level of activity for an asset or liability have significantly decreased. This guidance was effective Oct. 1, 2009 and did not have a significant impact on BNY Mellon.

ASU 2009-12—Investments in Certain Entities that Calculate Net Asset Value per Share

In September 2009, the FASB issued ASU 2009-12, “Fair Value Measurements and Disclosures: Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent),” (Topic 820). ASU 2009-12 offers guidance on how to use a net asset value per share to estimate the fair value on investments in investment vehicles such as hedge funds, private equity funds, real estate funds, venture capital funds, offshore fund vehicles and fund of funds. Investors may use net asset value to estimate the fair value of investments in investment companies that do not have a readily determinable fair value if the investees have the attributes of investment companies and the net asset values or their equivalents are calculated consistent with the AICPA Audit and Accounting Guide, Investment Companies, which generally requires investments to be measured at fair value. This approach is deemed to be a “practical expedient” for investors in investment companies as the GAAP fair-value measurement framework defines an asset’s fair value as its current exit price. ASU 2009-12 has limitations and disclosure requirements about the nature and terms of the investments within the scope of the new guidance. ASU 2009-12 was effective Dec. 31, 2009. Note 8 reflects these disclosure requirements.

Adopted in 2008

Fair value measurements

We adopted guidance related to “Fair value measurements” included in ASC 820, effective Jan. 1, 2008. This guidance defined fair value as the amount that would be exchanged to sell an asset or transfer a liability, in an orderly transaction between market participants. It also established a three-level hierarchy based on the transparency of the inputs to the

valuations of an asset or liability. In addition, this guidance requires us to consider the effect of our own credit standing in determining the fair value of our liabilities. The requirements of ASC 820 were applied prospectively, except in certain situations, which were recorded as an adjustment to beginning retained earnings in 2008. See Note 24 of the Notes to Consolidated Financial Statements.

Fair value option

ASC 825 provides companies with an irrevocable option to elect fair value as the measurement basis for selected financial assets, financial liabilities, unrecognized firm commitments and written loan commitments which are not subject to fair value under other accounting standards. There was a one-time election available to apply this standard to existing financial instruments as of Jan 1. 2008. We elected the fair value option for $390 million of existing loans and unfunded loan commitments. The first re-measurement of existing financial instruments for which the option was elected was recorded as an adjustment to retained earnings.

As a result of adopting the fair value option on these loans and commitments, we recorded an aggregate charge to retained earnings as of Jan. 1, 2008, of $36 million, after tax. See Note 25 of the Notes to Consolidated Financial Statements.

3. Acquisitions and dispositions

We sometimes structure our acquisitions with both an initial payment and later contingent payments tied to post-closing revenue or income growth. For acquisitions completed prior to Jan. 1, 2009, we record the fair value of contingent payments as an additional cost of the entity acquired in the period that the payment becomes probable. For acquisitions completed after Jan. 1, 2009, subsequent changes in the fair value of a contingent consideration liability will be recorded through the income statement. Contingent payments totaled $36 million in 2009.

At Dec. 31, 2009, we were potentially obligated to pay additional consideration which, using reasonable assumptions for the performance of the acquired companies and joint ventures based on contractual agreements, could range from approximately $80 million to $130 million over the next four years.

Potential contingent additional consideration of $7 million was recorded as goodwill at Dec. 31, 2009.

Acquisitions in 2009

In November 2009, we acquired Insight Investment Management Limited (“Insight”) for £235 million ($377 million of cash and stock). Based in London, Insight specializes in liability-driven investment solutions, active fixed income and alternative investments. Its clients include some of the UK’s largest pension schemes, corporates, insurance companies and local authorities. Insight had $138 billion in assets under management at acquisition. Goodwill related to this acquisition is non-tax deductible and totaled $202 million. Intangible assets (primarily customer contracts) related to the transaction, with a life up to 11 years, totaled $111 million. The impact of this acquisition is not expected to be material to earnings per share in 2010.

In November 2009, BNY Mellon acquired a 20% minority interest in Siguler Guff & Company, LLC (and certain related entities), a multi-strategy private equity firm with approximately $8 billion in assets under management and committed capital. The impact of this acquisition is not expected to be material to earnings per share.

Divestitures in 2009

On Jan. 15, 2010, BNY Mellon sold MUNB, our national bank subsidiary located in Florida. The results for MUNB were classified as discontinued operations. See Note 4 for additional information on the MUNB transaction.

Acquisitions in 2008

In January 2008, we acquired ARX Capital Management (“ARX”). ARX is a leading independent asset management business, headquartered in Rio de Janeiro, Brazil. The impact of this acquisition was not material to earnings per share.

On Dec. 31, 2008, we acquired the Australian (Ankura Capital) and U.K. (Blackfriars Asset Management) businesses from our Asset Management joint venture with WestLB. The impact of this acquisition was not material to earnings per share.

Dispositions in 2008

In February 2008, we sold our B-Trade and G-Trade execution businesses to BNY ConvergEx Group. These businesses were sold at book value. The execution businesses contributed approximately $215

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million of revenue and $45 million of pre-tax income in 2007.

In June 2008, we sold Mellon 1 st Business Bank ("M1BB"), based in Los Angeles, California. There was no gain or loss recorded on this transaction. Pre-tax income for M1BB was $50 million for full year 2007 and was primarily comprised of net interest revenue.

Acquisitions in 2007

Merger with Mellon Financial Corporation

On July 1, 2007, The Bank of New York Company, Inc. and Mellon Financial Corporation ("Mellon Financial") both merged into The Bank of New York Mellon Corporation, (together with its consolidated subsidiaries, "BNY Mellon"), with BNY Mellon being the surviving entity. For accounting and financial reporting purposes, the merger was accounted for as a purchase of Mellon Financial. Financial results for periods subsequent to July 1, 2007 reflect BNY Mellon's results. Financial results prior to July 1, 2007 reflect legacy The Bank of New York Company, Inc. only. In the transaction, each share of Mellon Financial $0.50 par value common stock was converted into one share of BNY Mellon's $0.01 par value common stock and each share of The Bank of New York Company, Inc. $7.50 par value common stock was converted into 0.9434 shares of BNY Mellon's $0.01 par value common stock. Goodwill and intangibles related to the merger with Mellon Financial were approximately $16 billion.

Other 2007 acquisition

In December 2007, we completed the acquisition of the remaining 50% interest in BNY Mellon Asset Servicing B.V.

Pro forma condensed combined financial information

On a pro forma basis, the merger with Mellon Financial would have had the following impact:

(dollar amounts in millions, except per share amounts)	2007 Reported	2007 Pro forma
Revenue	$ 11,334	$ 14,219
Income from continuing operations	2,227	3,000
Net income	2,039	2,815
Diluted earnings per share:		
Income from continuing operations	$ 2.38	$ 2.63
Net income	2.18	2.46

The pro forma results are based on adding the pre-tax historical results of Mellon Financial to our results and primarily adjusting for amortization of intangibles created in the transaction and taxes. The pro forma data does not include adjustments to reflect our operating costs. The pro forma data is intended for informational purposes and is not indicative of the future results of operations.

4. Discontinued operations

On Jan. 15, 2010, BNY Mellon sold MUNB, our national bank subsidiary located in Florida. As a result, we applied discontinued operations accounting to this business and the income statements for all periods in this Annual Report have been restated. This business, which was previously reported in the Other segment, no longer fit our strategic focus on our asset management and securities servicing businesses. Results for discontinued operations in 2009 were a loss of $270 million largely related to write-downs for retained South Florida real estate loans and the elimination of $82 million of goodwill.

Summarized financial information for discontinued operations is as follows:

Discontinued operations assets and liabilities *(a)* *(in millions)*	**Dec. 31, 2009**
Cash and due from banks	**$ 446**
Securities	**488**
Loans, net of allowance for loan losses	**1,225**
Premises and equipment	**12**
Other assets	**71**
Assets of discontinued operations	**$ 2,242**
Deposits:	
Noninterest-bearing	**$ 539**
Interest-bearing	**958**
Total deposits	**1,497**
Other liabilities	**111**
Liabilities of discontinued operations	**$ 1,608**

(a) Prior period balance sheets, in accordance with GAAP, were not restated for discontinued operations.

Discontinued operations (in millions)	2009	2008	2007 (a)
Fee and other revenue	**$ 7**	$ 24	$ 20
Net interest revenue	**59**	93	55
Provision for loan losses	**191**	27	1
Net interest revenue after provision for loan losses	**(132)**	66	54
Noninterest expense:			
Staff	**37**	26	28
Professional, legal and other purchased services	**4**	10	8
Net occupany	**5**	5	3
Other	**16**	21	22
Goodwill impairment	**50**	-	-
Total noninterest expense	**112**	62	61
Income (loss) from discontinued operations	**(237)**	28	13
Loss on assets held for sale	**(184)**	-	-
Provision (benefit) for income taxes	**(151)**	14	3
Income (loss) from discontinued operations, net of taxes	**$(270)**	$ 14	$ 10

(a) Results for 2007 include six months of BNY Mellon and six months of legacy The Bank of New York Company, Inc.

5. Securities

The following tables set forth the amortized cost and the fair value of securities at the end of the last two years.

Securities at Dec. 31, 2009 (in millions)	Amortized cost	Gross unrealized Gains	Gross unrealized Losses	Fair value
Available-for-sale:				
U.S. Treasury	$ 6,358	$ 30	$ 10	$ 6,378
U.S. Government agencies	1,235	25	-	1,260
State and political subdivisions	538	6	24	520
Agency MBS	18,247	303	95	18,455
Alt-A RMBS	588	12	63	537
Prime RMBS	1,743	3	234	1,512
Subprime RMBS	758	-	311	447
Other RMBS	2,199	1	430	1,770
Commercial MBS	2,762	31	203	2,590
Asset-backed CLOs	424	15	50	389
Other asset-backed securities	869	5	38	836
Other debt securities	11,419	86	48	11,457 *(a)*
Equity securities	1,314	8	1	1,321
Grantor Trust Class B certificates *(b)*	4,049	111	-	4,160
Total securities available-for-sale	52,503	636	1,507	51,632
Held-to-maturity:				
State and political subdivisions	150	3	-	153
Agency MBS	531	30	-	561
Alt-A RMBS	304	-	62	242
Prime RMBS	189	-	17	172
Subprime RMBS	30	-	7	23
Other RMBS	3,195	39	162	3,072
Commercial MBS	11	-	1	10
Other debt securities	3	-	-	3
Other securities	4	-	-	4
Total securities held-to-maturity	4,417	72	249	4,240
Total securities	$56,920	$708	$1,756	$ 55,872

(a) Includes $10.8 billion, at fair value, of government-sponsored and government-guaranteed entities.
(b) The Grantor Trust contains Alt-A, prime and subprime RMBS.

Notes to Consolidated Financial Statements (continued)

Securities at Dec. 31, 2008 (in millions)	Amortized cost	Gross unrealized Gains	Gross unrealized Losses	Fair value
Available-for-sale:				
U.S. Treasury	$ 746	$ 36	$ 1	$ 781
U.S. Government agencies	1,259	40	-	1,299
State and political subdivisions	896	8	21	883
Agency RMBS	10,862	211	174	10,899
Alt-A RMBS	5,164	21	2,223	2,962
Prime RMBS	6,437	-	1,733	4,704
Subprime RMBS	1,512	-	575	937
Other RMBS	2,997	-	596	2,401
Commercial MBS	3,275	-	803	2,472
Asset-backed CLOs	604	2	166	440
Other asset-backed securities	1,612	-	479	1,133
Other debt securities	1,884	36	130	1,790
Equity securities	1,392	-	29	1,363
Total securities available-for-sale	38,640	354	6,930	32,064
Held-to-maturity:				
State and political subdivisions	193	2	2	193
Agency RMBS	699	24	1	722
Alt-A RMBS	2,335	-	562	1,773
Prime RMBS	288	-	48	240
Subprime RMBS	66	-	16	50
Other RMBS	3,770	-	432	3,338
Commercial MBS	13	-	3	10
Other debt securities	4	-	-	4
Other securities	3	-	-	3
Total securities held-to-maturity	7,371	26	1,064	6,333
Total securities	$46,011	$380	$7,994	$38,397

In conjunction with the restructuring of the investment securities portfolio, in 2009, we changed our intent to hold to maturity $1.7 billion of securities included in the held-to-maturity classification and recorded mark-to-market losses, both credit and non-credit, on these securities in the income statement. These securities have experienced a decrease in the credit quality of the underlying collateral or a significant increase in the risk-weight used for regulatory capital purposes.

Temporarily impaired securities

At Dec. 31, 2009, almost all of the unrealized losses are attributable to credit spreads widening and interest rate fluctuations since purchase. We do not intend to sell these securities and it is not more likely than not that we will have to sell.

The following tables show the aggregate related fair value of investments with a continuous unrealized loss position for less than 12 months and those that have been in a continuous unrealized loss position for greater than 12 months, including debt securities for which a portion of other-than-temporary impairment has been recognized in OCI.

Temporarily impaired securities	Less than 12 months		12 months or more		Total	
(in millions)	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Dec. 31, 2009:						
Available-for-sale:						
U.S. Treasury	**$1,226**	**$ 9**	**$ 176**	**$ 1**	**$ 1,402**	**$ 10**
State and political subdivisions	**50**	**13**	**171**	**11**	**221**	**24**
Agency MBS	**7,297**	**76**	**2,061**	**19**	**9,358**	**95**
Alt-A RMBS	**-**	**-**	**311**	**63**	**311**	**63**
Prime RMBS	**5**	**1**	**1,480**	**233**	**1,485**	**234**
Subprime RMBS	**1**	**2**	**446**	**309**	**447**	**311**
Other RMBS	**-**	**-**	**1,764**	**430**	**1,764**	**430**
Commercial MBS	**-**	**-**	**1,290**	**203**	**1,290**	**203**
Asset-backed CLOs	**18**	**6**	**274**	**44**	**292**	**50**
Other asset-backed securities	**-**	**-**	**706**	**38**	**706**	**38**
Other debt securities	**33**	**-**	**8,804**	**48**	**8,837**	**48**
Equity securities	**16**	**-**	**3**	**1**	**19**	**1**
Total securities available-for-sale	**$8,646**	**$ 107**	**$17,486**	**$ 1,400**	**$26,132**	**$ 1,507**
Held-to-maturity:						
Alt-A RMBS	**$ 2**	**$ 1**	**$ 221**	**$ 61**	**$ 223**	**$ 62**
Prime RMBS	**-**	**-**	**172**	**17**	**172**	**17**
Subprime RMBS	**-**	**-**	**23**	**7**	**23**	**7**
Other RMBS	**-**	**-**	**3,072**	**162**	**3,072**	**162**
Commercial MBS	**-**	**-**	**10**	**1**	**10**	**1**
Total securities held-to-maturity	**$ 2**	**$ 1**	**$ 3,498**	**$ 248**	**$ 3,500**	**$ 249**
Total temporarily impaired securities	**$8,648**	**$ 108**	**$20,984**	**$ 1,648**	**$29,632**	**$ 1,756** (*a*)
Dec. 31, 2008:						
Available-for-sale:						
U.S. Treasury	$ -	$ -	$ 30	$ 1	$ 30	$ 1
State and political subdivisions	247	8	264	13	511	21
Agency RMBS	-	-	4,370	174	4,370	174
Alt-A RMBS	145	64	1,891	2,159	2,036	2,223
Prime RMBS	375	102	4,291	1,631	4,666	1,733
Subprime RMBS	129	58	808	517	937	575
Other RMBS	39	-	2,362	596	2,401	596
Commercial MBS	136	55	2,295	748	2,431	803
Asset-backed CLOs	70	50	349	116	419	166
Other asset-backed securities	89	3	989	476	1,078	479
Other debt securities	67	8	199	122	266	130
Other equity securities	10	6	33	23	43	29
Total securities available-for-sale	$1,307	$ 354	$17,881	$ 6,576	$19,188	$ 6,930
Held-to-maturity:						
State and political subdivisions	$ -	$ -	$ 63	$ 2	$ 63	$ 2
Agency RMBS	-	-	25	1	25	1
Alt-A RMBS	172	75	1,575	487	1,747	562
Prime RMBS	-	-	240	48	240	48
Subprime RMBS	-	-	50	16	50	16
Other RMBS	-	-	3,338	432	3,338	432
Commercial MBS	-	-	10	3	10	3
Total securities held-to-maturity	$ 172	$ 75	$ 5,301	$ 989	$ 5,473	$ 1,064
Total temporarily impaired securities	$1,479	$ 429	$23,182	$ 7,565	$24,661	$ 7,994

(a) Includes other-than-temporarily impaired securities in which portions of the other-than-temporary impairment loss remains in OCI.

The amortized cost and fair value of securities at Dec. 31, 2009, by contractual maturity, are as follows:

Securities by contractual maturity at Dec. 31, 2009	Available-for-sale		Held-to-maturity	
	Amortized		Amortized	
(in millions)	cost	Fair value	cost	Fair value
Due in one year or less	$ 1,457	$ 1,483	$ 3	$ 3
Due after one year through five years	17,132	17,211	3	3
Due after five years through ten years	293	300	16	16
Due after ten years	668	621	131	134
Mortgage-backed securities	30,346 *(a)*	29,471 *(a)*	4,260	4,080
Asset-backed securities	1,293	1,225	-	-
Equity securities	1,314	1,321	4	4
Total securities	$ 52,503	$ 51,632	$ 4,417	$4,240

(a) Includes the Grantor Trust Class B certificates with an amortized cost of $4.049 billion and a fair value of $4.160 billion.

The realized gross gains, realized gross losses, and recognized gross impairments are as follows:

Net securities losses *(in millions)*	**2009**	2008	2007
Realized gross gains	**$ 130**	$ 10	$ 29
Realized gross losses	**(1,648)**	(531)	(230)
Recognized gross impairments	**(3,851)**	(1,107)	-
Total net securities losses	**$(5,369)**	$(1,628)	$(201)

Other-than-temporary impairment

For certain debt securities which have no debt rating at acquisition and are beneficial interests in securitized financial assets under ASC 325, OTTI occurs when we determine that there has been an adverse change in cash flows and the present value of those remaining cash flows is less than the present value of the remaining cash flows estimated at the security's acquisition date (or last estimated cash flow revision date).

We routinely conduct periodic reviews to identify and evaluate each investment security to determine whether OTTI has occurred. Economic models are used to determine whether an OTTI has occurred on these securities. While all securities are considered, the securities primarily impacted by OTTI testing are non-agency RMBS. For each non-agency RMBS in the investment portfolio (including but not limited to those whose fair value is less than their amortized cost basis), an extensive, regular review is conducted to determine if an OTTI has occurred. Various inputs to the economic models are used to determine if an unrealized loss on non-agency RMBS is other-than-temporary. The most significant inputs are:

- Default rate—the number of mortgage loans expected to go into default over the life of the transaction, which is driven by the roll rate of loans in each performance bucket that will ultimately migrate to default; and
- Severity—the loss expected to be realized when a loan defaults

To determine if the unrealized loss for non-agency RMBS is other-than-temporary, we project total estimated defaults of the underlying assets (mortgages) and multiply that calculated amount by an estimate of realizable value upon sale of these assets in the marketplace (severity) in order to determine the projected collateral loss. We also evaluate the current credit enhancement underlying the bond to determine the impact on cash flows. If we determine that a given RMBS position will be subject to a write-down or loss, we record the expected credit loss as a charge to earnings.

In addition, we have estimated the expected loss by taking into account observed performance of the underlying securities, industry studies, market forecasts, as well as our view of the economic outlook of the collateral.

The table below shows the projected weighted-average default rates and loss severities for the recent-vintage (i.e. 2007, 2006 and late 2005) non-agency RMBS and the Grantor Trust portfolios at Dec. 31, 2009 and Dec. 31, 2008.

Projected weighted-average default rates and severities

	Dec. 31, 2009		Dec. 31, 2008	
	Default Rate	**Severity**	Default Rate	Severity
Alt-A	**43%**	**50%**	28%	43%
Subprime	**74%**	**69%**	56%	59%
Prime	**19%**	**44%**	14%	31%

The following table provides pre-tax securities losses by type:

Net investment securities losses *(in millions)*	**2009**		2008	2007 *(a)*
Alt-A RMBS	**$3,113**		$1,236	$ -
Prime RMBS	**1,008**		12	-
Subprime RMBS	**322**		12	-
European floating rate notes	**269**		-	-
Home equity lines of credit	**205**		104	-
Commercial MBS	**89**		-	-
Grantor Trust	**39**	*(b)*	-	-
Credit cards	**26**		-	-
ABS CDOs	**23**		122	201
Other	**275**		142	-
Total net investment securities losses	**$5,369**	*(c)*	$1,628	$ 201

(a) Results for 2007 include six months of BNY Mellon and six months of legacy The Bank of New York Company, Inc.

(b) Includes $47 million of mark-to-market write-downs on the Alt-A, prime and subprime RMBS from Oct. 1, 2009 through the date of sale to the Grantor Trust.

(c) Includes $930 million originally recorded in 2008 and recorded again in 2009 under ASC 320 and as part of the impairment charge related to the restructuring of the securities portfolio.

The following table reflects investment securities credit losses recorded in earnings. The beginning balance represents the credit loss component for which OTTI occurred on debt securities in prior periods. The additions represent the first time a debt security was credit impaired or when subsequent credit impairments have occurred. The deductions represent credit losses on securities that have been sold, are required to be sold or it is our intention to sale.

Debt securities credit loss roll forward	**2009**
Beginning balance as of Dec. 31, 2008	**$ 535**
Add: Initial OTTI credit losses	**661**
Subsequent OTTI credit losses	**208**
Less: Realized losses for securities sold	**1,116**
Securities intended or required to be sold	**17**
Ending balance as of Dec. 31, 2009	**$ 271**

At Dec. 31, 2009, assets amounting to $40.1 billion were pledged primarily for potential borrowing at the Federal Reserve Discount Window. The significant components of pledged assets were as follows: $29.9 billion of securities, $6.7 billion of interest-bearing deposits with banks and $3.5 billion of loans. Also included in these pledged assets was securities available-for-sale of $120 million which were pledged as collateral for actual borrowings. The lenders in these borrowings have the right to repledge or sell these securities. We obtain securities under resale, securities borrowed and custody agreements on terms which permit us to repledge or resell the securities to others. As of Dec. 31, 2009, the market value of the securities received that can be sold or repledged was $30.0 billion. We routinely repledge or lend these securities to third parties. As of Dec. 31, 2009, the market value of collateral repledged and sold was $899 million.

6. Loans

The table below provides the details of our loan distribution and industry concentrations of credit risk at Dec. 31, 2009 and 2008:

Loans by product *(in millions)*	Dec. 31, **2009**	Dec. 31, 2008
Domestic:		
Commercial and industrial loans	**$ 3,280**	$ 6,537
Real estate loans:		
Construction and land development	**533**	812
Other, principally commercial mortgages	**721**	1,197
Collateralized by residential properties	**5,567**	5,489
Banks and other financial institutions	**1,517**	3,376
Loans for purchasing or carrying securities	**3,826**	4,099
Lease financings	**2,450**	2,754
Less: Unearned income on lease financings	**(754)**	(902)
Wealth loans	**3,354**	1,866
Margin loans	**4,657**	3,977
Other (primarily overdrafts)	**3,780**	4,152
Total domestic	**28,931**	33,357
Foreign:		
Commercial and industrial loans	**517**	668
Banks and other financial institutions	**4,947**	4,714
Lease financings	**3,344**	4,088
Less: Unearned income on lease financings	**(1,528)**	(1,934)
Government and official institutions	**64**	1,437
Other (primarily overdrafts)	**414**	1,064
Total foreign	**7,758**	10,037
Less: Allowance for loan losses	**(503)**	(415)
Net loans	**$36,186**	$42,979

In the ordinary course of business, we and our banking subsidiaries have made loans at prevailing interest rates and terms to our directors and executive officers and to entities in which certain of our directors have an ownership interest or direct or indirect subsidiaries of such entities. The aggregate amount of these loans was $4 million, $12 million and $35 million at Dec. 31, 2009, 2008, and 2007 respectively. These loans are primarily extensions of credit under revolving lines of credit established for such entities.

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Transactions in the allowance for credit losses are summarized as follows:

Allowance for credit losses

(in millions)	Allowance for loan losses	Allowance for lending-related commitments	Allowance for credit losses
Balance at Dec. 31, 2006 *(a)*	$ 287	$ 150	$ 437
Acquisition	43	87	130
Charge-offs: *(b)*			
Commercial	(16)	(6)	(22)
Leasing	(36)	-	(36)
Foreign	(19)	-	(19)
Other	(1)	-	(1)
Total charge-offs	(72)	(6)	(78)
Recoveries: *(b)*			
Commercial	1	-	1
Leasing	13	-	13
Foreign	1	-	1
Total recoveries	15	-	15
Net charge-offs	(57)	(6)	(63)
Provision for credit losses *(b)*	54	(65)	(11)
Transferred to discontinued operations	-	1	1
Balance at Dec. 31, 2007	$ 327	$ 167	$ 494 *(c)*
Charge-offs:			
Commercial	(30)	-	(30)
Commercial real estate	(15)	-	(15)
Foreign	(17)	-	(17)
Other residential mortgages	(20)	-	(20)
Wealth management	(1)	-	(1)
Total charge-offs	(83)	-	(83)
Recoveries:			
Commercial	2	-	2
Leasing	3	-	3
Foreign	4	-	4
Other	1	-	1
Total recoveries	10	-	10
Net charge-offs	(73)	-	(73)
Disposition/other	(21)	(2)	(23)
Provision for credit losses	154	(50)	104
Transferred to discontinued operations	28	(1)	27
Balance at Dec. 31, 2008	$ 415	$ 114	$ 529 *(c)*
Charge-offs:			
Commercial	**(124)**	**-**	**(124)**
Commercial real estate	**(31)**	**-**	**(31)**
Other residential mortgages	**(60)**	**-**	**(60)**
Wealth management	**(1)**	**-**	**(1)**
Total charge-offs	**(216)**	**-**	**(216)**
Recoveries:			
Leasing	**1**	**-**	**1**
Other	**1**	**-**	**1**
Total recoveries	**2**	**-**	**2**
Net charge-offs	**(214)**	**-**	**(214)**
Provision for credit losses	**319**	**13**	**332**
Transferred to discontinued operations	**(17)**	**(2)**	**(19)**

The table below sets forth information about our nonperforming assets and impaired loans.

Nonperforming assets and impaired loans

	Dec. 31,		
(in millions)	**2009**	2008	2007
Loans:			
Other residential mortgages	**$190**	$ 97	$ 20
Financial institutions	**172**	41	24
Commercial	**65**	14	15
Commercial real estate	**61**	130	40
Wealth management	**58**	2	-
Total domestic	**546**	284	99
Foreign	**-**	-	87
Total nonperforming loans	**546**	284	186
Other assets owned	**4**	8	4
Total nonperforming assets *(a)*	**$550**	$292	$190
Impaired loans with an allowance	**$303**	$165	$141
Impaired loans without an allowance *(b)*	**42**	21	17
Total impaired loans *(c)*	**$345**	$186	$158
Allowance for impaired loans *(d)*	**$ 51**	$ 51	$ 34
Average balance of impaired loans during the year	**216**	178	27
Interest income recognized on impaired loans during the year	**2**	-	-

(a) *Nonperforming assets at Dec. 31, 2009 exclude discontinued operations. Nonperforming assets at Dec. 31, 2008 and Dec. 31, 2007 include discontinued operations of $96 million and $18 million, respectively.*

(b) *When the discounted cash flows, collateral value or market price equals or exceeds the carrying value of the loan, then the loan does not require an allowance under the accounting standard related to impaired loans.*

(c) *Total impaired loans at Dec. 31, 2009 exclude discontinued operations. Total impaired loans include discontinued operations of $93 million at Dec. 31, 2008 and $17 million at Dec. 31, 2007.*

(d) *The allowance for impaired loans is included in the allowance for loan losses.*

Past due loans still accruing interest at year-end

(in millions)	**2009**	2008	2007
Domestic:			
Consumer	**$ 93**	$ 27	$ -
Commercial	**338**	315	343
Total domestic	**431**	342	343
Foreign	**-**	-	-
Total past due loans *(a)*	**$431**	$342	$343

(a) *Past due loans at Dec. 31, 2009 exclude discontinued operations. There were no past due loans at Dec. 31, 2008 and 2007 included in discontinued operations.*

Balance at Dec. 31, 2009 *(c)*	**$ 503**	**$ 125**	**$ 628** *(c)*

(a) Reflects legacy The Bank of New York Company, Inc. only.

(b) Reflects six months of BNY Mellon and six months of legacy The Bank of New York Company, Inc.

(c) The allowance for credit losses at Dec. 31, 2009 excludes discontinued operations. The allowance for credit losses includes discontinued operations of $35 million at Dec. 31, 2008 and $17 million at Dec. 31, 2007.

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Lost interest	Dec. 31,		
(in millions)	**2009**	2008	2007
Amount by which interest income recognized on nonperforming loans exceeded reversals:			
Total	**$ 2**	$ -	$ 1
Foreign	**1**	-	-
Amount by which interest income would have increased if nonperforming loans at year-end had been performing for the entire year:			
Total *(a)*	**$ 10**	$ 12	$ 6
Foreign	**1**	-	2

(a) Lost interest excludes discontinued operations for 2009. Lost interest includes discontinued operations of $5 million in 2008 and less than $1 million in 2007.

At Dec. 31, 2009, undrawn commitments to borrowers whose loans were classified as nonaccrual or reduced rate were not material.

We use the discounted cash flow method as the primary method for valuing impaired loans.

7. Goodwill and intangible assets

Goodwill

The level of goodwill increased in 2009 due to foreign exchange translation on non-U.S. dollar denominated goodwill and the Insight acquisition, partially offset by the transfer of goodwill to discontinued operations. Goodwill impairment testing is performed annually at the business segment level.

The table below provides a breakdown of goodwill by business segment.

Goodwill by segment *(in millions)*	Asset Management	Wealth Management	Asset Servicing	Issuer Services	Clearing Services	Treasury Services	Other	Total
Balance at Dec. 31, 2007	$ 7,054	$ 2,362	$ 3,291	$ 2,413	$ 1,119	$ 92	$ -	$16,331
Acquisitions/dispositions	184	-	(11)	52	(50)	-	(178)	(3)
Transfer between segments *(a)*	-	(255)	-	-	-	-	255	-
Foreign exchange translation	(501)	-	(162)	(4)	(51)	-	-	(718)
Other *(b)*	481	(413)	242	2	(116)	31	61	288
Balance at Dec. 31, 2008	$ 7,218	$ 1,694	$ 3,360	$ 2,463	$ 902	$ 123	$ 138	$15,898
Acquisitions	202	-	-	-	-	-	-	202
Foreign exchange translation	174	-	37	14	15	-	-	240
Transferred to discontinued operations	-	-	-	-	-	-	(128) *(c)*	(128)
Other *(b)*	15	9	-	11	1	4	(3)	37
Balance at Dec. 31, 2009	**$ 7,609**	**$ 1,703**	**$ 3,397**	**$ 2,488**	**$ 918**	**$ 127**	**$ 7**	**$16,249**

(a) Transfer reflects the movements of M1BB and MUNB to the Other segment from the Wealth Management segment.
(b) Other changes in goodwill include purchase price adjustments and certain other reclassifications.
(c) Includes a $50 million goodwill impairment recorded in the first quarter of 2009. No goodwill impairment was recorded in 2008 or 2007.

Intangible assets

Intangible assets not subject to amortization are tested annually for impairment or more often if events or circumstances indicate they may be impaired. The decrease in intangible assets in 2009 compared with 2008 resulted from intangible amortization partially offset by the Insight acquisition and foreign exchange translation on non-U.S. dollar denominated intangible assets.

Intangible amortization expense was $426 million, $473 million and $314 million in 2009, 2008 and 2007 respectively. No impairment losses were recorded on intangible assets in 2009 or 2008.

The table below provides a breakdown of intangible assets by business segment.

Notes to Consolidated Financial Statements (continued)

Intangible assets—net carrying amount by segment

(in millions)	Asset Management	Wealth Management	Asset Servicing	Issuer Services	Clearing Services	Treasury Services	Other	Total
Net carrying amount at Dec. 31, 2007	$ 3,364	$ 643	$ 505	$ 919	$ 710	$ 261	$ -	$6,402
Acquisitions/dispositions	27	-	(2)	19	10	-	(22)	32
Transfer between segments	-	(37)	-	-	-	-	37	-
Amortization	(255)	(60) *(a)*	(24)	(80)	(26)	(27)	(10) *(a)*	(482) *(a)*
Foreign exchange translation	(130)	-	(12)	(6)	(7)	-	-	(155)
Other *(b)*	(411)	(206)	(165)	(18)	12	(5)	852	59
Net carrying amount at Dec. 31, 2008	$ 2,595	$ 340	$ 302	$ 834	$ 699	$ 229	$ 857	$5,856
Acquisitions	111	-	-	11	-	-	-	122
Amortization	(219)	(45)	(28)	(81)	(27)	(25)	(1)	(426)
Foreign exchange translation	44	-	1	2	2	(1)	-	48
Transferred to discontinued operations	-	-	-	-	-	-	(4)	(4)
Other *(b)*	(1)	-	6	(13)	-	-	-	(8)
Net carrying amount at Dec. 31, 2009	**$ 2,530**	**$ 295**	**$ 281**	**$ 753**	**$ 674**	**$ 203**	**$ 852**	**$5,588**

(a) Includes discontinued operations.
(b) Other changes in intangible assets primarily reflect reclassifications.

Intangible assets	**Dec. 31, 2009**				Dec. 31, 2008		
(in millions)	**Gross carrying amount**	**Accumulated amortization**	**Net carrying amount**	**Remaining weighted average amortization period**	Gross carrying amount	Accumulated amortization	Net carrying amount
Subject to amortization:							
Customer relationships-Asset and Wealth Management	**$ 2,060**	**$ (724)**	**$ 1,336**	**13 yrs.**	$ 1,923	$ (463)	$ 1,460
Customer contracts-Institutional services	**2,039**	**(561)**	**1,478**	**14 yrs.**	2,051	(413)	1,638
Deposit premiums	**49**	**(41)**	**8**	**2 yrs.**	68	(43)	25
Other	**98**	**(30)**	**68**	**7 yrs.**	89	(20)	69
Total subject to amortization	**$ 4,246**	**$ (1,356)**	**$ 2,890**	**13 yrs.**	$ 4,131	$ (939)	$ 3,192
Not subject to amortization: *(a)*							
Trade name	**$ 1,368**	**N/A**	**$ 1,368**	**N/A**	$ 1,358	N/A	$ 1,358
Customer relationships	**1,320**	**N/A**	**1,320**	**N/A**	1,306	N/A	1,306
Other	**10**	**N/A**	**10**	**N/A**	-	N/A	-
Total not subject to amortization	**$ 2,698**	**N/A**	**$ 2,698**	**N/A**	$ 2,664	N/A	$ 2,664
Total intangible assets	**$ 6,944**	**$ (1,356)**	**$ 5,588**	**N/A**	$ 6,795	$ (939)	$ 5,856

(a) Intangible assets not subject to amortization have an indefinite life.

Estimated annual amortization expense for current intangibles for the next five years is as follows:

For the year ended Dec. 31,	Estimated amortization expense *(in millions)*
2010	$389
2011	363
2012	339
2013	293

8. Other assets

Other assets

(in millions)	Dec. 31, 2009		2008
Corporate/bank owned life insurance	**$ 3,900**		$ 3,781
Accounts receivable	**3,528**		3,715
Equity in joint ventures and other investments *(a)*	**2,816**		2,421
Income taxes receivable	**1,867**		342
Prepaid expenses	**1,089**	*(b)*	422
Fails to deliver	**911**		1,394
Prepaid pension assets	**714**		371
Software	**595**		607
Due from customers on acceptances	**502**		265
Margin deposits	**459**		1,275
Other	**356**		430
Total other assets	**$16,737**		$15,023

(a) Includes Federal Reserve Bank stock of $397 million and $342 million, respectively, at cost.

(b) Includes $295 million related to the prepayment of the quarterly fees to the FDIC.

Seed capital and private equity investments valued using net asset value per share

In our Asset Management segment, we manage investment assets, including equities, fixed income, money market and alternative investment funds for institutions and other investors; as part of that activity we make seed capital investments in certain funds. Seed capital is included in trading assets, securities available-for-sale and other assets depending on the nature of the investment. BNY Mellon also holds private equity investments which consist of investments in private equity funds, mezzanine financings and direct equity investments. Private equity investments are included in other assets. Consistent with our policy to focus on our core activities, we continue to reduce our exposure to private equity investments.

The fair value of these investments has been estimated using the net asset value ("NAV") per share of BNY Mellon's ownership interest in the funds. The table below presents information about BNY Mellon's investments in seed capital and private equity investments.

Seed capital and private equity investments valued using NAV – Dec. 31, 2009

(dollar amounts in millions)	Fair value	Unfunded commitments	Redemption frequency	Redemption notice period
Hedge funds *(a)*	$ 172	$ -	Monthly-quarterly	3 - 45 days
Private equity funds *(b)*	187	53	N/A	N/A
Other funds *(c)*	263	-	Monthly-yearly	*(c)*
Total	$ 622	$ 53		

(a) Hedge funds include multi-strategy funds that utilize a variety of investment strategies and equity long-short hedge funds that include various funds that invest over both long-term investment and short-term investment horizons.

(b) Private equity funds primarily include numerous venture capital funds that invest in various sectors of the economy. Private equity funds do not have redemption rights. Distributions from such funds will be received as the underlying investments in the funds are liquidated.

(c) Other funds primarily include: an absolute return unit trust investing in global currencies and interest rate strategies with a monthly redemption frequency and no notice period; a global special situations fund investing in distressed debt with a quarterly redemption frequency and no notice period; an emerging markets fund that invests in emerging market bonds and other debt instruments with no redemption provisions; an event-driven offshore fund of funds that employs a variety of event-driven strategies and techniques with a yearly redemption frequency and 90 days notice; as well as various other market neutral, leveraged loans, real estate and structured credit funds.

9. Deposits

The aggregate amount of time deposits in denominations of $100,000 or greater was approximately $34.0 billion at Dec. 31, 2009 and $57.1 billion at Dec. 31, 2008. At Dec. 31, 2009, the scheduled maturities of all time deposits for the years 2010 through 2014 and 2015 and thereafter are as follows: $34.1 billion; $30 million; $15 million; $2 million; $21 million; and $7 million, respectively.

10. Other fee revenue

In 2009, other fee revenue included $76 million of asset related gains, and $31 million of expense reimbursement from joint ventures. Asset related gains in 2009 include the $39 million gain associated with the sale of VISA shares.

In 2008, other fee revenue included $45 million of asset related gains and $29 million of expense reimbursement from joint ventures. Asset related

gains in 2008 included a $42 million gain associated with the initial public offering by VISA.

In 2007, other fee revenue included $58 million of expense reimbursements from joint ventures, $41 million of net economic value payments related to the Acquired Corporate Trust Business, and a $28 million settlement received for early termination of a contract with a clearing business.

11. Net interest revenue

Net interest revenue

(in millions)	**2009**	2008	2007 *(a)*
Interest revenue			
Non-margin loans	**$ 874**	$1,027	$1,826
Margin loans	**69**	183	332
Securities:			
Taxable	**1,718**	2,210	1,865
Exempt from federal income taxes	**30**	35	18
Total securities	**1,748**	2,245	1,883
Other short-term investments—U.S. government-backed commercial paper	**9**	71	-
Deposits in banks	**683**	1,753	1,242
Deposits with the Federal Reserve and other central banks	**43**	27	-
Federal funds sold and securities purchased under resale agreements	**31**	149	289
Trading assets	**50**	69	98
Total interest revenue	**3,507**	5,524	5,670
Interest expense			
Deposits in domestic offices	**54**	328	566
Deposits in foreign offices	**117**	1,437	1,812
Borrowings from Federal Reserve related to ABCP	**7**	53	-
Federal funds purchased and securities sold under repurchase agreements	**-**	46	110
Other borrowed funds	**42**	90	91
Customer payables	**6**	69	177
Long-term debt	**366**	642	669
Total interest expense	**592**	2,665	3,425
Net interest revenue	**$2,915**	$2,859	$2,245

(a) *Results for 2007 include six months of BNY Mellon and six months of legacy The Bank of New York Company, Inc.*

12. Selected noninterest expense categories

The following table provides a breakdown of certain expense categories presented on the consolidated income statement.

Selected noninterest expense categories

(in millions)	**2009**	2008	2007 *(a)*
Sub-custodian	**$203**	$ 255 *(b)*	$ 223 *(b)*
Clearing	**117**	80	183
Total sub-custodian and clearing	**$320**	$ 335 *(b)*	$ 406 *(b)*
Communications	**$115**	$ 127	$ 108
Support agreement charges	**(15)**	894	3
Other	**737** *(c)*	801	523
Total other	**$837**	$1,822	$ 634

(a) *Results for 2007 include six months of BNY Mellon and six months of legacy The Bank of New York Company, Inc.*

(b) *In 2009, global sub-custodian out-of-pocket expense related to client reimbursements was reclassified from sub-custodian expense to asset servicing revenue. This reclassification totaled $22 million in 2008 and $23 million in 2007.*

(c) *Includes $61 million of FDIC special assessment recorded in 2009.*

In 2008, we recorded support agreement charges of $894 million. In response to market events in 2008, we voluntarily provided support to clients invested in money market mutual funds, cash sweep funds and similar collective funds managed by our affiliates impacted by the Lehman bankruptcy.

In 2009, we recorded a credit to support agreement charges of $15 million. This credit reflects a reduction in the support agreement reserve primarily due to improved pricing of Lehman securities, primarily offset by the final support agreement charge for four Dreyfus money market funds entered into in 2008. The agreements supporting the Dreyfus money market funds expired and were completed in 2009. At Dec. 31, 2009, the value of Lehman securities increased to 19.5% from 9.75% at Dec. 31, 2008.

13. Restructuring charges

Global location strategy

As part of an ongoing effort to improve efficiency and develop a global operating model that provides the highest quality of service to our clients, BNY Mellon continues to execute its global location strategy. This strategy includes migrating positions to our global growth centers and is expected to result in moving and/or eliminating over 2,300 positions in 2010. In the fourth quarter of 2009, we recorded a pre-tax restructuring charge of $139 million, or $0.08 per common share on a full-year basis. This charge was comprised of $102 million for severance costs and $37 million primarily for asset write-offs, and expense related to the closing of offices.

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Workforce reduction program

In the fourth quarter of 2008, we announced that, due to weakness in the global economy, we would reduce our workforce by approximately 4%, or an estimated 1,800 positions, and as a result, recorded a pre-tax restructuring charge of $181 million. In 2009, we recorded additional charges of $11 million associated with this workforce reduction.

As of Dec. 31, 2009, we have reduced our workforce by approximately 1,500 positions, and expect to complete the remainder of the program in the first half of 2010. Severance payments related to these positions are primarily paid over the salary continuance period in accordance with the separation plan.

The restructuring charges are recorded as a separate line on the income statement.

The following tables present the activity in the restructuring reserves through Dec. 31, 2009.

Global location strategy – restructuring charge reserve activity *(in millions)*	Severance	Asset write-offs/other	Total
Original restructuring charge	$ 102	$ 37	$139
Utilization	-	(23)	(23)
Balance at Dec. 31, 2009	**$ 102**	**$ 14**	**$116**

Workforce reduction program – restructuring charge reserve activity *(in millions)*	Severance	Stock-based incentive acceleration	Other compensation costs	Other non-personnel expenses	Total
Original restructuring charge	$ 166	$ 9	$ 5	$ 1	$ 181
Additional charges/(recovery)	4	(2)	(1)	10	11
Utilization	(105)	(7)	(4)	(11)	(127)
Balance at Dec. 31, 2009	**$ 65**	**$ -**	**$ -**	**$ -**	**$ 65**

The restructuring charges for 2009 and 2008 are presented below by business segment. The charges were recorded in the Other segment as these restructurings were corporate initiatives and not directly related to the operating performance of these segments.

Global location strategy 2009 – restructuring charge by segment *(in millions)*	**2009**
Asset management	**$ 32**
Asset servicing	**34**
Issuer services	**18**
Wealth management	**8**
Treasury services	**8**
Clearing services	**8**
Other (including shared services)	**31**
Total restructuring charge	**$139**

Workforce reduction program 2008 – restructuring charge by segment *(in millions)*	**2009**	2008
Asset management	**$ 9**	$ 64
Asset servicing	**(4)**	34
Issuer services	**(2)**	15
Wealth management	**-**	13
Treasury services	**4**	6
Clearing services	**-**	6
Other (including shared services)	**4**	43
Total restructuring charge	**$ 11**	$181

14. Income taxes

Provision (benefit) for income taxes from continuing operations			
	Year ended Dec. 31,		
(in millions)	**2009**	2008	2007 *(a)*
Current taxes:			
Federal	**$ 289**	$ 840	$ 788
Foreign	**185**	488	237
State and local	**101**	420	108
Total current tax expense	**575**	1,748	1,133
Deferred taxes:			
Federal	**(1,676)**	(860)	(97)
Foreign	**-**	(1)	(9)
State and local	**(294)**	(396)	(40)
Total deferred tax expense (benefit)	**(1,970)**	(1,257)	(146)
Provision (benefit) for income taxes	**$(1,395)**	$ 491	$ 987

(a) *Results for 2007 include six months of BNY Mellon and six months of legacy The Bank of New York Company, Inc.*

The components of income (loss) before taxes are as follows:

Components of income (loss) before taxes			
	Year ended Dec. 31,		
(in millions)	**2009**	2008	2007 *(a)*
Domestic	**$(3,022)**	$ 217	$2,144
Foreign	**814**	1,729	1,071
Income (loss) before taxes	**$(2,208)**	$1,946	$3,215

(a) *Results for 2007 include six months of BNY Mellon and six months of legacy The Bank of New York Company, Inc.*

The components of our net deferred tax liability included in accrued taxes and other expenses are as follows:

Net deferred tax liability	Dec. 31,	
(in millions)	**2009**	2008
Depreciation and amortization	**$ 2,725**	$ 2,666
Lease financings	**1,197**	1,411
Pension obligations	**277**	146
Securities valuation	**(2,112)**	(2,360)
Reserves not deducted for tax	**(736)**	(1,351)
Credit losses on loans	**(368)**	(224)
Net operating loss carryover	**(163)**	(189)
Other assets	**(838)**	(468)
Other liabilities	**738**	433
Net deferred tax liability	**$ 720**	$ 64

We have federal net operating loss carryovers of $466 million (for which we have recorded a $163 million tax benefit) related to a separate filing of a group of certain leasing subsidiaries which begin to expire in 2023. We have not recorded a valuation allowance because we expect to realize our deferred tax assets including these carryovers.

As of Dec. 31, 2009, we had approximately $1.9 billion of earnings attributable to foreign subsidiaries that have been permanently reinvested abroad and for which no provision has been recorded for income tax that would occur if repatriated. It is not practicable at this time to determine the income tax liability that would result upon repatriation of these earnings.

The following table presents a reconciliation of the statutory federal income tax rate to our effective income tax rate applicable to income from continuing operations.

Effective tax rate	Dec. 31,		
	2009	2008	2007
Federal rate	**35.0%**	35.0%	35.0%
State and local income taxes, net of federal income tax benefit	**4.5**	4.0	1.3
Credit for low-income housing investments	**2.6**	(2.7)	(1.0)
Tax-exempt income	**2.9**	(3.4)	(1.6)
Foreign operations	**3.5**	(13.0)	(3.2)
Tax settlements	**4.0**	6.8	-
Tax loss on mortgages	**10.8**	-	-
Credit for synthetic fuel investments	**-**	0.1	(0.7)
Other – net	**(0.1)**	(1.6)	0.9
Effective rate	**63.2%**	25.2%	30.7%

FIN 48 Unrecognized tax positions			
(in millions)	**2009**	2008	2007
Beginning balance at Jan. 1, – gross	**$189**	$ 977	$842
Unrecognized tax benefits acquired	**-**	(2)	44
Prior period tax positions:			
Increases	**225**	832	91
Decreases	**(30)**	(155)	(5)
Current period tax positions	**10**	75	5
Settlements	**(58)**	(1,538)	-
Statute expiration	**(1)**	-	-
Ending balance at Dec. 31, – gross	**$335**	$ 189	$977

Our total tax reserves as of Dec. 31, 2009 were $335 million compared with $189 million at Dec. 31, 2008. If these tax reserves were unnecessary, $335 million would affect the effective tax rate in future periods. We recognize accrued interest and penalties, if applicable, related to income taxes in income tax expense. Included in the balance sheet at Dec. 31, 2009 is accrued interest, where applicable, of $80 million. The additional tax expense related to interest for the year ended Dec. 31, 2009 was $89 million

compared with $248 million for the year ended Dec. 31, 2008.

Our federal consolidated income tax returns are closed to examination through 2002. Our New York State and New York City return examinations have been completed through 2004. Our United Kingdom income tax returns are closed through 2007.

15. Extraordinary (loss) – consolidation of commercial paper conduits

At the end of 2008 and 2007, we called the first loss notes of Old Slip and TRFC, respectively, making us the primary beneficiary and triggering the consolidation of these commercial paper conduits. The consolidation of these conduits resulted in the recognition of extraordinary losses (non-cash accounting charges) of $26 million after-tax, or $0.02 per common share in 2008, associated with Old Slip, and $180 million after-tax, or $0.19 per common share in 2007, associated with TRFC.

16. Long-term debt

Long-term debt	**Dec. 31, 2009**			Dec. 31, 2008	
(in millions)	**Rate**	**Maturity**	**Amount**	Rate	Amount
Senior debt:					
Fixed rate	**3.10-6.92%**	**2011-2020**	**$ 7,949**	3.25-6.38%	$ 5,605
Floating rate	**0.05-0.69%**	**2010-2038**	**2,869**	1.27-3.26%	2,704
Subordinated debt *(a)*	**4.40-7.40%**	**2010-2033**	**4,795**	3.27-7.40%	5,890
Junior subordinated debentures *(a)*	**5.95-7.78%**	**2026-2043**	**1,621**	5.95-7.78%	1,666
Total			**$ 17,234**		$15,865

(a) Fixed rate.

The aggregate amounts of notes and debentures that mature during the five years 2010 through 2014 for BNY Mellon are as follows: $1.85 billion, $1.31 billion, $3.45 billion, $1.51 billion and $2.29 billion. At Dec. 31, 2009, subordinated debt aggregating $1.61 billion was redeemable at our option as follows: $1.07 billion in 2010; $275 million in 2011; and $259 million after 2011.

Junior subordinated debentures

Wholly owned subsidiaries of BNY Mellon (the “Trusts”) have issued cumulative Company-Obligated Mandatory Redeemable Trust Preferred Securities of Subsidiary Trust Holding Solely Junior Subordinated Debentures (“Trust Preferred Securities”). The sole assets of each trust are our junior subordinated deferrable interest debentures of BNY Mellon whose maturities and interest rates match the Trust Preferred Securities. Our obligations under the agreements that relate to the Trust Preferred Securities, the Trusts and the debentures constitute a full and unconditional guarantee by us of the Trusts’ obligations under the Trust Preferred Securities. The assets for Mellon Capital IV are currently (i) our remarketable 6.044% junior subordinated notes due 2043, and (ii) interests in stock purchase contracts between Mellon Capital IV and us. On the “stock purchase date”, as defined in the prospectus supplement for the Trust Preferred Securities of Mellon Capital IV, the sole assets of the trust will be shares of a series of our non-cumulative perpetual preferred stock.

The following table sets forth a summary of the Trust Preferred Securities issued by the Trusts as of Dec. 31, 2009:

Trust Preferred Securities at Dec. 31, 2009 *(dollar amounts in millions)*	Amount	Interest rate	Assets of trust *(a)*	Due date	Call date	Call price
BNY Institutional Capital Trust A	$ 300	7.78%	$ 309	2026	2006	102.72% *(b)*
BNY Capital IV	200	6.88	206	2028	2004	Par
BNY Capital V	350	5.95	361	2033	2008	Par
MEL Capital III *(c)*	323	6.37	309	2036	2016	Par
MEL Capital IV	500	6.24	501	-	2012	Par
Total	$ 1,673		$ 1,686			

(a) Junior subordinated debentures and interest in stock purchase contracts for Mellon Capital IV.
(b) Call price decreases ratably to par in the year 2016.
(c) Amount was translated from Sterling into U.S. dollars on a basis of U.S. $1.62 to £1, the rate of exchange on Dec. 31, 2009.

We have the option to shorten the maturity of BNY Capital IV to 2013 or extend the maturity to 2047. The BNY Capital Preferred Trust Securities have been converted to floating rate via interest rate swaps.

17. Securitizations and variable interest entities

Investment securities portfolio securitization

In 2009, we securitized approximately $5.0 billion, fair value, of our investment securities portfolio into a Grantor Trust. The Grantor Trust contains Alt-A, prime and subprime RMBS which were written down to fair value as part of the restructuring of the investment securities portfolio. As a result of this transaction, we received approximately $771 million (before expenses) in cash for Class A Notes that were sold to third parties and retained Class B certificates with a fair value of approximately $4.2 billion. BNY Mellon did not securitize any assets during 2008.

Other securitizations

In 2000, we purchased Dreyfus Institutional Reserves Money Fund shares and sold the right to receive the principal value of the shares in 2021 in a securitization transaction and retained the rights to receive the ongoing dividends from the shares.

In 2003, we securitized quarterly variable rate municipal bonds, which are Aa3/AAA insured bonds issued by borrowers rated no lower than A2/A+ by Moody's Investor Services and Standard & Poors. No gain or loss was recognized on this transaction.

Our retained interests in these securitizations at Dec. 31, 2009 and 2008, are approximately $153 million and $234 million, respectively, which represents our maximum exposure to the securitizations.

Variable Interest Entities

Guidance on "Consolidation of Variable Interest Entities", included in ASC 810 applies to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. The primary beneficiary of a Variable Interest Entity ("VIE") is the party that absorbs a majority of the entity's expected losses, receives a majority of its expected residual returns or both, as a result of holding variable interests. BNY Mellon is required to consolidate entities for which it is the primary beneficiary.

BNY Mellon's VIEs generally include retail, institutional and alternative investment funds offered to its retail and institutional customers. BNY Mellon may provide start-up capital in its new funds and also earns fund management fees. Performance fees are also earned on certain funds. BNY Mellon is not contractually required to provide financial or any other support to its VIEs. In addition, we provide trust and custody services for a fee to entities sponsored by other corporations in which we have no other interest.

Primary beneficiary calculations are prepared in accordance with ASC 810 – *Consolidation* . This evaluation includes estimates of ranges and probabilities of losses and returns from the funds. The calculated expected gains and expected losses are allocated to the variable interest holders of the funds, which are generally the fund's investors and which may include BNY Mellon, in order to determine which entity is required to consolidate the VIE, if any.

The start up capital invested in our Asset Management VIEs as of Dec. 31, 2009 and 2008, has been included in our financial statements as shown below:

Other VIEs at Dec. 31, 2009 *(in millions)*	Assets	Liabilities	Maximum loss exposure
Trading	**$ 28**	**$ -**	**$ 28**
Available-for-sale	**138**	**-**	**138**
Other	**281**	**-**	**281**
Total	**$ 447**	**$ -**	**$ 447**

Other VIEs at Dec. 31, 2008 *(in millions)*	Assets	Liabilities	Maximum loss exposure
Trading	$ 26	$ -	$ 26
Available-for-sale	102	-	102
Other	272	-	272
Total	$ 400	$ -	$ 400

BNY Mellon voluntarily provided limited credit support to certain money market, collective, commingled and separate account funds (the "Funds"). Entering into such support agreements represents an event under ASC 810, and is subject to its interpretations.

In analyzing the Funds for which credit support was provided, it was determined that interest rate risk and credit risk are the two main risks that the Funds are designed to create and pass through to their investors. Accordingly, interest rate and credit risk were analyzed to determine if BNY Mellon was the primary beneficiary of each of the Funds.

Credit risk variability quantification includes any potential future credit risk in a Fund and is evaluated using credit ratings and default rates. The full marks on any sensitive securities on watch are also included.

Interest rate variability quantification includes the expected Fund yield. Standard deviations are used along with the Fund's market value to quantify the interest rate risk expected in the Fund.

BNY Mellon's analysis of the credit risk variability and interest rate risk variability associated with the supported Funds resulted in BNY Mellon not being the primary beneficiary and therefore the Funds were not consolidated.

The table below shows the financial statement items related to non-consolidated VIEs to which we have provided credit support agreements at Dec. 31, 2009 and 2008.

Credit supported VIEs at Dec. 31, 2009 *(in millions)*	Assets	Liabilities	Maximum loss exposure
Other	**$ -**	**$ 14**	**$ 40**

Credit supported VIEs at Dec. 31, 2008 *(in millions)*	Assets	Liabilities	Maximum loss exposure
Other	$ -	$ 248	$ 142

Certain funds have been created solely with securities that are subject to credit support agreements where we have agreed to absorb the majority of loss. Accordingly, these funds have been consolidated into BNY Mellon and have affected the following financial statement items at Dec. 31, 2009 and 2008.

Consolidated VIEs at Dec. 31, 2009 *(in millions)*	Assets	Liabilities	Maximum loss exposure
Available-for-sale	**$ 47**	**$ -**	**$ 47**
Other	**-**	**190**	**46**
Total	**$ 47**	**$ 190**	**$ 93**

Consolidated VIEs at Dec. 31, 2008 *(in millions)*	Assets	Liabilities	Maximum loss exposure
Available-for-sale	$ 26	$ -	$ 26
Other	24	353	47
Total	$ 50	$ 353	$ 73

The maximum loss exposure shown above for the credit support agreements provided to BNY Mellon's VIEs primarily reflects a complete loss on the Lehman Brothers Holdings Inc. securities for BNY Mellon's clients that accepted our offer of support. As of Dec. 31, 2009, BNY Mellon recorded $157 million in liabilities related to its VIEs for which credit support agreements were provided.

18. Shareholders' equity

BNY Mellon has 3.5 billion authorized shares of common stock with a par value of $0.01 per share, 100 million authorized shares of preferred stock with a par value of $0.01 per share, of which 3 million were authorized shares of Series B preferred stock with a liquidation preference of $1,000 per share and a par value of $0.01 per share issued pursuant to our participation in the TARP Capital Purchase Program.

At Dec. 31, 2009, 1,207,834,714 shares of common stock were outstanding. There were no shares of preferred stock outstanding at Dec. 31, 2009.

Troubled Asset Relief Program

In October 2008, the U.S. government announced the TARP CPP authorized under the EESA. The intention of this program is to encourage U.S. financial institutions to build capital, to increase the flow of financing to U.S. businesses and consumers and to support the U.S. economy.

As part of this program, BNY Mellon agreed to issue and sell to the U.S. Treasury preferred stock and a warrant to purchase shares of common stock in accordance with the terms of the CPP for an aggregate purchase price of $3 billion. As a result, on Oct. 28, 2008, we issued 3 million shares of Fixed Rate Cumulative Perpetual Preferred Stock, Series B and a warrant for common stock to the U.S. Treasury.

The $3 billion proceeds received from the U.S. Treasury were allocated between the Fixed Rate Cumulative Perpetual Preferred Stock, Series B and a warrant for common stock based on the relative fair values of the preferred stock and warrant at the time of issuance.

In June 2009, BNY Mellon repurchased the 3 million shares of its Series B preferred stock for its $3 billion liquidation value. BNY Mellon recorded an after-tax redemption charge of $196.5 million in 2009, representing the difference between the amortized cost of the Series B preferred stock and the repurchase price.

On Aug. 5, 2009, BNY Mellon repurchased for $136 million the warrant for 14,516,129 shares of our common stock.

Common stock repurchase program

On Dec. 18, 2007, our Board of Directors authorized the repurchase of up to 35 million shares of common stock. There were no shares repurchased under this program in 2009.

At Dec. 31, 2009, 33.8 million shares were available for repurchase under the December 2007 program. There is no expiration date on this repurchase program.

Capital adequacy

Regulators establish certain levels of capital for bank holding companies and banks, including BNY Mellon and our bank subsidiaries, in accordance with established quantitative measurements. For the Parent to maintain its status as a financial holding company, our bank subsidiaries must, among other things, qualify as well capitalized. In addition, major bank holding companies such as the Parent are expected by the regulators to be well capitalized.

As of Dec. 31, 2009 and 2008, the Parent and our bank subsidiaries were considered well capitalized on the basis of the ratios (defined by regulation) of Total and Tier 1 capital to risk-weighted assets and leverage (Tier 1 capital to average assets). The following table presents the components of our Tier 1 and total risk-based capital, as well as our consolidated and largest bank subsidiary capital ratios at Dec. 31, 2009 and 2008.

Risk-based and leverage capital ratios *(a)(b)*

(dollars in millions)	Dec. 31, **2009**	2008
Tier 1 capital:		
Common shareholders' equity	**$ 28,977**	$ 25,264
Series B preferred stock	**-**	2,786
Trust-preferred securities	**1,686**	1,654
Adjustments for:		
Goodwill and other intangibles *(c)*	**(19,437)**	(19,312)
Pensions	**1,070**	1,010
Securities valuation allowance	**619**	4,035
Merchant banking investment	**(32)**	(35)
Total Tier 1 capital	**12,883**	15,402
Tier 2 capital:		
Qualifying unrealized gains on equity securities	**3**	-
Qualifying subordinate debt	**3,429**	3,823
Qualifying allowance for credit losses	**665**	529
Total Tier 2 capital	**4,097**	4,352
Total risk-based capital	**$ 16,980**	$ 19,754
Total risk-weighted assets	**$106,328**	$116,713
Consolidated capital ratios:		
Tier 1	**12.1%**	13.2%
Total capital	**16.0**	16.9
Leverage	**6.5**	6.9
Largest bank capital ratios:		
Tier 1	**11.2%**	11.2%
Total capital	**15.0**	14.7
Leverage	**6.3**	5.9

(a) For a banking institution to qualify as "well capitalized", its Tier 1, Total (Tier 1 plus Tier 2) and leverage capital ratios must be at least 6%, 10% and 5%, respectively. To qualify as "adequately capitalized", Tier 1, Total and leverage capital ratios must be at least 4%, 8% and 3%, respectively.

(b) On a regulatory basis and including discontinued operations.

(c) Reduced by deferred tax liabilities of $2.4 billion at both Dec.

31, 2009 and 2008 associated with non-tax deductible identifiable intangible assets and tax deductible goodwill.

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At Dec. 31, 2009, we had approximately $1.7 billion of trust-preferred securities outstanding, net of issuance costs, all of which qualified as Tier 1 capital.

If a bank holding company or bank fails to qualify as "adequately capitalized", regulatory sanctions and limitations are imposed. At Dec. 31, 2009, the amounts of capital by which BNY Mellon and our largest bank subsidiary, The Bank of New York Mellon, exceed the well capitalized guidelines are as follows:

Capital above guidelines at Dec. 31, 2009

(in millions)	Consolidated	The Bank of New York Mellon
Tier 1 capital	$ 6,503	$ 4,708
Total capital	6,347	4,538
Leverage	3,041	2,069

19. Comprehensive results

		ASC 820 Adjustments				
	Foreign currency translation	Pensions	Other post-retirement benefits	Unrealized gain (loss) on assets available for sale	Unrealized gain (loss) on cash flow hedges *(a)*	Total accumulated unrealized gain (loss)
2007 beginning balance, net of tax (expense) benefit	$ (64)	$ (194)	$ (76)	$ 16	$ 26	$ (292)
Change in 2007, net of tax (expense) benefit of $(36), $(41), $(5), $218, $10	75	46	3	(339)	(16)	(231)
Reclassification adjustment, net of tax (expense) benefit of $ -, $ -, $- $13, $4	-	-	-	(19)	(7)	(26)
2007 total unrealized gain (loss)	75	46	3	(358)	(23)	(257)
2007 ending balance, net of tax (expense) benefit	$ 11	$ (148)	$ (73)	$ (342)	$ 3	$ (549)
Change in 2008, net of tax (expense) benefit of $(113), $566, $(6), $3,359, $(1)	(374)	(808)	7	(4,694)	45	(5,824)
Reclassification adjustment, net of tax (expense) benefit of $ -,$ -, $ -, $(645), $1	-	-	-	983	(11)	972
2008 total unrealized gain (loss)	(374)	(808)	7	(3,711)	34	(4,852)
2008 ending balance, net of tax (expense) benefit	$ (363)	$ (956)	$ (66)	$ (4,053)	$ 37	$ (5,401)
Adjustments for the cumulative effect of applying ASC 320, net of taxes of $-, $-, $-, $470, $-	**-**	**-**	**-**	**(676)**	**-**	**(676)**
Adjusted balance at Jan. 1, 2009	**(363)**	**(956)**	**(66)**	**(4,729)**	**37**	**(6,077)**
Change in 2009, net of tax (expense) benefit of $(82), $14, $(34), $(489), $(1)	**227**	**(46)**	**(1)**	**762**	**(16)**	**926**
Reclassification adjustment, net of tax (expense) benefit $-, $-, $-, $(2,022), $-	**-**	**-**	**-**	**3,348**	**(32)**	**3,316**
2009 total unrealized gain (loss)	**227**	**(46)**	**(1)**	**4,110**	**(48)**	**4,242**
2009 ending balance, net of tax (expense) benefit	**$ (136)**	**$ (1,002)**	**$ (67)**	**$ (619)**	**$ (11)**	**$ (1,835)**

(a) *Includes unrealized gain (loss) on foreign currency cash flow hedges of $(1) million, $7 million and $4 million at Dec. 31, 2009, Dec. 31, 2008 and Dec. 31, 2007, respectively.*

20. Stock–based compensation

Our Long-Term Incentive Plans provide for the issuance of stock options, restricted stock, restricted stock units (RSUs) and other stock-based awards to employees of BNY Mellon. At Dec. 31, 2009, under the Long-Term Incentive Plan approved in April 2008, we may issue 49,558,147 new options. Of this amount, 23,365,162 shares may be issued as restricted stock or RSUs. Stock option expense related to retirement eligibility vesting totaled $16 million in 2009 and $32 million in 2008, respectively.

Stock options

Our Long-Term Incentive Plans provide for the issuance of stock options at fair market value at the date of grant to officers and employees of BNY Mellon. Generally, each option granted is exercisable between one and ten years from the date of grant.

The compensation cost that has been charged against income was $86 million, $108 million and $66 million for 2009, 2008 and 2007, respectively. The total income tax benefit recognized in the income statement was $35 million, $44 million and $27 million for 2009, 2008 and 2007, respectively.

Notes to Consolidated Financial Statements (continued)

We used a lattice-based binomial method to calculate the fair value on the date of grant. The fair value of each option award is estimated on the date of grant using the weighted-average assumptions noted in the following table:

Assumptions	2009	2008	2007
Dividend yield	**3.1%**	2.2%	2.4%
Expected volatility	**34**	27	23
Risk-free interest rate	**2.22**	2.91	4.46
Expected option lives (in years)	**6**	6	6

For 2009 and 2008, assumptions were determined as follows:

- Expected volatilities are based on implied volatilities from traded options on our stock, historical volatility of our stock, and other factors.
- We use historical data to estimate option exercises and employee terminations within the valuation model.
- The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve at the time of grant.
- The expected term of options granted is derived from the output of the option valuation model and represents the period of time that options granted are expected to be outstanding.

A summary of the status of our options as of Dec. 31, 2009, 2008, and 2007, and changes during the years ended on those dates, is presented below:

Stock option activity	Shares subject to option	Weighted-average exercise price	Weighted-average remaining contractual term *(in years)*
Balance at Dec. 31, 2006	60,738,954	$ 38.79	
Mellon Financial conversion, July 1	31,649,426	35.97	
Granted	8,028,880	41.61	
Exercised	(14,479,352)	33.13	
Canceled	(1,828,205)	45.98	
Balance at Dec. 31, 2007	84,109,703	$ 38.82	
Granted	13,767,590	43.90	
Exercised	(5,414,860)	33.89	
Canceled	(2,936,268)	44.25	
Balance at Dec. 31, 2008	89,526,165	39.72	
Granted	15,574,075	18.82	
Exercised	(671,342)	24.51	
Canceled	(9,341,743)	40.14	
Balance at Dec. 31, 2009	**95,087,155**	**$ 36.36**	**5.1**
Vested and expected to vest at Dec. 31, 2009	**94,013,581**	**$ 36.46**	**5.1**
Exercisable at Dec. 31, 2009	**65,703,148**	**$ 38.96**	**3.6**

	2009	2008	2007
Weighted-average fair value of options at grant date	**$4.59**	$10.33	$8.96
Aggregate intrinsic value *(in millions)*			
-Outstanding at Dec. 31,	**$ 167**	$ 31	$ 875
-Exercisable at Dec. 31,	**$ 26**	$ 31	$ 701

Stock options outstanding at Dec. 31, 2009

	Options outstanding			Options exercisable *(a)*	
Range of exercise prices	Outstanding at Dec. 31, 2009	Weighted-average remaining contractual life (in years)	Weighted-average exercise price	Exercisable at Dec. 31, 2009	Weighted-average exercise price
$18 to 31	27,550,321	6.59	$ 22.38	12,603,102	$ 26.91
31 to 41	30,711,282	5.00	$ 37.12	26,312,948	$ 36.70
41 to 51	30,876,095	4.70	$ 44.09	20,837,641	$ 43.93
51 to 60	5,949,457	1.05	$ 57.13	5,949,457	$ 57.13
$18 to 60	95,087,155	5.12	$ 36.36	65,703,148	$ 38.96

(a) At Dec. 31, 2008 and 2007, 66,280,895 and 63,727,506 options were exercisable at an average price per common share of $38.71 and $38.37, respectively.

The total intrinsic value of options exercised during the years ended Dec. 31, 2009, 2008 and 2007 was $3 million, $53 million and $148 million.

As of Dec. 31, 2009, there was $144 million of total unrecognized compensation cost related to nonvested options. The unrecognized compensation cost is expected to be recognized over a weighted-average period of two years.

Cash received from option exercises for the years ended Dec. 31, 2009, 2008, and 2007, was $16 million, $182 million and $475 million, respectively. The actual tax benefit realized for the tax deductions from options exercised totaled $4 million, $14 million and $55 million for the years ended Dec. 31, 2009, 2008 and 2007, respectively.

Restricted stock and restricted stock units ("RSU")

Restricted stock and RSUs are granted under our Long-Term Incentive Plans at no cost to the recipient.

These awards are subject to forfeiture until certain restrictions have lapsed, including continued employment for a specified period. The recipient of a share of restricted stock is entitled to voting rights and generally is entitled to dividends on the common stock. An RSU entitles the recipient to receive a share of common stock after the applicable restrictions lapse. The recipient generally is entitled to receive cash payments equivalent to any dividends paid on the underlying common stock during the period the RSU is outstanding but does not receive voting rights.

The fair value of restricted stock and RSUs is equal to the fair market value of our common stock on the date of grant. The expense is recognized over the vesting period of one to seven years. The total compensation expense recognized for restricted stock and RSUs was $124 million, $134 million and $101 million recognized in 2009, 2008 and 2007, respectively.

The following table summarizes our nonvested restricted stock and RSU activity for 2009.

Nonvested restricted stock and RSUs activity	Number of shares	Weighted-average fair value
Nonvested restricted stock and RSUs at Dec. 31, 2008	9,188,719	$ 41.92
Granted	**4,394,895**	**18.53**
Vested	**(2,608,849)**	**37.01**
Forfeited	**(436,225)**	**39.53**
Nonvested restricted stock and RSUs at Dec. 31, 2009	**10,538,540**	**$ 33.48**

As of Dec. 31, 2009, $111 million of total unrecognized compensation costs related to nonvested restricted stock and RSUs is expected to be recognized over a weighted-average period of approximately two years.

21. Employee benefit plans

BNY Mellon has defined benefit and defined contribution retirement plans covering substantially all full-time and eligible part-time employees and other post-retirement plans providing healthcare benefits for certain retired employees.

Notes to Consolidated Financial Statements (continued)

Pension and post-retirement healthcare plans

The following tables report the combined data for our domestic and foreign defined benefit pension and post retirement healthcare plans.

	Pension Benefits				Healthcare Benefits			
	Domestic		Foreign		Domestic		Foreign	
(dollar amounts in millions)	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
Weighted-average assumptions used to determine benefit obligations								
Discount rate	**6.21%**	6.38%	**5.74%**	6.18%	**6.21%**	6.38%	**5.85%**	6.25%
Rate of compensation increase	**3.50**	3.50	**4.64**	4.11	**3.50**	-	**-**	-
Change in benefit obligation *(a)*								
Benefit obligation at beginning of period	**$(2,559)**	$(2,349)	**$(365)**	$(497)	**$(269)**	$(250)	**$ (2)**	$ (8)
Service cost	**(96)**	(84)	**(20)**	(27)	**(2)**	(3)	**-**	-
Interest cost	**(160)**	(142)	**(24)**	(26)	**(16)**	(17)	**-**	-
Employee contributions	**-**	-	**(1)**	(1)	**-**	-	**-**	-
Amendments	**-**	34	**-**	-	**-**	(23)	**-**	-
Actuarial gain (loss)	**(185)**	(161)	**(121)**	56	**21**	9	**-**	4
(Acquisitions) divestitures	**-**	4	**-**	-	**-**	-	**-**	-
Benefits paid	**165**	139	**10**	9	**24**	15	**-**	-
Foreign exchange adjustment	**N/A**	N/A	**(34)**	121	**N/A**	N/A	**(1)**	2
Benefit obligation at end of period	**(2,835)**	(2,559)	**(555)**	(365)	**(242)**	(269)	**(3)**	(2)
Change in fair value of plan assets								
Fair value at beginning of period	**2,673**	3,742	**387**	545	**56**	72	**-**	-
Actual return on plan assets	**479**	(952)	**74**	(71)	**10**	(16)	**-**	-
Employer contributions	**344**	22	**50**	58	**24**	15	**-**	-
Employee contributions	**-**	-	**1**	1	**-**	-	**-**	-
Benefit payments	**(165)**	(139)	**(10)**	(9)	**(24)**	(15)	**-**	-
Foreign exchange adjustment	**N/A**	N/A	**38**	(137)	**N/A**	N/A	**-**	-
Fair value at end of period	**3,331**	2,673	**540**	387	**66**	56	**-**	-
Funded status at end of period	**$ 496**	$ 114	**$ (15)**	$ 22	**$(176)**	$(213)	**$ (3)**	$ (2)
Amounts recognized in accumulated other comprehensive (income) loss consist of:								
Net loss (gain)	**$ 1,552**	$ 1,573	**$ 200**	$ 129	**$ 65**	$ 95	**$ (6)**	$ (6)
Prior service cost (credit)	**(82)**	(96)	**-**	-	**(4)**	(4)	**-**	-
Net initial obligation (asset)	**-**	-	**-**	-	**12**	15	**-**	-
Total (before tax effects)	**$ 1,470**	$ 1,477	**$ 200**	$ 129	**$ 73**	$ 106	**$ (6)**	$ (6)

(a) The benefit obligation for pension benefits is the projected benefit obligation and for healthcare benefits, it is the accumulated benefit obligation.

Net periodic benefit cost (credit)	Pension Benefits						Healthcare Benefits					
	Domestic			Foreign			Domestic			Foreign		
(dollar amounts in millions)	**2009**	2008	2007 *(a)*	**2009**	2008	2007 *(a)*	**2009**	2008	2007 *(a)*	**2009**	2008	2007 *(a)*
Weighted-average assumptions as of Jan. 1:												
Market-related value of plan assets	**$3,651**	$3,706	$1,352	**$ 459**	$ 542	$ 252	**$ 77**	$ 77	$ 72	**N/A**	N/A	N/A
Discount rate	**6.38%**	6.38%	6.00%	**6.18%**	5.75%	4.95%	**6.38%**	6.38%	6.00%	**6.25%**	5.80%	5.00%
Expected rate of return on plan assets	**8.00**	8.00	8.00	**6.40**	7.28	6.40	**8.00**	8.00	8.00	**N/A**	N/A	N/A
Rate of compensation increase	**3.50**	3.50	3.75	**4.11**	4.43	4.46	**N/A**	N/A	N/A	**N/A**	N/A	N/A
Components of net periodic benefit cost (credit):												
Service cost	**$ 96**	$ 84	$ 61	**$ 20**	$ 27	$ 18	**$ 2**	$ 3	$ 1	**$ -**	$ -	$ -
Interest cost	**160**	142	94	**24**	26	18	**16**	17	12	**-**	-	-
Expected return on assets	**(295)**	(290)	(190)	**(32)**	(37)	(28)	**(6)**	(6)	(5)	**-**	-	-
Amortization of:												
Net initial obligation (asset)	**-**	-	-	**-**	-	-	**4**	4	4	**-**	-	-
Prior service cost (credit)	**(14)**	(10)	(10)	**-**	-	-	**-**	-	-	**-**	-	-
Net actuarial (gain) loss	**26**	11	27	**3**	3	4	**5**	5	8	**(1)**	-	-
Settlement (gain) loss	**5**	10	2	**-**	-	-	**-**	-	-	**-**	-	-
Other	**(10)**	14	-	**-**	-	-	**-**	-	-	**-**	-	-
Net periodic benefit cost (credit)	**$ (32)** *(b)*	$ (39)	$ (16)	**$ 15**	$ 19	$ 12	**$ 21**	$ 23	$ 20	**$ (1)**	$ -	$ -

(a) Assumptions in effect as of July 1, 2007 for legacy Mellon Financial plans include a discount rate of 6.25% for domestic plans and discount rate of 5.75% for foreign plans, an expected rate of return on plan assets of 8.25% and a rate of compensation increase of 3.25%.

(b) Includes discontinued operations.

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Changes in other comprehensive (income) loss in 2009 *(in millions)*	Pension Benefits Domestic	Pension Benefits Foreign	Healthcare Benefits Domestic	Healthcare Benefits Foreign
Net loss (gain) arising during period	$ -	$ 73	$ (24)	$ -
Recognition of prior years net (loss)	(21)	(3)	(5)	1
Prior service cost (credit) arising during period	-	-	-	-
Recognition of prior years service (cost) credit	14	-	-	-
Recognition of net initial (obligation) asset	-	-	(4)	-
Foreign exchange adjustment	N/A	1	N/A	(1)
Total recognized in other comprehensive (income) loss (before tax effects)	**$ (7)**	**$ 71**	**$ (33)**	**$ -**

Amounts expected to be recognized in net periodic benefit cost (income) in 2010 (before tax effects) *(in millions)*	Pension Benefits Domestic	Pension Benefits Foreign	Healthcare Benefits Domestic	Healthcare Benefits Foreign
(Gain) loss recognition	$ 71	$ 11	$ 5	$ 1
Prior service cost recognition	(13)	-	-	-
Net initial obligation (asset) recognition	-	-	4	-

(in millions)	Domestic **2009**	Domestic 2008	Foreign **2009**	Foreign 2008
Pension benefits:				
Prepaid benefit cost	**$ 681**	$ 315	**$ 33**	$ 56
Accrued benefit cost	**(185)**	(201)	**(48)**	(34)
Total pension benefits	**$ 496**	$ 114	**$(15)**	$ 22
Healthcare benefits:				
Accrued benefit cost	**$(176)**	$(213)	**$ (3)**	$ (2)
Total healthcare benefits	**$(176)**	$(213)	**$ (3)**	$ (2)

The accumulated benefit obligation for all defined benefit plans was $3.2 billion at Dec. 31, 2009 and $2.8 billion at Dec. 31, 2008.

Plans with obligations in excess of plan assets *(in millions)*	Domestic **2009**	Domestic 2008	Foreign **2009**	Foreign 2008
Projected benefit obligation	**$205**	$220	**$41**	$14
Accumulated benefit obligation	**205**	218	**38**	12
Fair value of plan assets	**20**	19	**14**	1

Our expected long-term rate of return on plan assets is based on anticipated returns for each asset class. Anticipated returns are weighted for the expected allocation for each asset class and are based on forecasts for prospective returns in the equity and fixed income markets, which should track the long-term historical returns for these markets. We also consider the growth outlook for U.S. and global economies, as well as current and prospective interest rates.

For additional information on pension assumptions see the Critical accounting estimates section.

Assumed healthcare cost trend—Domestic post- retirement healthcare benefits

The assumed healthcare cost trend rate used in determining benefit expense for 2010 is 8.00% decreasing to 5.00% in 2016. This projection is based on various economic models that forecast a decreasing growth rate of healthcare expenses over time. The underlying assumption is that healthcare expense growth cannot outpace gross national product ("GNP") growth indefinitely, and over time a lower equilibrium growth rate will be achieved. Further, the growth rate assumed in 2016 bears a reasonable relationship to the discount rate.

An increase in the healthcare cost trend rate of one percentage point for each year would increase the postretirement benefit obligation by $17.0 million, or 7% and the sum of the service and interest costs by $1.1 million, or 7%. Conversely, a decrease in this rate of one percentage point for each year would decrease the benefit obligation by $14.8 million, or 6%, and the sum of the service and interest costs by $1.0 million, or 6%.

Assumed healthcare cost trend—Foreign post-retirement healthcare benefits

An increase in the healthcare cost trend rate of one percentage point for each year would increase the post-retirement benefit obligation by less than $1 million and the sum of the service and interest costs by less than $1 million. Conversely, a decrease in this rate of one percentage point for each year would decrease the benefit obligation by less than $1 million and the sum of the service and interest costs by less than $1 million.

Investment strategy and asset allocation

BNY Mellon is responsible for the administration of various pension and healthcare post-retirement benefits plans, both domestically and internationally. Prior to July 21, 2008, the plans were administered by The Bank of New York Company, Inc.'s and Mellon Financial Corporation's respective Benefits Committees. Since July 21, 2008, the domestic plans have been administered by BNY Mellon's Benefits Administration Committee (the "Committee"). Prior to July 21, 2008, the Benefits Committee was, and since July 21, 2008, BNY Mellon's Benefits Administration Committee has been, a named fiduciary of the domestic plans. Subject to the following, at all relevant times, BNY Mellon's Benefits Investment Committee, another named fiduciary to the Plan, is responsible for the investment of Plan assets. The Committee's responsibilities include the investment of all domestic defined benefit plan assets, as well as the determination of investment options offered to participants in all domestic defined contribution plans. The Benefits Investment Committee conducts periodic reviews of investment performances, asset allocation and investment manager suitability.

Our investment objective for U.S. and foreign plans is to maximize total return while maintaining a broadly diversified portfolio for the primary purpose of satisfying obligations for future benefit payments.

Equities are the main holding of the plans. Alternative investments (including private equities) and fixed income securities provide diversification and, in certain cases, lower the volatility of returns. In general, equity securities and alternative investments within any domestic plan's portfolio can be maintained in the range of 30% to 70% of total plan assets, fixed-income securities can range from 20% to 50% of plan assets and cash equivalents can be held in amounts ranging from 0% to 5% of plan assets. Actual asset allocation within the approved ranges varies from time to time based on economic conditions (both current and forecast) and the advice of professional advisors.

Our pension investment assets were invested as follows at Dec. 31, 2009 and 2008:

Asset allocations	Domestic		Foreign	
(in millions)	**2009**	2008	**2009**	2008
Equities	**55%**	57%	**54%**	53%
Fixed income	**33**	33	**29**	32
Private equities	**3**	5	**-**	-
Alternative investment	**8**	4	**10**	10
Real estate	**-**	-	**4**	3
Cash	**1**	1	**3**	2
Total pension benefits	**100%**	100%	**100%**	100%

Included in the domestic plan assets above were 2 million shares of our common stock with a fair value of $57 million at Dec. 31, 2008, representing 4.6% of 2008 plan assets. BNY Mellon retirement plans received approximately $0.5 million and $2 million of dividends from our stock in 2009 and 2008, respectively. We held no BNY Mellon Corporation stock in our pension plans at Dec. 31, 2009. Assets of the U.S. post retirement healthcare plan are invested in an insurance contract.

BNY Mellon expects to make cash contributions to fund its defined benefit pension plans in 2010 of $17 million for the domestic plans and $22 million for the foreign plans.

BNY Mellon expects to make cash contributions to fund its post-retirement healthcare plans in 2010 of $22 million for the domestic plans and less than $1 million for the foreign plans.

The following benefit payments for BNY Mellon's pension and healthcare plans, which reflect expected future service as appropriate, are expected to be paid:

(in millions)	Domestic	Foreign
Pension benefits:		
Year 2010	$ 150	$ 7
2011	163	8
2012	172	8
2013	182	12
2014	196	10
2015-2019	1,156	78
Total pension benefits	$ 2,019	$ 123
Healthcare benefits:		
Year 2010	$ 22	$ -
2011	23	-
2012	22	-
2013	23	-
2014	23	-
2015-2019	109	1
Total healthcare benefits	$ 222	$ 1

Fair value measurement of plan investment assets

In accordance with ASC 715, BNY Mellon has established a three-level hierarchy for fair value measurements of its pension plan investment assets based upon the transparency of inputs to the valuation of an asset as of the measurement date. The valuation hierarchy is consistent with guidance in ASC 820 which is detailed in Note 24 of the Notes to the Financial Statements.

The following is a description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Cash and currency

This category consists primarily of foreign currency balances. Foreign currency is translated monthly based on current exchange rates.

Master Trust

There is no readily available market quotation for this trust. The trust's fair value is based on the securities in the trust which typically is the amount which the trust might reasonably expect to receive for the security upon a sale. This trust is valued on a daily basis. The pension plan's ownership in the trust is represented by units of participation.

Common and preferred stock and exchange traded funds

These types of securities are valued at the closing price reported in the active market in which the individual securities are traded, if available. Where there is no readily available market quotations, we determine fair value primarily based on pricing sources with reasonable levels of price transparency.

Venture capital investments and non-registered investment companies

There are no readily available market quotations for these funds. The investment's fair values are based on the Plan's ownership percentage of the fair value of the underlying funds as provided by the fund managers. These funds are typically valued on a quarterly basis. The Plan's venture capital investments and non-registered investments are valued at NAV as a practical expedient for fair value.

Collective trust funds

There are no readily available market quotations for these funds. The fund's fair value is based on securities in the portfolio which typically is the amount which the fund might reasonably expect to receive for the security upon a sale. These funds are either valued on a daily or monthly basis.

Corporate and government obligations

Certain corporate and government obligations are valued at the closing price reported in the active market in which the bond is traded. Other corporate and government obligations are valued based on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued using discounted cash flows that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

U.S. Treasury securities

Valued at the closing price reported in the active market in which the individual security is traded.

Hedge fund of funds

There are no readily available market quotations for these funds. The fund's fair value is based on NAVs of the funds in the portfolio which reflects the value of the underlying securities. The fair value of the underlying securities is typically the amount which the fund might reasonably expect to receive for the security upon a sale for those hard to value or illiquid securities within the hedge fund portfolio. For securities that are readily valued, fair value is the closing price at the end of the period. These funds are valued on a monthly basis.

Notes to Consolidated Financial Statements (continued)

The following tables present the fair value of each major category of plan investment assets as of Dec. 31, 2009, by captions and by ASC 820 valuation hierarchy (as described above).

Plan investment assets measured at fair value on a recurring basis—domestic plans at Dec. 31, 2009

(in millions)	Level 1	Level 2	Level 3	Total fair value
Exchange traded funds	$ 3	$ -	$ -	$ 3
Master Trust	-	142	-	142
Collective trust funds	-	912	-	912
Common and preferred stock	718	-	-	718
Corporate debt obligations	-	795	-	795
U.S. and sovereign government obligations	374	96	-	470
Venture capital and partnership interests	-	-	110	110
Hedge funds of funds	-	26	91	117
Non-registered investment companies	-	-	4	4
Total domestic plan investment assets at fair value	$ 1,095	$ 1,971	$ 205	$ 3,271

Plan investment assets measured at fair value on a recurring basis—foreign plans at Dec. 31, 2009

(in millions)	Level 1	Level 2	Level 3	Total fair value
Cash and currency	$ 14	$ -	$ -	$ 14
Collective trust funds	-	258	-	258
Common stock	176	-	-	176
Corporate debt obligations	-	9	-	9
Sovereign government obligations	39	-	-	39
Venture capital and partnership interests	-	-	36	36
Total foreign plan investment assets at fair value	$ 229	$ 267	$ 36	$ 532

BNY Mellon has $347 million of pension and post retirement plan investment assets in alternative investment funds valued using net asset value. These investments are redeemable at net asset value under agreements with the underlying funds.

Our alternative investment funds consist primarily of venture capital and partnership interests and hedge fund of funds. As of Dec. 31, 2009, there were $43 million of unfunded commitments relating to our venture capital and partnership interests.

Alternative investments of $122 million, contain a redemption provision which requires notice of 90 days.

Changes in Level 3 fair value measurements

The table below includes a rollforward of the plan investment assets for the year ended Dec. 31, 2008 (including the change in fair value), for financial instruments classified in Level 3 of the valuation hierarchy.

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Fair value measurements using significant unobservable inputs—domestic plans—for the year ended Dec. 31, 2009

(in millions)	Fair value at Dec. 31, 2008	Total realized/ unrealized gains (losses)	Purchases, issuances and settlements, net	Transfers in/out-of Level 3	Fair value at Dec. 31, 2009	Changes in unrealized gains and (losses) related to plan assets held at Dec. 31, 2009
Venture capital and partnership interests	$ 108	$ (3)	$ 5	$ -	**$ 110**	**$ (13)**
Hedge funds of funds	-	-	91	-	**91**	**-**
Non-registered investment companies	81	7	(84)	-	**4**	**-**
Total plan investment assets at fair value	$ 189	$ 4	$ 12	$ -	**$ 205**	**$ (13)**

Fair value measurements using significant unobservable inputs—foreign plans for the year ended Dec. 31, 2009

(in millions)	Fair value at Dec. 31, 2008	Total realized/ unrealized gains (losses)	Purchases, issuances and settlements, net	Transfers in/out-of Level 3	Fair value at Dec. 31, 2009	Change in unrealized gains and (losses) related to plan assets held at Dec. 31, 2009
Venture capital and partnership interests	$ 33	$ 3	$ -	$ -	**$ 36**	**$ 3**
Total plan investment assets at fair value	$ 33	$ 3	$ -	$ -	**$ 36**	**$ 3**

Defined contribution plans

We have an Employee Stock Ownership Plan (“ESOP”) covering certain domestic full-time employees with more than one year of service. The ESOP works in conjunction with the defined benefit pension plan. Employees are entitled to the higher of their benefit under the ESOP or such defined benefit pension plan at retirement. Benefits payable under the defined benefit pension plan are offset by the equivalent value of benefits earned under the ESOP.

Contributions are made equal to required principal and interest payments on borrowings by the ESOP. At Dec. 31, 2009 and Dec. 31, 2008, the ESOP owned 8.1 million and 8.5 million shares of our stock, respectively. The fair value of total ESOP assets were $246 million and $247 million at Dec. 31, 2009 and Dec. 31, 2008. There were no contributions in 2009 and 2008 and $3.6 million in 2007. There was no ESOP related expense in 2009 and 2008 and $3 million in 2007.

We have defined contribution plans, excluding the ESOP, for which we recognized a cost of $98 million in 2009, $107 million in 2008, and $85 million in 2007.

Effective September 2008, the Benefits Investment Committee appointed Fiduciary Counselors, Inc. to serve as the independent fiduciary to (i) make certain fiduciary decisions related to the continued prudence of offering the common stock of BNY Mellon or its affiliates as an investment option under the plans other than with respect to plan sponsor decisions, and (ii) select and monitor any internally managed investments (active or passive, including mutual funds) of BNY Mellon or its affiliates to be offered to participants as investment options under the Plan.

22. Company financial information

Our bank subsidiaries are subject to dividend limitations under the Federal Reserve Act, as well as national and state banking laws. Under these statutes, prior regulatory consent is required for dividends in any year that would exceed the bank’s net profits for such year combined with retained net profits for the prior two years. Additionally, such bank subsidiaries may not declare dividends in excess of net profits on hand, as defined, after deducting the amount by which the principal amount of all loans, on which interest is past due for a period of six months or more, exceeds the allowance for credit losses. The Bank of New York Mellon, which is a New York state chartered bank, is also prohibited from paying dividends in excess of net profits. As a result of charges related to the restructuring of the investment securities portfolio in the third quarter of 2009, The Bank of New York Mellon and BNY Mellon, N.A. currently require regulatory consent prior to paying a dividend. Despite this limitation, management estimates that liquidity at the Parent will continue to be sufficient to meet BNY Mellon’s ongoing quarterly dividends at current rates.

Under the first and more significant of these limitations, our bank subsidiaries could declare dividends of approximately $136 million in 2010 plus net profits earned in the remainder of 2010.

The payment of dividends also is limited by minimum capital requirements imposed on banks. As of Dec. 31, 2009, BNY Mellon's bank subsidiaries exceeded these minimum requirements.

The bank subsidiaries declared dividends of $659 million in 2009, $575 million in 2008 and $627 million in 2007. The Federal Reserve Board and the OCC have issued additional guidelines that require bank holding companies and national banks to continually evaluate the level of cash dividends in relation to their respective operating income, capital needs, asset quality and overall financial condition.

The Federal Reserve Board has issued a policy statement with respect to the payment of cash dividends by bank holding companies. The policy statement provides that as a matter of prudent banking, a bank holding company should not maintain a rate of cash dividends unless its net income available to common shareholders has been sufficient to fully fund the dividends, and the prospective rate of earnings retention appears to be consistent with the holding company's capital needs, asset quality and overall financial condition. The Federal Reserve Board can also prohibit a dividend if payment would constitute an unsafe or unsound banking practice.

The Federal Reserve Act limits and requires collateral for extensions of credit by our insured subsidiary banks to BNY Mellon and certain of its non-bank affiliates. Also, there are restrictions on the amounts of investments by such banks in stock and other securities of BNY Mellon and such affiliates, and restrictions on the acceptance of their securities as collateral for loans by such banks. Extensions of credit by the banks to each of our affiliates are limited to 10% of such bank's regulatory capital, and in the aggregate for BNY Mellon and all such affiliates to 20%, and collateral must be between 100% and 130% of the amount of the credit, depending on the type of collateral.

Our insured subsidiary banks are required to maintain reserve balances with Federal Reserve Banks under the Federal Reserve Act and Regulation D. Required balances averaged $2.0 billion and $1.2 billion for the years 2009 and 2008, respectively.

In addition, under the National Bank Act, if the capital stock of a national bank is impaired by losses or otherwise, the OCC is authorized to require payment of the deficiency by assessment upon the bank's shareholders, pro rata, and to the extent necessary, if any such assessment is not paid by any shareholder after three months notice, to sell the stock of such shareholder to make good the deficiency.

The Parent's condensed financial statements are as follows:

Condensed Income Statement—The Bank of New York Mellon Corporation (Parent Corporation) *(a)*

Year ended Dec. 31 *(in millions)*	**2009**	2008	2007 *(b)*
Dividends from bank subsidiaries	**$ 611**	$ 495	$ 564
Dividends from nonbank subsidiaries	**176**	237	321
Interest revenue from bank subsidiaries	**228**	214	210
Interest revenue from nonbank subsidiaries	**146**	234	242
Gain (loss) on securities held for sale	**(2)**	(72)	(15)
Other revenue	**81**	54	68
Total revenue	**1,240**	1,162	1,390
Interest (including $23 in 2009, $79 in 2008 and $149 in 2007 to subsidiaries)	**366**	710	769
Other expense	**338**	737	152
Total expense	**704**	1,447	921
Income (loss) before income taxes and equity in undistributed net income of subsidiaries	**536**	(285)	469
Provision (benefit) for income taxes	**(357)**	(433)	(106)
Equity in undistributed net income (loss):			
Bank subsidiaries	**(2,271)**	875	844
Nonbank subsidiaries	**294**	396	620
Net income (loss)	**(1,084)**	1,419	2,039
Redemption charge and preferred dividends	**(283)**	(33)	-
Net income (loss) applicable to common shareholders' of The Bank of New York Mellon	**$(1,367)**	$1,386	$2,039

(a) Includes results of discontinued operations and the extraordinary (losses).
(b) Results for 2007 include six months of BNY Mellon and six months of legacy The Bank of New York Company, Inc.

Condensed Balance Sheet—The Bank of New York Mellon Corporation (Parent Corporation)

(in millions)	Dec. 31, 2009	2008
Assets:		
Cash and due from banks	**$ 4,649**	$ 5,376
Securities	**233**	316
Loans—net of allowance	**113**	213
Investment in and advances to subsidiaries and associated companies:		
Banks	**23,671**	21,013
Other	**19,420**	18,459
Subtotal	**43,091**	39,472
Corporate-owned life insurance	**1,058**	1,013
Other assets	**2,757**	917
Total assets	**$51,901**	$47,307
Liabilities:		
Deferred compensation	**$ 500**	$ 487
Commercial paper	**12**	16
Affiliate borrowings	**3,355**	3,296
Other liabilities	**2,649**	775
Long-term debt	**16,408**	14,683
Total liabilities	**22,924**	19,257
Shareholders' equity	**28,977**	28,050
Total liabilities and shareholders' equity	**$51,901**	$47,307

Condensed Statement of Cash Flows—The Bank of New York Mellon Corporation (Parent Corporation)

Year ended Dec. 31 *(in millions)*	**Dec. 31, 2009**	2008	2007 *(a)*
Operating activities:			
Net income (loss)	**$(1,084)**	$ 1,419	$ 2,039
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization	**13**	17	17
Equity in undistributed net (income)/loss of subsidiaries	**1,977**	(1,271)	(1,464)
Change in accrued interest receivable	**(41)**	58	(24)
Change in accrued interest payable	**(1)**	2	(17)
Change in taxes payable	**(482)**	(84)	(439)
Other, net	**(455)**	880	471
Net cash provided by operating activities	**(73)**	1,021	583
Investing activities:			
Purchases of securities	**(9)**	(198)	(956)
Proceeds from sales of securities	**129**	346	813
Change in loans	**110**	11	180
Acquisitions of, investments in, and advances to subsidiaries	**(566)**	(1,131)	(566)
Other, net	**-**	9	(10)
Net cash used in investing activities	**(336)**	(963)	(539)
Financing activities:			
Net change in commercial paper	**(4)**	(49)	(159)
Proceeds from issuance of long-term debt	**3,350**	2,647	4,617
Repayments of long-term debt	**(1,277)**	(3,814)	(982)
Change in advances from subsidiaries	**59**	321	433
Issuance of common stock	**1,387**	222	495
Treasury stock acquired	**(28)**	(308)	(113)
Cash dividends paid	**(673)**	(1,129)	(884)
Series B preferred stock issued/ (repurchased)	**(3,000)**	2,779	-
Warrant issued/(repurchased)	**(136)**	221	-
Tax benefit realized on share based payment awards	**4**	14	55
Net cash provided by (used) in financing activities	**(318)**	904	3,462
Change in cash and due from banks	**(727)**	962	3,506
Cash and due from banks at beginning of year	**5,376**	4,414	908
Cash and due from banks at end of year	**$ 4,649**	$ 5,376	$ 4,414
Supplemental disclosures			
Interest paid	**$ 367**	$ 708	$ 785
Income taxes paid *(b)*	**$ 1,980**	$ 1,916	$ 1,053
Income taxes refunded *(b)*	**(609)**	(37)	(142)
Payments (received from) paid to subsidiaries	**(967)**	(1,025)	(820)
Net income taxes paid	**$ 404**	$ 854	$ 91

(a) Results for 2007 include six months of BNY Mellon and six months of legacy The Bank of New York Company, Inc.

(b) Includes discontinued operations.

23. Fair value of financial instruments

The carrying amounts of our financial instruments (i.e., monetary assets and liabilities) are determined under different accounting methods—see Note 1 to the Consolidated Financial Statements. The following disclosure discusses these instruments on a uniform fair value basis. However, active markets do not exist for a significant portion of these instruments, principally loans and commitments. As a result, fair value determinations require significant subjective judgments regarding future cash flows. Other judgments would result in different fair values. Among the assumptions we used are discount rates ranging principally from 0.05% to 6.27% at Dec. 31, 2009 and 0.08% to 3.25% at Dec. 31, 2008. The fair value information supplements the basic financial statements and other traditional financial data presented throughout this report.

Note 24, "Fair value measurement" presents assets and liabilities measured at fair value by the three level valuation hierarchy established under ASC 820, as well as a roll forward schedule of fair value measurements using significant unobservable inputs. Note 25, "Fair value option" presents the instruments for which fair value accounting was elected and the corresponding income statement impact of those instruments.

A summary of the practices used for determining fair value is as follows.

Interest-bearing deposits with banks

The fair value of interest-bearing deposits with banks is based on discounted cash flows.

Securities, trading activities, and derivatives used for ALM

The fair value of securities and trading assets and liabilities is based on quoted market prices, dealer quotes, or pricing models. Fair value amounts for derivative instruments, such as options, futures and forward rate contracts, commitments to purchase and sell foreign exchange, and foreign currency swaps, are similarly determined. The fair value of over-the-counter interest rate swaps is the discounted value of projected future cash flows, adjusted for other factors including, but not limited to and if applicable, optionality and implied volatilities, as well as counterparty credit.

Loans and commitments

For residential mortgage loans, fair value is estimated using discounted cash flow analyses, adjusting where appropriate for prepayment estimates, using interest rates currently being offered for loans with similar terms and maturities to borrowers. To determine the fair value of other types of loans, BNY Mellon uses discounted future cash flows using current market rates. The fair value of commitments to extend credit, standby letters of credit, and commercial letters of credit is based upon the cost to settle the commitment.

Other financial assets

Fair value is assumed to equal carrying value for these assets due to their short maturity.

Deposits, borrowings and long-term debt

The fair value of noninterest-bearing deposits and payables to customers and broker-dealers is assumed to be their carrying amount. The fair value of interest-bearing deposits, borrowings, and long-term debt is based upon current rates for instruments of the same remaining maturity or quoted market prices for the same or similar issues.

Summary of financial instruments

(in millions)	Dec. 31, 2009 Carrying amount	Dec. 31, 2009 Estimated fair value	Dec. 31, 2008 Carrying amount	Dec. 31, 2008 Estimated fair value
Assets:				
Interest-bearing deposits with banks	**$ 56,302**	**$ 56,374**	$ 39,126	$ 39,183
Securities	**60,461**	**60,544**	43,707	42,756
Trading assets	**6,001**	**6,001**	11,102	11,102
Loans and commitments	**32,673**	**32,712**	38,968	39,002
Derivatives used for ALM	**422**	**422**	709	709
Other financial assets	**18,793**	**18,793**	69,531	69,531
Total financial assets	**$ 174,652**	**$ 174,846**	$ 203,143	$ 202,283
Assets of discontinued operations	**2,242**	**2,242**	-	-
Non-financial assets	**35,330**		34,369	
Total assets	**$ 212,224**		$ 237,512	
Liabilities:				
Noninterest-bearing deposits	**$ 33,477**	**$ 33,477**	$ 55,816	$ 55,816
Interest-bearing deposits	**101,573**	**101,570**	103,857	103,858
Payables to customers and broker-dealers	**10,721**	**10,721**	9,274	9,274
Borrowings	**3,922**	**3,922**	8,083	8,083
Long-term debt	**17,234**	**17,110**	15,865	15,211
Trading liabilities	**6,396**	**6,396**	8,085	8,085
Derivatives used for ALM	**71**	**71**	19	19
Total financial liabilities	**$ 173,394**	**$ 173,267**	$ 200,999	$ 200,346
Liabilities of discontinued operations	**1,608**	**1,608**	-	-
Non-financial liabilities	**8,219**		8,424	
Total liabilities	**$ 183,221**		$ 209,423	

The table below summarizes the carrying amount of the hedged financial instruments and the related notional amount of the hedge and estimated fair value (unrealized gain/(loss)) of the derivatives that were linked to these items:

Hedged financial instruments *(in millions)*	Carrying amount	Notional amount	Unrealized Gain	Unrealized (Loss)
At Dec. 31, 2009:				
Loans	**$ 1**	**$ 1**	**$ -**	**$ -**
Securities held-for-sale	**216**	**211**	**-**	**(12)**
Deposits	**26**	**25**	**-**	**(4)**
Long-term debt	**12,378**	**11,599**	**422**	**(55)**
At Dec. 31, 2008:				
Loans	$ 8	$ 6	$ -	$ -
Securities held-for-sale	219	218	-	(19)
Deposits	600	590	8	-

24. Fair value measurement

We adopted guidance related to “Fair Value Measurement”, included in ASC 820, effective Jan. 1, 2008. ASC 820 defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date and establishes a framework for measuring fair value. It establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date and expands the disclosures about instruments measured at fair value. ASC 820 requires consideration of a company’s own creditworthiness when valuing liabilities.

Effective Jan. 1, 2009, we adopted guidance related to “Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly”, included in ASC 820. This ASC provides guidance on how to determine the fair value when the volume and level of activity for the asset or liability have significantly decreased and reemphasizes that the objective of a fair value measurement remains an exit price notion. In those circumstances, further analysis of transactions or quoted prices is needed, and a significant adjustment to the transactions or quoted prices may be necessary to estimate fair value in accordance with ASC 820. This guidance also requires additional disclosures for instruments within the scope of ASC 820 to include inputs and valuation techniques used, change in valuation techniques and related inputs, if any, and more disaggregated information relating to debt and equity securities.

The amended standard provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The objective is to determine from weighted indicators of fair value a reasonable point

Long-term debt	11,106	10,548	701	-	136	BNY Mellon

within the range that is most representative of fair value under current market conditions.

We also adopted guidance related to the fair value option for financial assets and financial liabilities included in ASC 825, effective Jan. 1, 2008. ASC 825 provides an option to elect fair value as an alternative measurement basis for selected financial assets, financial liabilities, unrecognized firm commitments and written loan commitments which are not subject to fair value under other accounting standards.

Determination of fair value

Following is a description of our valuation methodologies for assets and liabilities measured at fair value. We have established processes for determining fair values. Fair value is based upon quoted market prices, where available. For financial instruments where quotes from recent exchange transactions are not available, we determine fair value based on discounted cash flow analysis, comparison to similar instruments, and the use of financial models. Discounted cash flow analysis is dependent upon estimated future cash flows and the level of interest rates. Model-based pricing uses inputs of observable prices for interest rates, foreign exchange rates, option volatilities and other factors. Models are benchmarked and validated by an independent internal risk management function. Our valuation process takes into consideration factors such as counterparty credit quality, liquidity, concentration concerns, observability of model parameters and the results of stress tests. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value.

Most derivative contracts are valued using internally developed models which are calibrated to observable market data and employ standard market pricing theory for their valuations. An initial "risk-neutral" valuation is performed on each position assuming time-discounting based on an AA credit curve. Then, to arrive at a fair value that incorporates counterparty credit risk, a credit adjustment is made to these results by discounting each trade's expected exposures to the counterparty using the counterparty's credit spreads, as implied by the credit default swap market. We also adjust expected liabilities to the counterparty using BNY Mellon's own credit spreads, also implied by the credit default swap market. Accordingly, the valuation of our derivative position is sensitive to the current changes in our own credit spreads as well as those of our counterparties.

In certain cases, we may face additional costs to exit large risk positions or recent prices may not be observable for instruments that trade in inactive or less active markets. The costs to exit large risk positions are based on evaluating the negative change in the market during the time it would take for us to bring those positions to normal market levels for those instruments. Upon evaluating the uncertainty in valuing financial instruments subject to liquidity issues, we make an adjustment to their value. The determination of the liquidity adjustment includes the availability of external quotes, the time since the latest available quote and the price volatility of the instrument.

Certain parameters in some financial models are not directly observable and, therefore, are based on managements' estimates and judgments. These financial instruments are normally traded less actively. Examples include certain credit products where parameters such as correlation and recovery rates are unobservable. We apply valuation adjustments to mitigate the possibility of error and revision in the model based estimated value.

The methods described above may produce a current fair value calculation that may not be indicative of net realizable value or reflective of future fair values. We believe our methods of determining fair value are appropriate and consistent with other market participants. However, the use of different methodologies or different assumptions to value certain financial instruments could result in a different estimate of fair value.

Valuation hierarchy

ASC 820 establishes a three-level valuation hierarchy for disclosure of fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are described below.

Level 1 : Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets. Level 1 assets and liabilities include debt and equity securities and derivative financial instruments actively traded on exchanges and U.S. Treasury securities and U.S. Government securities that are actively traded in highly liquid over the counter markets.

Level 2 : Observable inputs other than Level 1 prices, for example, quoted prices for similar assets and

liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs that are observable or can be corroborated, either directly or indirectly, for substantially the full term of the financial instrument. Level 2 assets and liabilities include debt instruments that are traded less frequently than exchange traded securities and derivative instruments whose model inputs are observable in the market or can be corroborated by market observable data. Examples in this category are certain variable and fixed rate agency and non-agency securities, corporate debt securities and derivative contracts.

Level 3 : Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Examples in this category include interests in certain securitized financial assets, certain private equity investments, and derivative contracts that are highly structured or long-dated.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Following is a description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Loans and unfunded lending-related commitments

Where quoted market prices are not available, we generally base the fair value of loans and unfunded lending-related commitments on observable market prices of similar instruments, including bonds, credit derivatives and loans with similar characteristics. If observable market prices are not available, we base the fair value on estimated cash flows adjusted for credit risk which are discounted using an interest rate appropriate for the maturity of the applicable loans or the unfunded commitments.

Unrealized gains and losses on unfunded lending commitments carried at fair value are classified in Other assets and Other liabilities, respectively. Loans and unfunded lending commitments carried at fair value are generally classified within Level 2 of the valuation hierarchy.

Securities

Where quoted prices are available in an active market, we classify the securities within Level 1 of the valuation hierarchy. Securities are defined as both long and short positions. Level 1 securities include highly liquid government bonds, certain mortgage products and exchange-traded equities.

If quoted market prices are not available, we estimate fair values using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. Examples of such instruments, which would generally be classified within Level 2 of the valuation hierarchy, include certain agency and non-agency mortgage-backed securities, commercial mortgage-backed securities and European floating rate notes.

For securities where quotes from recent transactions are not available for identical securities, we determine fair value primarily based on pricing sources with reasonable levels of price transparency that employ financial models or obtain comparison to similar instruments to arrive at "consensus" prices.

Specifically, the pricing sources obtain recent transactions for similar types of securities (e.g., vintage, position in the securitization structure) and ascertain variables such as discount rate and speed of prepayment for the types of transaction and apply such variables to similar types of bonds. We view these as observable transactions in the current market place and classify such securities as Level 2. Pricing sources discontinue pricing any specific security whenever they determine there is insufficient observable data to provide a good faith opinion on price.

In addition, we have significant investments in more actively traded agency RMBS and the pricing sources derive the prices for these securities largely from quotes they obtain from three major inter-dealer brokers. The pricing sources receive their daily observed trade price and other information feeds from the interdealer brokers.

In 2009, we securitized approximately $5.0 billion, fair value, of our investment securities portfolio into a Grantor Trust. The Grantor Trust includes Alt-A, prime and subprime RMBS. We sold the Class A Notes and retained Class B certificates with a fair value of approximately $4.2 billion. The fair value of the retained securities was based on the observable market prices of the underlying securities and is considered Level 2 in the fair value hierarchy.

For securities with bond insurance, the financial strength of the insurance provider is analyzed and that

information is included in the fair value assessment for such securities.

In certain cases where there is limited activity or less transparency around inputs to the valuation, we classify those securities in Level 3 of the valuation hierarchy. Securities classified within Level 3 may include certain asset-backed securities CLOs, and other retained interests in securitizations depending on their structure.

At Dec. 31, 2009, market prices were consistent with our internally modeled prices. As a result, approximately 99% of our securities were valued by pricing sources with reasonable levels of price transparency. Approximately 1% of our securities were priced based on economic models and non-binding dealer quotes, and are included in Level 3 of the ASC 820 hierarchy.

Other short-term U.S. government-backed commercial paper and borrowings from Federal Reserve related to asset-backed commercial paper

At Dec. 31, 2009, there were no balances outstanding for these instruments. At Dec. 31, 2008, these instruments were classified in Level 2 of the valuation hierarchy. The fair value of these instruments was estimated using pricing models.

Derivatives

We classify exchange-traded derivatives valued using quoted prices in Level 1 of the valuation hierarchy. Examples include exchanged-traded equity and foreign exchange options. Since few other classes of derivative contracts are listed on an exchange, most of our derivative positions are valued using internally developed models that use as their basis readily observable market parameters and we classify them in Level 2 of the valuation hierarchy. Such derivatives include basic interest rate swaps and options and credit default swaps. Derivatives valued using models with significant unobservable market parameters and that are traded less actively or in markets that lack two way flow, are classified in Level 3 of the valuation hierarchy. Examples include long-dated interest rate or currency swaps, where swap rates may be unobservable for longer maturities; and certain credit products, where correlation and recovery rates are unobservable. Certain interest rate swaps with counterparties that are highly structured entities require significant judgment and analysis to adjust the value determined by standard pricing models. The fair value of these interest rate swaps compose less than 1% of the fair value of our derivative financial instruments. Additional disclosures of derivative instruments are provided in Note 27 of the Notes to Consolidated Financial Statements.

Seed capital

In our Asset Management segment we manage investment assets, including equities, fixed income, money market and alternative investment funds for institutions and other investors; as part of that activity we make seed capital investments in certain funds. Seed capital is included in trading assets, securities available-for-sale and other assets, depending on the nature of the investment. When applicable, we value seed capital based on the published net asset value (“NAV”) of the fund. We include funds in which ownership interests in the fund are publicly-traded in an active market and institutional funds in which investors trade in and out daily in Level 1 of the valuation hierarchy. We include open-end funds where investors are allowed to sell their ownership interest back to the fund less frequently than daily and where our interest in the fund contains no other rights or obligations in Level 2 of the valuation hierarchy. However, we generally include investments in funds which allow investors to sell their ownership interest back to the fund less frequently than monthly in Level 3, unless actual redemption prices are observable.

For other types of investments in funds, we consider all of the rights and obligations inherent in our ownership interest, including the reported NAV as well as other factors that affect the fair value of our interest in the fund. To the extent the NAV measurements reported for the investments are based on unobservable inputs or include other rights and obligations (e.g., obligation to meet cash calls), we generally classify them in Level 3 of the valuation hierarchy.

Certain interests in securitizations

For certain interests in securitizations which are classified in securities available-for-sale and other assets, we use discounted cash flow models which generally include assumptions of projected finance charges related to the securitized assets, estimated net credit losses, prepayment assumptions and estimates of payments to third-party investors. When available, we compare our fair value estimates and assumptions to market activity and to the actual results of the securitized portfolio. Changes in these assumptions

may significantly impact our estimate of fair value of the interests in securitizations; accordingly, we generally classify them in Level 3 of the valuation hierarchy.

Private equity investments

Our Other segment includes holdings of nonpublic private equity investment through funds managed by third party investment managers and, to a lesser extent, direct investment in private equities. Nonpublic private equity investments generally lack quoted market prices, are less liquid and may be long term; accordingly, we must apply significant judgment in determining their fair value. We value private equity investments initially based upon the transaction price which we subsequently adjust to reflect expected exit values as evidenced by financing and sale transactions with third parties or through ongoing reviews by the investment managers.

The investment managers consider a number of factors in changes in valuation including current operating performance and future expectations of the particular investment, industry valuations of comparable public companies, changes in market outlook and the financing environment. Nonpublic private equity investments are included in Level 3 of the valuation hierarchy.

Private equity investments also include publicly held equity investments, generally obtained through the initial public offering of privately held equity investments. These equity investments are often held in a partnership structure. Publicly held investments are marked-to-market at the quoted public value less adjustments for regulatory or contractual sales restrictions or adjustments to reflect the difficulty in selling a partnership interest.

Discounts for restrictions are quantified by analyzing the length of the restriction period and the volatility of the equity security. These equity investments are primarily classified in Level 2 of the valuation hierarchy.

The following tables present the financial instruments carried at fair value at Dec. 31, 2009 and 2008, by caption on the consolidated balance sheet and by ASC 820 valuation hierarchy (as described above).

Assets and liabilities measured at fair value on a recurring basis at Dec. 31, 2009 *(dollar amounts in millions)*	Level 1	Level 2	Level 3	Netting *(a)*	Total carrying value
Available-for-sale securities:					
U.S. Treasury	$ 6,378	$ -	$ -	$ -	$ 6,378
U.S. government agencies	-	1,260	-	-	1,260
State and political subdivisions	-	520	-	-	520
Agency RMBS	-	18,455	-	-	18,455
Alt-A RMBS	-	537	-	-	537
Prime RMBS	-	1,512	-	-	1,512
Subprime RMBS	-	447	-	-	447
Other RMBS	-	1,770	-	-	1,770
Commercial MBS	-	2,590	-	-	2,590
Asset-backed CLOs	-	383	6	-	389
Other asset-backed securities	-	836	-	-	836
Equity securities *(b)*	461	860	-	-	1,321
Other debt securities *(b)*	76	11,331	50	-	11,457
Grantor Trust Class B certificates	-	4,160	-	-	4,160
Total available-for-sale	6,915	44,661	56	-	51,632
Trading assets:					
Debt and equity instruments *(c)*	524	745	170	-	1,439
Derivative assets	3,801	14,317	146	(13,702)	4,562
Total trading assets	4,325	15,062	316	(13,702)	6,001
Loans	2	12	25	-	39
Other assets *(d)*	14	685	164	-	863
Total assets at fair value	**$11,256**	**$60,420**	**$ 561**	**$(13,702)**	**$ 58,535**
Percent of assets prior to netting	15.6%	83.6%	0.8%		
Trading liabilities:					
Debt and equity instruments	$ 442	$ 752	$ -	$ -	$ 1,194
Derivative liabilities	3,872	14,671	92	(13,433)	5,202
Total trading liabilities	4,314	15,423	92	(13,433)	6,396
Other liabilities *(e)*	2	605	3	-	610
Total liabilities at fair value	**$ 4,316**	**$16,028**	**$ 95**	**$(13,433)**	**$ 7,006**
Percent of liabilities prior to netting	21.1%	78.4%	0.5%		

Assets and liabilities measured at fair value on a recurring basis at Dec. 31, 2008 (dollar amounts in millions)	Level 1	Level 2	Level 3	Netting (a)	Total carrying value
Available-for-sale securities:					
U.S. Treasury	$ 440	$ 341	$ -	$ -	$ 781
U.S. Government agencies	-	1,299	-	-	1,299
State and political subdivisions	-	883	-	-	883
Agency RMBS	-	10,899	-	-	10,899
Alt-A RMBS	-	2,962	-	-	2,962
Prime RMBS	-	4,704	-	-	4,704
Subprime RMBS	-	937	-	-	937
Other RMBS	-	2,401	-	-	2,401
Commercial MBS	-	2,472	-	-	2,472
Asset-backed CLOs	-	418	22	-	440
Other asset-backed securities	-	1,116	17	-	1,133
Equity securities *(b)*	575	775	13	-	1,363
Other debt securities *(b)*	41	1,392	357	-	1,790
Total available-for-sale	1,056	30,599	409	-	32,064
Other short-term U.S. government-backed commercial paper	-	5,629	-	-	5,629
Trading assets:					
Debt and equity instruments *(c)*	691	1,189	20	-	1,900
Derivative assets	7,965	19,065	83	(17,911)	9,202
Total trading assets	8,656	20,254	103	(17,911)	11,102
Other assets *(d)*	682	988	200	-	1,870
Total assets at fair value	$10,394	$57,470	$ 712	$(17,911)	$ 50,665
Percent of assets prior to netting	15.2%	83.8%	1.0%		
Borrowing from Federal Reserve related to asset-backed commercial paper	$ -	$ 5,591	$ -	$ -	$ 5,591
Trading liabilities:					
Debt and equity instruments	605	204	-	-	809
Derivative liabilities	7,662	18,336	149	(18,871)	7,276
Total trading liabilities	8,267	18,540	149	(18,871)	8,085
Other liabilities *(e)*	2	719	-	-	721
Total liabilities at fair value	$ 8,269	$24,850	$ 149	$(18,871)	$ 14,397
Percent of liabilities prior to netting	24.9%	74.7%	0.4%		

(a) ASC 815 permits the netting of derivative receivables and derivative payables under legally enforceable master netting agreements and permits the netting of cash collateral.
(b) Includes seed capital and certain interests in securitizations.
(c) Includes loans classified as trading assets and certain interests in securitizations.
(d) Includes private equity investments, seed capital and derivatives in designated hedging relationships. Includes certain financial instruments previously carried at fair value such as private equity investments whose accounting basis has not changed under an ASC 825 fair value option election.
(e) Included within other liabilities is the fair value adjustment for certain unfunded lending-related commitments and derivatives in designated hedging relationships and support agreements.

Changes in Level 3 fair value measurements

The tables below include a roll forward of the balance sheet amounts for the years ended Dec. 31, 2009 and 2008 (including the change in fair value), for financial instruments classified in Level 3 of the valuation hierarchy.

Our classification of a financial instrument in Level 3 of the valuation hierarchy is based on the significance of the unobservable factors to the overall fair value measurement. However, these instruments generally include other observable components that are actively quoted or validated to third party sources; accordingly, the gains and losses in the table below include changes in fair value due to observable parameters as well as the unobservable parameters in our valuation methodologies. We also frequently manage the risks of Level 3 financial instruments using securities and derivatives positions that are Level 1 or 2 instruments which are not included in the table; accordingly, the gains or losses below do not

reflect the effect of our risk management activities related to the Level 3 instruments.

In accordance with ASC 820, BNY Mellon adjusts the discount rate on securities to reflect what they would sell for in an orderly market (model price) and compares the model prices to prices provided by pricing sources. If the difference between the model price and the prices provided by pricing sources is outside of established thresholds, the securities are included in Level 3. In 2009, BNY Mellon transferred securities from Level 3 to Level 2 because the price of the securities provided by the pricing sources converged with the model price of the securities determined by BNY Mellon.

Fair value measurements using significant unobservable inputs year ended Dec. 31, 2009 *(in millions)*	Fair value Dec. 31, 2008	Total realized/unrealized gains/(losses) recorded in: Income	Comprehensive income	Purchases, issuances and settlements, net	Transfers in/ (out) of Level 3	**Fair value Dec. 31, 2009**	**Change in unrealized gains and (losses) related to instruments held at Dec. 31, 2009**
Available-for-sale securities:							
Asset-backed CLOs	$ 22	$ (76)	$ 60	$ -	$ -	**$ 6**	**$ -**
Other asset-backed securities	17	-	1	-	(18)	**-**	**-**
Equity securities	13	-	2	1	(16)	**-**	**-**
Other debt securities	357	(99)	(7)	(19)	(182)	**50**	**-**
Total available-for-sale	409	(175) *(a)*	56 *(a)*	(18)	(216)	**56**	**-**
Trading assets:							
Debt and equity instruments	20	21	(2)	(20)	151	**170**	**3**
Derivative assets	83	51	(4)	(1)	17	**146**	**(16)**
Total trading assets	103	72 *(b)*	(6)	(21)	168	**316**	**(13)**
Loans	-	(1)	-	(5)	31	**25**	**(1)**
Other assets	200	(40) *(c)*	-	11	(7)	**164**	**-**
Total assets	$ 712	$ (144)	$ 50	$ (33)	$ (24)	**$ 561**	**$ (14)**
Trading liabilities:							
Derivative liabilities	$ (149)	$ 56 *(b)*	$ (3)	$ -	$ 4	**$ (92)**	**$ (21)**
Other liabilities	-	(6) *(c)*	-	-	3	**(3)**	**(2)**
Total liabilities	$ (149)	$ 50	$ (3)	$ -	$ 7	**$ (95)**	**$ (23)**

Fair value measurements using significant unobservable inputs year ended Dec. 31, 2008 *(in millions)*	Fair value Dec. 31, 2007	Total realized/unrealized gains/ (losses) recorded in: Income	Comprehensive income	Purchases, issuances and settlements, net	Transfers in/ (out) of Level 3	Fair value Dec. 31, 2008	Change in unrealized gains and (losses) related to instruments held at Dec. 31, 2008
Available-for-sale securities	$ 853	$(106) *(a)*	$ (57) *(a)*	$ (270)	$ (11)	$ 409	$ (149)
Trading assets:							
Debt and equity instruments	-	(15)	(6)	(6)	47	20	(12)
Derivative assets	166	4*(b)*	(87)	(19)	19	83	(52)
Other assets	243	3*(c)*	-	(50)	4	200	5
Total assets	$ 1,262	$(114)	$ (150)	$ (345)	$ 59	$ 712	$ (208)
Trading liabilities:							
Debt and equity instruments	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Derivative liabilities	(34)	(99) *(b)*	(14)	(2)	-	(149)	(127)
Other liabilities	(50)	10 *(c)*	-	42	(2)	-	11
Total liabilities	$ (84)	$ (89)	$ (14)	$ 40	$ (2)	$ (149)	$ (116)

(a) Realized gains (losses) are reported in securities gains (losses). Unrealized gains (losses) are reported in accumulated other comprehensive income (loss) except for the credit portion of OTTI losses which are recorded in securities gains (losses).
(b) Reported in foreign exchange and other trading activities.
(c) Reported in foreign exchange and other trading activities, except for derivatives in designated hedging relationships which are recorded in interest revenue and interest expense.

Assets and liabilities measured at fair value on a nonrecurring basis

Under certain circumstances we make adjustments to fair value our assets, liabilities and unfunded lending-related commitments although they are not measured at fair value on an ongoing basis. An example would be the recording of an impairment of an asset. The following table presents the financial instruments carried on the consolidated balance sheet by caption and by level in the fair value hierarchy as of Dec. 31, 2009 and 2008, for which a nonrecurring change in fair value has been recorded during the years ended Dec. 31, 2009 and 2008.

Assets measured at fair value on a nonrecurring basis at Dec. 31, 2009 *(in millions)*	Level 1	Level 2	Level 3	Total carrying value
Loans *(a)*	$ -	$ 298	$ 91	$ 389
Other assets *(b)*	-	4	-	4
Total assets at fair value on a nonrecurring basis	$ -	$ 302	$ 91	$ 393

Assets measured at fair value on a nonrecurring basis at Dec. 31, 2008 *(in millions)*	Level 1	Level 2	Level 3	Total carrying value
Loans *(a)*	$ 14	$ 43	$ 161	$ 218
Other assets *(b)*	-	6	-	6
Total assets at fair value on a nonrecurring basis	$ 14	$ 49	$ 161	$ 224

(a) During the years ended Dec. 31, 2009 and 2008, the fair value of these loans was reduced $18 million and $86 million, based on the fair value of the underlying collateral as allowed by ASC 310, Accounting by Creditors for Impairment of a loan, with an offset to the allowance for credit losses.

(b) Other assets received in satisfaction of debt. The fair value of these assets was reduced less than $1 million in 2009 and was reduced $4 million in 2008, based on the fair value of the underlying collateral with an offset in other revenue.

25. Fair value option

ASC 825 provides an option to elect fair value as an alternative measurement for selected financial assets, financial liabilities, unrecognized firm commitments, and written loan commitments not previously carried at fair value. Unfunded loan commitments are valued using quotes from dealers in the loan markets, and are included in Level 3 of the ASC 820 hierarchy.

At Dec. 31, 2008, $5.6 billion of other short-term U.S. government-backed commercial paper and $5.6 billion of borrowings from the Federal Reserve related to asset-backed commercial paper were held at fair value. There were no balances outstanding for these instruments at Dec. 31, 2009.

Changes in fair value under the fair value option election

The following table presents the changes in fair value included in foreign exchange and other trading activities in the consolidated income statement for the years ended Dec. 31, 2009 and 2008.

Foreign exchange and other trading activities	Year ended Dec. 31,	
(in millions)	**2009**	2008
Loans	**$ 3**	$ 70
Other liabilities	**-**	(1)

The fair market value of unfunded lending-related commitments for which the fair value option was elected was a liability of less than $1 million at Dec. 31, 2009 and $3 million at Dec. 31, 2008 and is included in other liabilities. The contractual amount of such commitments was $110 million at both Dec. 31, 2009 and Dec. 31, 2008.

26. Commitments and contingent liabilities

In the normal course of business, various commitments and contingent liabilities are outstanding which are not reflected in the accompanying consolidated balance sheets.

Our significant trading and off-balance sheet risks are securities, foreign currency and interest rate risk management products, commercial lending commitments, letters of credit and securities lending indemnifications. We assume these risks to reduce interest rate and foreign currency risks, to provide

customers with the ability to meet credit and liquidity needs, to hedge foreign currency and interest rate risks, and to trade for our own account. These items involve, to varying degrees, credit, foreign exchange, and interest rate risk not recognized in the balance sheet. Our off-balance sheet risks are managed and monitored in manners similar to those used for on-balance sheet risks. Significant industry concentrations related to credit exposure at Dec. 31, 2009 are disclosed in the Financial institutions portfolio exposure table and the Commercial portfolio exposure table below.

Financial institutions portfolio exposure *(in billions)*	Dec. 31, 2009 Loans	Unfunded commitments	Total exposure
Insurance	$ 0.4	$ 6.0	$ 6.4
Banks	3.3	2.9	6.2
Securities industry	3.6	2.1	5.7
Asset managers	1.0	2.8	3.8
Government	0.1	2.9	3.0
Other	0.6	1.8	2.4
Total	**$ 9.0**	**$ 18.5**	**$ 27.5**

Commercial portfolio exposure *(in billions)*	Dec. 31, 2009 Loans	Unfunded commitments	Total exposure
Services and other	$ 1.0	$ 7.7	$ 8.7
Manufacturing	0.9	6.4	7.3
Energy and utilities	0.6	6.3	6.9
Media and telecom	0.5	2.1	2.6
Total	**$ 3.0**	**$ 22.5**	**$ 25.5**

Major concentrations in securities lending are primarily to broker-dealers and are generally collateralized with cash. Securities lending transactions are discussed below.

A summary of our off-balance sheet credit risks, net of participations, at Dec. 31, 2009 and 2008 follows:

Off-balance sheet credit risks *(in millions)*	Dec. 31 2009	2008
Lending commitments *(a)*	**$ 32,454**	$ 38,822
Standby letters of credit *(b)*	**11,359**	13,084
Commercial letters of credit	**789**	705
Securities lending indemnifications	**247,560**	325,975
Support agreements	**86**	244

(a) Net of participations totaling $541 million and $986 million at Dec. 31, 2009 and Dec. 31, 2008, respectively.

(b) Net of participations totaling $2.2 billion at Dec. 31, 2009 and $2.7 billion at Dec. 31, 2008.

Included in lending commitments are facilities which provide liquidity for variable rate tax exempt securities wrapped by monoline insurers. The credit approval for these facilities is based on an assessment of the underlying tax exempt issuer and considers factors other than the financial strength of the monoline insurer.

The total potential loss on undrawn lending commitments, standby and commercial letters of credit, and securities lending indemnifications is equal to the total notional amount if drawn upon, which does not consider the value of any collateral.

Since many of the commitments are expected to expire without being drawn upon, the total amount does not necessarily represent future cash requirements. A summary of lending commitment maturities are as follows: $11.8 billion less than one year; $20.4 billion in one to five years, and $0.3 billion over five years.

Standby letters of credit (“SBLC”) principally support corporate obligations. As shown in the off-balance sheet credit risks table, the maximum potential exposure of SBLCs at Dec. 31, 2009 was $11.4 billion and $13.1 billion at Dec. 31, 2008 and includes $1.0 billion and $1.1 billion that were collateralized with cash and securities at Dec. 31, 2009 and 2008, respectively. At Dec. 31, 2009 approximately $7.4 billion of the SBLCs will expire within one year and the remaining $4.0 billion will expire within one to five years.

We must recognize, at the inception of standby letters of credit and foreign and other guarantees, a liability for the fair value of the obligation undertaken in issuing the guarantee. As required by ASC 460— *Guarantees* , the fair value of the liability, which was recorded with a corresponding asset in other assets, was estimated as the present value of contractual customer fees.

The estimated liability for losses related to these commitments and SBLCs, if any, is included in the allowance for unfunded commitments. The allowance for lending related commitments was $125 million at Dec. 31, 2009 and $114 million at Dec. 31, 2008.

Payment/performance risk of SBLCs is monitored using both historical performance and internal ratings criteria. BNY Mellon’s historical experience is that SBLCs typically expire without being funded. SBLCs below investment grade are monitored closely for

payment/performance risk. The table below shows SBLCs by investment grade:

Standby letters of credit	Dec. 31,	
	2009	2008
Investment grade	**83%**	89%
Noninvestment grade	**17%**	11%

A commercial letter of credit is normally a short-term instrument used to finance a commercial contract for the shipment of goods from a seller to a buyer. Although the commercial letter of credit is contingent upon the satisfaction of specified conditions, it represents a credit exposure if the buyer defaults on the underlying transaction. As a result, the total contractual amounts do not necessarily represent future cash requirements. Commercial letters of credit totaled $789 million at Dec. 31, 2009, compared with $705 million at Dec. 31, 2008.

A securities lending transaction is a fully collateralized transaction in which the owner of a security agrees to lend the security (typically through an agent, in our case, The Bank of New York Mellon) to a borrower, usually a broker-dealer or bank, on an open, overnight or term basis, under the terms of a prearranged contract, which normally matures in less than 90 days. We generally lend securities with indemnification against broker default. Securities lending transactions were collateralized at 102% primarily by cash and U.S. government securities, which is monitored daily, thus reducing credit risk. Market risk can also arise in securities lending transactions. These risks are controlled through policies limiting the level of risk that can be undertaken. Securities lending transactions are generally entered into only with highly-rated counterparties. Securities lending indemnifications were secured by collateral of $254 billion at Dec. 31, 2009 and $335 billion at Dec. 31, 2008. We recorded $259 million of fee revenue from securities lending transactions in 2009 compared with $789 million in 2008.

We expect many of these guarantees to expire without the need to advance any cash. The revenue associated with guarantees frequently depends on the credit rating of the obligor and the structure of the transaction, including collateral, if any.

Our potential exposure to support agreements was approximately $86 million at Dec. 31, 2009 compared with $244 million at Dec. 31, 2008. Potential support agreement exposure is determined based on the securities subject to these agreements being valued at zero and the NAV of the related funds declining below established thresholds. This exposure includes agreements covering Lehman securities, as well as other client support agreements.

We provided services to three QSPEs at Dec. 31, 2009. These QSPEs, as defined by ASC 860— *Transfers and Servicing* were designed to be passive investment vehicles and therefore, we do not consolidate them. See Note 17 of the Notes to Consolidated Financial Statements for additional information.

Operating leases

Net rent expense for premises and equipment was $327 million in 2009, $362 million in 2008 and $276 million in 2007.

At Dec. 31, 2009, we were obligated under various noncancelable lease agreements, some of which provide for additional rents based upon real estate taxes, insurance, and maintenance and for various renewal options. A summary of the future minimum rental commitments under noncancelable operating leases, net of related sublease revenue, is as follows: 2010—$347 million; 2011—$325 million; 2012—$285 million; 2013—$265 million; 2014—$229 million; and 2015 through 2029—$1.324 billion.

Other

We have provided standard representations for underwriting agreements, acquisition and divestiture agreements, sales of loans and commitments, and other similar types of arrangements and customary indemnification for claims and legal proceedings related to providing financial services. Insurance has been purchased to mitigate certain of these risks. We are a minority equity investor in, and member of, several industry clearing or settlement exchanges through which foreign exchange, securities, or other transactions settle. Certain of these industry clearing or settlement exchanges require their members to guarantee their obligations and liabilities or to provide financial support in the event other partners do not honor their obligations. It is not possible to estimate a maximum potential amount of payments that could be required with such agreements.

Legal proceedings

In the ordinary course of business, BNY Mellon and its subsidiaries are routinely defendants in or parties to a number of pending and potential legal actions, including actions brought on behalf of various classes of claimants, and regulatory matters. Claims for significant monetary damages are asserted in certain of these actions and proceedings. In regulatory enforcement matters, claims for disgorgement and the imposition of penalties and/or other remedial sanctions are possible. Due to the inherent difficulty of predicting the outcome of such matters, we cannot ascertain what the eventual outcome of these matters will be; however, on the basis of current knowledge and after consultation with legal counsel, we do not believe that judgments or settlements, if any, arising from pending or potential legal actions or regulatory matters, either individually or in the aggregate, after giving effect to applicable reserves and insurance coverage, will have a material adverse effect on the consolidated financial position or liquidity of BNY Mellon, although they could have a material effect on net income for a given period. BNY Mellon intends to defend itself vigorously against all of the claims asserted in these legal actions.

As previously disclosed in the Company's Form 8-K dated Oct. 23, 2009, the Federal Customs Service of the Russian Federation (the "Customs Service") and The Bank of New York Mellon, a subsidiary of BNY Mellon, have settled the litigation filed by the Customs Service seeking $22.5 billion. Pursuant to a Settlement and Release Agreement filed therewith, the Customs Service withdrew its claim, the proceedings were terminated by the Russian Arbitrazh Court, and the Customs Service and The Bank of New York Mellon exchanged mutual releases. Without any admission of liability, The Bank of New York Mellon agreed to pay $14 million in trial costs and expenses to the Customs Service in consideration for the settlement.

As previously disclosed, The Bank of New York Mellon filed a proof of claim on Jan. 18, 2008, in the Chapter 11 bankruptcy of Sentinel Management Group, Inc. ("Sentinel"), seeking to recover approximately $312 million loaned to Sentinel and secured by securities and cash in an account maintained by Sentinel at The Bank of New York Mellon. Pursuant to a Plan of Reorganization confirmed by the Bankruptcy Court on Dec. 8, 2008, $370 million of cash has been set aside as a reserve, to be used by The Bank of New York Mellon if its proof of claim is allowed in the bankruptcy.

On March 3, 2008, the bankruptcy trustee filed an adversary complaint against The Bank of New York Mellon seeking to disallow The Bank of New York Mellon's claim and seeking damages against The Bank of New York Mellon for allegedly aiding and abetting Sentinel insiders in misappropriating customer assets and improperly using them as collateral for the loan. As previously disclosed, the Commodities Futures Trading Commission ("CFTC") has been investigating The Bank of New York Mellon in connection with its relationship to Sentinel. Also as previously disclosed, The Bank of New York Mellon has received a notice from the Division of Enforcement (the "Division") of the CFTC indicating that the Division is considering a recommendation to the Commission that it file a civil enforcement action against The Bank of New York Mellon for possible violations of the Commodity Exchange Act and CFTC regulations. The Bank of New York Mellon responded to the CFTC on Jan. 29, 2010 explaining why it believes an enforcement action is unwarranted.

As previously disclosed, BNY Mellon is required to file information and withholding tax returns with the IRS for its various business lines. In 2007, we discovered certain inconsistencies in supporting documentation and records for BNY Mellon's corporate trust business and other business lines, and initiated an extensive company-wide review. We disclosed this matter to the IRS on a voluntary basis and we continue to cooperate with the IRS in its review of this matter. BNY Mellon has recorded a $13 million reserve as of Dec. 31, 2009, which represents its estimate of the potential tax reporting inconsistencies based on the remediation status and discussions with the IRS to date.

As previously disclosed, in 2001 we entered into a transaction that involved the payment of U.K. corporate income taxes that were credited against our U.S. corporate income tax liability. On Aug. 17, 2009, we received a Statutory Notice of Deficiency disallowing tax benefits for the 2001 and 2002 tax years related to this transaction. The total exposure on this transaction for all years (2001-2006) is approximately $900 million, including interest. On Nov. 10, 2009, BNY Mellon filed a petition with the U.S. Tax Court contesting the disallowance of the benefits. A final decision is not expected before 2011.

BNY Mellon believes the tax benefits associated with the transaction were consistent with statutory and judicial authority existing at the time the transaction was entered into. In the event BNY Mellon is

unsuccessful in defending its position, the IRS has agreed not to assess underpayment penalties.

Based on a probability assessment of various potential outcomes, we currently believe our accruals for tax liabilities are adequate for all open years. Probabilities and outcomes are reviewed as events unfold, and adjustments to the tax liabilities are made when appropriate.

As previously disclosed, BNY Mellon self-disclosed to the SEC, in April 2008, that Mellon Financial Markets LLC ("MFM") placed orders on behalf of issuers to purchase their own Auction Rate Securities ("ARS"). The SEC and certain state authorities, including the Texas State Securities Board, Florida Office of Financial Regulation, and the New York Attorney General are investigating these transactions. MFM is cooperating fully with the investigations.

As previously disclosed, BNY Capital Markets, Inc. (now BNY Mellon Capital Markets LLC, "BNY MCM") entered into a letter of Acceptance, Waiver and Consent with the Financial Industry Regulatory Authority, Inc. ("FINRA") relating to the sale of ARS in April 2009. Two institutional customers not included in the FINRA settlement filed lawsuits in February and April 2009 and one such customer filed an arbitration proceeding against BNY MCM in December 2008, alleging misrepresentations and omissions in the sale of ARS to them.

As previously disclosed, BNY Mellon became aware of circumstances suggesting that employees of Mellon Securities LLC ("Mellon Securities"), which executes orders to purchase and sell securities on behalf of Mellon Investor Services LLC, failed to comply with certain best execution and regulatory requirements in connection with agency cross trades. BNY Mellon self-disclosed this matter to FINRA and the SEC on a voluntary basis. In June 2009, the SEC obtained a formal order of investigation. Mellon Securities is cooperating fully with the investigation. We are currently in discussions with the SEC staff concerning a resolution to this matter. There can be no assurance we will be able to reach an agreement.

As previously disclosed, a number of participants in the securities lending program, which is associated with BNY Mellon's asset servicing business, have filed or threatened lawsuits against BNY Mellon or its affiliates. The lawsuits were filed on various dates in 2008 and 2009. The participants allege that they have incurred losses, including losses related to investments in Sigma Finance Inc. and Lehman Brothers Holdings, Inc., and seek damages as to those losses. Certain of these cases seek to proceed as class actions. The participants assert contractual, statutory, and common law claims, including claims for negligence and breach of fiduciary duty.

As previously disclosed, Bernard L. Madoff has pleaded guilty to engaging in a massive investment fraud through his company, Bernard L. Madoff Investment Securities LLC ("Madoff"). Ivy Asset Management LLC ("Ivy"), a subsidiary of BNY Mellon that primarily manages funds-of-hedge-funds, has not had any funds-of-funds investments with Madoff since 2000. Several investment managers contracted with Ivy as a sub-advisor and one pension fund contracted with Ivy as investment manager; a portion of these funds were invested with Madoff and likely suffered losses as a result of the Madoff fraud.

In 2008 and 2009, BNY Mellon and its affiliates, including Ivy, received subpoenas and document requests in connection with a number of regulatory inquiries regarding Madoff and have been cooperating with these inquiries.

BNY Mellon or its affiliates have been named in a number of civil lawsuits filed in December 2008 and on various dates in 2009 relating to certain investment funds that invested money with Madoff. Ivy acted as a sub-advisor to the managers of some of those funds. Plaintiffs allege that the funds suffered losses in connection with the Madoff investments. Plaintiffs assert various causes of action against BNY Mellon or its affiliates, and other parties, including securities and common-law fraud. Certain of the cases seek to proceed as class actions and/or to assert derivative claims on behalf of the funds.

As previously disclosed, The Bank of New York Mellon has been named as a defendant in a number of putative class actions and non-class actions brought by numerous plaintiffs, in connection with its role as indenture trustee for debt issued by affiliates of Medical Capital Corporation ("Medical Capital"). The actions, filed in late 2009, allege that The Bank of New York Mellon breached its fiduciary and contractual obligations to the holders of the underlying securities, and seek unspecified damages. In a separate action, the SEC has alleged that Medical Capital, along with certain of its affiliates and principals, engaged in securities fraud. The court ordered the appointment of a permanent receiver over Medical Capital. The Bank of New York Mellon is not a party to the SEC action.

Beginning in December 2009, certain governmental authorities requested information or served subpoenas on BNY Mellon, seeking information relating to foreign exchange trades executed in connection with custody services BNY Mellon provides to certain governmental entities and public pension plans. BNY Mellon is cooperating with these inquiries.

27. Derivative instruments

We use derivatives to manage exposure to market risk, interest rate risk, credit risk and foreign currency risk, to generate profits from proprietary trading and to assist customers with their risk management objectives.

The notional amounts for derivative financial instruments express the dollar volume of the transactions; however, credit risk is much smaller. We perform credit reviews and enter into netting agreements to minimize the credit risk of foreign currency and interest rate risk management products. We enter into offsetting positions to reduce exposure to foreign exchange and interest rate risk.

Use of derivative financial instruments involves reliance on counterparties. Failure of a counterparty to honor its obligation under a derivative contract is a risk we assume whenever we engage in a derivative contract. In 2009 and 2008, counterparty default losses on both trading and hedging derivatives were $4 million and $20 million, respectively.

Hedging derivatives

We utilize interest rate swap agreements to manage our exposure to interest rate fluctuations. For hedges of fixed-rate loans, asset-backed securities, deposits and long-term debt, the hedge documentation specifies the terms of the hedged items and the interest rate swaps and indicates that the derivative is hedging a fixed-rate item and is a fair value hedge, that the hedge exposure is to the changes in the fair value of the hedged item due to changes in benchmark interest rates, and that the strategy is to eliminate fair value variability by converting fixed-rate interest payments to LIBOR.

The fixed rate loans hedged generally have an original maturity of 10 to 11 years and are not callable. These loans are hedged with "pay fixed rate, receive variable rate" swaps with similar notional amounts, maturities, and fixed rate coupons. The swaps are not callable. At Dec. 31, 2009, $1 million of loans were hedged with interest rate swaps, which had notional values of $1 million.

The securities hedged have an original weighted average life of 10 years or less and are generally callable six months prior to maturity. These securities are hedged with "pay fixed rate, receive variable rate" swaps of the same maturity, repricing and fixed rate coupon. At Dec. 31, 2009, $211 million of securities were hedged with interest rate swaps that had notional values of $211 million.

The fixed rate deposits hedged generally have original maturities of 5 to 11 years and are not callable. These deposits are hedged with receive fixed rate, pay variable rate swaps of similar maturity, repricing and fixed rate coupon. The swaps are not callable. At Dec. 31, 2009, $25 million of deposits were hedged with interest rate swaps that had notional values of $25 million.

The fixed rate long-term debt hedged generally have original maturities of 5 to 30 years. We issue both callable and non-callable debt. The non-callable debt is hedged with simple interest rate swaps similar to those described for deposits. Callable debt is hedged with callable swaps where the call dates of the swaps exactly match the call dates of the debt. At Dec. 31, 2009, $12.1 billion of debt was hedged with interest rate swaps that had notional values of $11.6 billion.

In addition, we enter into foreign exchange hedges. We use forward foreign exchange contracts with maturities of 12 months or less to hedge our Sterling, Euro and Indian Rupee foreign exchange exposure with respect to forecasted revenue transactions in non-U.S. entities that have the U.S. dollar as their functional currency. As of Dec. 31, 2009, the hedged forecasted foreign currency transactions and linked FX forward hedges were $109 million (notional), with $0.3 million of pre-tax losses recorded in other comprehensive income. These losses are expected to be reclassified to income over the next nine months.

We also use forward foreign exchange contracts with original maturities of 10 months or less to hedge our Euro and Japanese Yen foreign exchange exposure with respect to forecasted foreign currency net revenue where we cannot elect hedge accounting. At Dec. 31, 2009, these economic hedges had a U.S. dollar equivalent notional value of $37 million, with $3.6 million of pre-tax losses from those FX forward hedges recorded in foreign exchange and other trading activities.

Notes to Consolidated Financial Statements (continued)

Forward foreign exchange contracts are also used to hedge the value of our net investments in foreign subsidiaries. These forward contracts usually have maturities of less than two years. The derivatives employed are designated as net investments hedges of changes in value of our foreign investments due to exchange rates, such that changes in value of the forward exchange contracts offset the changes in value of the foreign investments due to changes in foreign exchange rates. The change in fair market value of these contracts is deferred and reported within accumulated translation adjustments in shareholders' equity, net of tax effects. At Dec. 31, 2009, foreign exchange contracts, with notional amounts totaling $3.5 billion, were designated as hedges.

In addition to forward foreign exchange contracts, we also designate non-derivative financial instruments as hedges of our net investments in foreign subsidiaries. Those non-derivative financial instruments designated as hedges of our net investments in foreign subsidiaries were all long-term liabilities of BNY Mellon in various currencies, and, at Dec. 31, 2009, had a combined U.S. dollar equivalent value of $890 million.

Ineffectiveness related to derivatives and hedging relationships was recorded in income as follows:

Ineffectiveness	Year ended Dec. 31,		
(in millions)	**2009**	2008	2007 *(a)*
Fair value hedges on loans	**$(0.1)**	$ 0.2	$ 0.1
Fair value hedges of securities	**0.1**	(0.1)	0.1
Fair value hedges of deposits and long-term debt	**2.2**	28.4	5.8
Cash flow hedges	**-**	(0.1)	0.1
Other *(b)*	**0.1**	0.1	(0.2)
Total	**$ 2.3**	$28.5	$ 5.9

(a) Results for 2007 include six months of BNY Mellon and six months of legacy The Bank of New York Company, Inc.
(b) Includes ineffectiveness recorded on foreign exchange hedges.

The following table summarizes the notional amount and credit exposure of our total derivative portfolio at Dec. 31, 2009 and 2008.

Impact of derivative instruments on the balance sheet	Notional Value		Asset Derivatives Fair Value *(a)*		Liability Derivatives Fair Value *(a)*	
(in millions)	**Dec. 31, 2009**	Dec. 31, 2008	**Dec. 31, 2009**	Dec. 31, 2008	**Dec. 31, 2009**	Dec. 31, 2008
Derivatives designated as hedging instruments *(b)* **:**						
Interest rate contracts	**$ 11,836**	$ 11,362	**$ 408**	$ 928	**$ 106**	$ 162
Foreign exchange contracts	**3,645**	3,397	**-**	680	**97**	-
Total derivatives designated as hedging instruments			**$ 408**	$ 1,608	**$ 203**	$ 162
Derivatives not designated as hedging instruments *(c)* **:**						
Interest rate contracts	**$1,030,847**	$867,873	**$ 13,754**	$ 18,452	**$ 14,211**	$ 17,818
Equity contracts	**7,710**	14,396	**483**	742	**570**	713
Credit contracts	**806**	1,328	**3**	86	**6**	-
Other contracts	**259,402**	240,425	**4,024**	7,833	**3,848**	7,615
Total derivatives not designated as hedging instruments			**$ 18,264**	$ 27,113	**$ 18,635**	$ 26,146
Total derivatives fair value *(d)*			**$ 18,672**	$ 28,721	**$ 18,838**	$ 26,308
Effect of master netting agreements			**(13,702)**	(17,911)	**(13,433)**	(18,871)
Fair value after effect of master netting agreements			**$ 4,970**	$ 10,810	**$ 5,405**	$ 7,437

(a) Derivative financial instruments are reported net of cash collateral received and paid of $429 million and $160 million, respectively at Dec. 31, 2009 and $817 million and $1.8 billion, respectively at Dec. 31, 2008.
(b) The fair value of asset derivatives and liability derivatives designated as hedging instruments is recorded as other assets and other liabilities, respectively, on the balance sheet.
(c) The fair value of asset derivatives and liability derivatives not designated as hedging instruments is recorded as trading assets and trading liabilities, respectively, on the balance sheet.
(d) Fair values are on a gross basis, before consideration of master netting agreements, as required by ASC 815.

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At Dec. 31, 2009 approximately $619 billion (notional) of interest rate contracts will mature within one year, $244 billion between one and five years, and the balance after five years. At Dec. 31, 2009 approximately $250 billion (notional) of foreign exchange contracts will mature within one year, $8 billion between one and five years, and the balance after five years.

Impact of derivative instruments on the income statement
(in millions)

Derivatives in fair value hedging relationships	Location of gain (loss) recognized in income on derivatives	Amount of gain (loss) recognized in income on derivatives Year ended Dec. 31, 2009	2008	Location of gain (loss) recognized in income on hedged item	Amount of gain (loss) recognized in hedged item Year ended Dec. 31, 2009	2008
Interest rate contracts	Net interest revenue	**$ (406)**	$ 632	Net interest revenue	**$ 408**	$ (603)

Derivatives in cash flow hedging relationships	Amount of gain (loss) recognized in OCI on derivative (effective portion) Year ended Dec. 31, 2009	2008	Location of gain (loss) reclassified from accumulated OCI into income (effective portion)	Amount of gain (loss) reclassified from accumulated OCI into income (effective portion) Year ended Dec. 31, 2009	2008	Location of gain (loss) recognized in income on derivatives (ineffective portion and amount excluded from effectiveness testing)	Amount of gain (loss) recognized in income on derivatives (ineffectiveness portion and amount excluded from effectiveness testing) Year ended Dec. 31, 2009	2008
Interest rate contracts	**$ -**	$ 30.0	Net interest revenue	**$ 25.9**	$ 3.3	Net interest revenue	**$ -**	$ (0.1)
FX contracts	**(1.4)**	14.4	Other revenue	**5.9**	7.5	Other revenue	**-**	-
Total	**$ (1.4)**	$ 44.4		**$ 31.8**	$ 10.8		**$ -**	$ (0.1)

Derivatives in net investment hedging relationships	Amount of gain (loss) recognized in OCI on derivatives (effective portion) Year ended Dec. 31, 2009	2008	Location of gain (loss) reclassified from accumulated OCI into income (effective portion)	Amount of gain (loss) reclassified from accumulated OCI into income (effective portion) Year ended Dec. 31, 2009	2008	Location of gain (loss) recognized in income on derivative (ineffective portion and amount excluded from effectiveness testing)	Amount of gain (loss) Recognized in income on derivatives (Ineffectiveness portion and amount excluded from effectiveness testing) Year ended Dec. 31, 2009	2008
FX contracts	**$ (298)**	$ 848	Net interest revenue	**$ -**	$ -	Other revenue	**$ 0.1**	$ 0.1

Trading activities (including trading derivatives)

Our trading activities are focused on acting as a market maker for our customers. The risk from these market-making activities and from our own positions is managed by our traders and limited in total exposure as described below.

We manage trading risk through a system of position limits, a value-at-risk (“VAR”) methodology based on Monte Carlo simulations, stop loss advisory triggers, and other market sensitivity measures. Risk is monitored and reported to senior management by a separate unit on a daily basis. Based on certain assumptions, the VAR methodology is designed to capture the potential overnight pre-tax dollar loss from adverse changes in fair values of all trading positions. The calculation assumes a one-day holding period for most instruments, utilizes a 99% confidence level, and incorporates the non-linear characteristics of options. The VAR model is one of several statistical models used to develop economic capital results, which are allocated to lines of business for computing risk-adjusted performance.

As the VAR methodology does not evaluate risk attributable to extraordinary financial, economic or other occurrences, the risk assessment process includes a number of stress scenarios based upon the risk factors in the portfolio and management’s assessment of market conditions. Additional stress scenarios based upon historic market events are also performed. Stress tests, by their design, incorporate the impact of reduced liquidity and the breakdown of observed correlations. The results of these stress tests are reviewed weekly with senior management.

Revenue from foreign exchange and other trading activities included the following:

Foreign exchange and other trading activities *(in millions)*	**2009**	2008	2007 *(a)*
Foreign exchange	**$ 850**	$1,197	$ 593
Fixed income	**242**	147	115
Credit derivatives	**(84)**	30	59
Other	**28**	88	19
Total	**$1,036**	$1,462	$ 786

(a) *Results for 2007 include six months of BNY Mellon and six months of legacy The Bank of New York Company, Inc.*

Foreign exchange includes income from purchasing and selling foreign currencies and currency forwards, futures, and options. Fixed income reflects results from futures and forward contracts, interest rate swaps, foreign currency swaps, options and fixed income securities. Credit derivatives include revenue from credit default swaps. Other primarily includes income from equity securities and equity derivatives.

Counterparty credit risk and collateral

We assess credit risk of our counterparties through regular periodic examination of their financial statements, confidential communication with the management of those counterparties and regular monitoring of publicly available credit rating information. This and other information is used to develop proprietary credit rating metrics used to assess credit quality.

Collateral requirements are determined after a comprehensive review of the credit quality of each counterparty. Collateral is generally held in the form of cash or highly liquid government securities. Collateral requirements are monitored and adjusted daily.

Additional disclosures concerning the fair value of derivative instruments are provided in Note 24 of the Notes to Consolidated Financial Statements.

Disclosure of Contingent Features in Over-the-Counter ("OTC") Derivative Instruments

Certain of BNY Mellon's OTC derivative contracts and/or collateral agreements contain provisions that would require us to take certain actions if our public debt rating fell to a certain level. Early termination provisions, or "close-out" agreements, in those contracts could trigger immediate payment of outstanding contracts that are in net liability positions. Certain collateral agreements would require us to immediately post additional collateral to cover some or all of BNY Mellon's liabilities to a counterparty.

The following table shows the fair value of contracts falling under early termination provisions that were in net liability positions as of Dec. 31, 2009 for three key ratings triggers.

If BNY Mellon's rating was changed to:	**Potential close-out exposures (fair value)**
A3/A-	$ 469 million
Baa2/BBB	$ 504 million
Bal/BB+	$ 1,310 million

Additionally, if BNY Mellon's debt rating had fallen below investment grade on Dec. 31, 2009, existing collateral arrangements would have required us to post an additional $667 million of collateral.

28. Business segments

We have an internal information system that produces performance data for our seven business segments along product and service lines.

Business segments accounting principles

Our segment data has been determined on an internal management basis of accounting, rather than the generally accepted accounting principles used for consolidated financial reporting. These measurement principles are designed so that reported results of the segments will track their economic performance.

Segment results are subject to reclassification whenever improvements are made in the measurement principles or when organizational changes are made.

The accounting policies of the business segments are the same as those described in Note 1 of the Notes to Consolidated Financial Statements.

In 2009, the financial results MUNB were moved from the Other segment into discontinued operations. Historical results for the Other segment have been restated to reflect these changes.

The operations of acquired businesses are integrated with the existing business segments soon after most acquisitions are completed. As a result of the integration of staff support functions, management of

customer relationships, operating processes and the financial impact of funding acquisitions, we cannot precisely determine the impact of acquisitions on income before taxes and therefore do not report it.

We provide segment data for seven segments, with certain segments combined into sector groupings as shown below:

Sector/Segment	**Primary types of revenue**
Asset and Wealth Management sector	
Asset Management segment	• Asset and wealth management fees from: Mutual funds Institutional clients Private clients Performance fees • Distribution and servicing fees
Wealth Management segment	• Wealth management fees from high-net-worth individuals, families, endowments and foundations and related entities.
Institutional Services sector	
Asset Servicing segment	• Asset servicing fees, including: Institutional trust and custody fees Broker-dealer services Securities lending • Foreign exchange
Issuer Services segment	• Issuer services fees, including: Corporate trust Depositary receipts Employee investment plan services Shareowner services
Clearing Services segment	• Clearing services fees, including: Broker-dealer services Registered investment advisor services
Treasury Services segment	• Treasury services fees, including: Global payment services Working capital solutions • Financing-related fees
Other segment	• Leasing operations • Corporate treasury activities • Global markets and institutional banking services • Business exits • M&I expenses

Notes to Consolidated Financial Statements (continued)

Business segment information is reported on a continuing operations basis for all periods presented. See Note 4 of the Notes to Consolidated Financial Statements for a discussion of discontinued operations.

The results of our business segments are presented and analyzed on an internal management reporting basis:

- Revenue amounts reflect fee and other revenue generated by each segment. Fee and other revenue transferred between segments under revenue transfer agreements is included within other revenue in each segment.
- Revenues and expenses associated with specific client bases are included in those segments. For example, foreign exchange activity associated with clients using custody products is allocated to the Asset Servicing segment.
- Net interest revenue is allocated to segments based on the yields on the assets and liabilities generated by each segment. We employ a funds transfer pricing system that matches funds with the specific assets and liabilities of each segment based on their interest sensitivity and maturity characteristics.
- Support and other indirect expenses are allocated to segments based on internally-developed methodologies.
- The FDIC special emergency deposit assessment is considered a corporate charge and was therefore recorded in the Other segment. Recurring FDIC expense is allocated to segments based on average deposits generated within each segment.
- Management of the investment securities portfolio is a shared service contained in the Other segment. As a result, gains and losses associated with the valuation of the securities portfolio are included in the Other segment.
- Support agreement charges are recorded in the segment in which the charges occurred.
- The restructuring charges recorded in 2009 and 2008 resulted from corporate initiatives and therefore were recorded in the Other segment.
- Balance sheet assets and liabilities and their related income or expense are specifically assigned to each segment. Segments with a net liability position have been allocated assets.
- Goodwill and intangible assets are reflected within individual business segments.
- M&I expenses are a corporate level item and are therefore recorded in the Other segment.
- The operations of Mellon Financial are included from July 1, 2007, the effective date of the merger.

The merger with Mellon Financial had a considerable impact on the comparison of business segment results from 2008 compared with 2007. The merger significantly impacted the Asset Management, Wealth Management and Asset Servicing segments and, to a lesser extent, the Issuer Services, Treasury Services and the Other segments.

Total revenue includes approximately $1.6 billion and $2.0 billion in 2009 and 2008, respectively, of international operations domiciled in the U.K. which is 21% and 14% of total revenue, respectively.

Notes to Consolidated Financial Statements (continued)

The following consolidating schedules show the contribution of our segments to our overall profitability.

For the year ended Dec. 31, 2009

(dollars in millions)	Asset Management	Wealth Management	Total Asset and Wealth Management Sector	Asset Servicing	Issuer Services	Clearing Services	Treasury Services	Total Institutional Services Sector	Other Segment	Total Continuing Operations
Fee and other revenue	**$ 2,280**	**$ 578**	**$ 2,858**	**$ 3,369**	**$ 1,611**	**$ 1,190**	**$ 878**	**$ 7,048**	**$ (5,134)**	**$ 4,772**
Net interest revenue	**31**	**194**	**225**	**892**	**768**	**340**	**616**	**2,616**	**74**	**2,915**
Total revenue	**$ 2,311**	**$ 772**	**$ 3,083**	**$ 4,261**	**$ 2,379**	**$ 1,530**	**$ 1,494**	**9,664**	**(5,060)**	**7,687**
Provision for credit losses	**-**	**1**	**1**	**-**	**-**	**-**	**-**	**-**	**331**	**332**
Noninterest expense	**1,948**	**578**	**2,526**	**2,941**	**1,302**	**1,021**	**794**	**6,058**	**979**	**9,563**
Income before taxes	**$ 363**	**$ 193**	**$ 556**	**$ 1,320**	**$ 1,077**	**$ 509**	**$ 700**	**$ 3,606**	**$ (6,370)**	**$ (2,208)**
Pre-tax operating margin *(a)*	**16%**	**25%**	**18%**	**31%**	**45%**	**33%**	**47%**	**37%**	**N/M**	**N/M**
Average assets	**$ 12,567**	**$ 9,278**	**$ 21,845**	**$ 60,804**	**$ 50,746**	**$ 18,455**	**$ 26,046**	**$ 156,051**	**$ 32,043**	**$ 209,939** *(b)*

For the year ended Dec. 31, 2008

(dollars in millions)	Asset Management	Wealth Management	Total Asset and Wealth Management Sector	Asset Servicing	Issuer Services	Clearing Services	Treasury Services	Total Institutional Services Sector	Other Segment	Total Continuing Operations
Fee and other revenue	$ 2,794	$ 624	$ 3,418	$ 4,416	$ 1,851	$ 1,292	$ 977	$ 8,536	$ (1,240)	$ 10,714
Net interest revenue	75	200	275	1,086	710	321	730	2,847	(263)	2,859
Total revenue	2,869	824	3,693	5,502	2,561	1,613	1,707	11,383	(1,503)	13,573
Provision for credit losses	-	-	-	-	-	-	-	-	104	104
Noninterest expense	2,641	634	3,275	3,783	1,413	1,130	840	7,166	1,082	11,523
Income before taxes	$ 228	$ 190	$ 418	$ 1,719	$ 1,148	$ 483	$ 867	$ 4,217	$ (2,689)	$ 1,946
Pre-tax operating margin *(a)*	8%	23%	11%	31%	45%	30%	51%	37%	N/M	14%
Average assets	$ 13,267	$ 10,044	$ 23,311	$ 59,150	$ 35,169	$ 18,358	$ 25,603	$ 138,280	$ 45,925	$ 207,516 *(b)*

For the year ended Dec. 31, 2007 *(c)*

(dollars in millions)	Asset Management	Wealth Management	Total Asset and Wealth Management Sector	Asset Servicing	Issuer Services	Clearing Services	Treasury Services	Total Institutional Services Sector	Other Segment	Total Continuing Operations
Fee and other revenue	$ 1,872	$ 423	$ 2,295	$ 2,957	$ 1,660	$ 1,130	$ 741	$ 6,488	$ 270	$ 9,053
Net interest revenue	10	111	121	693	567	303	521	2,084	40	2,245
Total revenue	1,882	534	2,416	3,650	2,227	1,433	1,262	8,572	310	11,298
Provision for credit losses	-	-	-	-	-	-	-	-	(11)	(11)
Noninterest expense	1,372	413	1,785	2,497	1,159	1,047	663	5,366	943	8,094
Income before taxes	$ 510	$ 121	$ 631	$ 1,153	$ 1,068	$ 386	$ 599	$ 3,206	$ (622)	$ 3,215
Pre-tax operating margin *(a)*	27%	23%	26%	32%	48%	27%	47%	37%	N/M	28%
Average assets	$ 7,636	$ 5,702	$ 13,338	$ 38,016	$ 25,658	$ 14,967	$ 18,497	$ 97,138	$ 36,771	$ 147,247 *(b)*

(a) Income before taxes divided by total revenue

(b) Including average assets of discontinued operations of $2,188 million in 2009, $2,441 million in 2008 and $1,395 million in 2007, consolidated average assets were $212,127 million for 2009, $209,957 million for 2008 and $148,642 million for 2007.

(c) Results for 2007 include six months of BNY Mellon and six months legacy The Bank of New York Company, Inc.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
The Bank of New York Mellon Corporation:

We have audited the accompanying consolidated balance sheets of The Bank of New York Mellon Corporation and subsidiaries ("BNY Mellon") as of December 31, 2009 and 2008, and the related consolidated statements of income, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2009. These consolidated financial statements are the responsibility of BNY Mellon's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of BNY Mellon as of December 31, 2009 and 2008, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2009, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 2 to the consolidated financial statements, in 2009, BNY Mellon changed their methods of accounting for other-than-temporary impairments and, in 2008, changed their methods of accounting for fair value measurements and elected the fair value option for certain financial assets.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), BNY Mellon's internal control over financial reporting as of December 31, 2009, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 26, 2010 expressed an unqualified opinion on the effectiveness of BNY Mellon's internal control over financial reporting.

/s/ KPMG LLP

New York, New York
February 26, 2010

Directors, Senior Management and Executive Committee

Directors

Ruth E. Bruch
Retired Senior Vice President and Chief Information Officer
Kellogg Company
Cereal and convenience foods

Nicholas M. Donofrio
Retired Executive Vice President, Innovation and Technology
IBM Corporation
Developer, manufacturer and provider of advanced information technologies and services

Gerald L. Hassell
President
The Bank of New York Mellon Corporation

Edmund F. (Ted) Kelly
Chairman, President and Chief Executive Officer
Liberty Mutual Group
Multi-line insurance company

Robert P. Kelly
Chairman and Chief Executive Officer
The Bank of New York Mellon Corporation

Richard J. Kogan
Retired Chairman, President and Chief Executive Officer
Schering-Plough Corporation
International research-based development and manufacturing

Michael J. Kowalski
Chairman and Chief Executive Officer
Tiffany & Co.
International designer, manufacturer and distributor of jewelry and fine goods

John A. Luke, Jr.
Chairman and Chief Executive Officer
MeadWestvaco Corporation
Manufacturer of paper, packaging and specialty chemicals

Robert Mehrabian
Chairman, President and Chief Executive Officer
Teledyne Technologies, Inc.
Advanced industrial technologies

Mark A. Nordenberg
Chancellor and Chief Executive Officer
University of Pittsburgh
Major public research university

Catherine A. Rein
Retired Senior Executive Vice President and Chief Administrative Officer
MetLife, Inc.
Insurance and financial services company

William C. Richardson
President and Chief Executive Officer Emeritus
The W. K. Kellogg Foundation
Private foundation

Samuel C. Scott III
Retired Chairman, President and Chief Executive Officer
Corn Products International, Inc.
Global producers of corn-refined products and ingredients

John P. Surma
Chairman and Chief Executive Officer
United States Steel Corporation
Steel manufacturing

Wesley W. von Schack
Retired Chairman, President and Chief Executive Officer
Energy East Corporation
Energy services company

Senior Management

Robert P. Kelly
Chairman and Chief Executive Officer

Gerald L. Hassell
President

Executive Committee

Richard F. Brueckner
Chief Executive Officer, Pershing LLC

Arthur Certosimo
Chief Executive Officer, Broker-Dealer Services and Alternative Investment Services

Steven G. Elliott
Senior Vice Chairman

Thomas P. (Todd) Gibbons
Chief Financial Officer

Timothy F. Keaney
Co-Chief Executive Officer, BNY Mellon Asset Servicing

Carl Krasik
General Counsel

David F. Lamere
Chief Executive Officer, BNY Mellon Wealth Management

Jonathan Little
Vice Chairman, BNY Mellon Asset Management
Chairman, BNY Mellon Asset Management International

Ronald P. O'Hanley
Chief Executive Officer, BNY Mellon Asset Management

James P. Palermo
Co-Chief Executive Officer, BNY Mellon Asset Servicing

Karen B. Peetz
Chief Executive Officer, Financial Markets and Treasury Services

Lisa B. Peters
Chief Human Resources Officer

Brian G. Rogan
Chief Risk Officer

Kurt D. Woetzel
Chief Information Officer

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Performance Graph

	2004	2005	2006	2007	2008	2009
The Bank of New York Mellon Corporation	$100.0	$ 98.1	$124.5	$148.5	$88.6	$ 89.3
S&P 500 Financial Index	100.0	106.5	127.0	103.5	46.3	54.3
S&P 500	100.0	104.9	121.5	128.2	80.7	102.1
Peer Group	100.0	106.1	128.6	107.2	58.8	66.4

This graph shows The Bank of New York Mellon Corporation's cumulative total shareholder returns over the five-year period from Dec. 31, 2004 to Dec. 31, 2009. The graph reflects total shareholder returns for The Bank of New York Company, Inc. from Dec. 31, 2004 to June 29, 2007, and for The Bank of New York Mellon Corporation from July 2, 2007 to Dec. 31, 2009. June 29, 2007 was the last day of trading on the NYSE of The Bank of New York Company, Inc. common stock and July 2, 2007 was the first day of trading on the NYSE of The Bank of New York Mellon Corporation common stock. We are showing combined The Bank of New York Company, Inc.—The Bank of New York Mellon Corporation shareholder returns because The Bank of New York Mellon Corporation does not have a five-year history as a public company. Our peer group is composed of asset managers and institutional service providers that represent our primary competitors. We also utilize the S&P 500 Financial Index as a benchmark against our performance. The graph also shows the cumulative total returns for the same five-year period of the S&P 500 Index, the S&P 500 Financial Index, as well as our peer group listed below. The comparison assumes a $100 investment on Dec. 31, 2004 in The Bank of New York Company, Inc. common stock (which was converted on a 0.9434 for one basis into The Bank of New York Mellon Corporation common stock on July 1, 2007), in the S&P 500 Financial Index, in the S&P 500 Index and in the peer group detailed below and assumes that all dividends were reinvested.

Peer Group*		
American Express Company	Citigroup Inc.	Prudential Financial, Inc.
Bank of America Corporation	JPMorgan Chase & Co.	State Street Corporation
BlackRock, Inc.	Northern Trust Corporation	U.S. Bancorp
The Charles Schwab Corporation	The PNC Financial Services Group, Inc.	Wells Fargo & Company

* Returns are weighted by market capitalization at the beginning of the measurement period.

Exhibit 21.1

THE BANK OF NEW YORK MELLON CORPORATION
PRIMARY SUBSIDIARIES
DEC. 31, 2009

- Agency Brokerage Holding, LLC – State of Organization: Delaware
- Alcentra Ltd – Incorporation: England
- Alcentra NY LLC – State of Incorporation: Delaware
- Allomon Corporation – State of Incorporation: Pennsylvania
- APT Holdings Corporation – State of Incorporation: Delaware
- BNY Holdings (Delaware) Corporation – State of Incorporation: Delaware
- BNY Mellon AM Korea Limited – Incorporation: Republic of Korea
- BNY Mellon AM Latin America, S.A.– Incorporation: Chile
- BNY Mellon Asset Management International Holdings Limited – Incorporation: England
- BNY Mellon Asset Management International Limited – Incorporation: England
- BNY Mellon Asset Management Japan Limited – Incorporation: Japan
- BNY Mellon Asset Management (USA) LLC – State of Organization: Delaware
- BNY Mellon Capital Markets, LLC – State of Organization: Delaware
- BNY Mellon Clearing, LLC – State of Incorporation: Delaware
- BNY Mellon Fund Managers Limited – Incorporation: England
- BNY Mellon Fund Services (Guernsey) Limited – Incorporation: Guernsey
- BNY Mellon Global Management Limited – Incorporation: Ireland
- BNY Mellon International Limited – Incorporation: England
- BNY Mellon Performance and Risk Analytics, Inc. – State of Organization: Delaware
- BNY Mellon Securities LLC – State of Organization: Delaware
- BNY Mellon Servicos Financeros Distribuidora de Titulos e Valores Mobiliarios S.A.– Incorporation: Brazil
- BNY Mellon Trust Company of Illinois –State of Incorporation: Illinois
- BNY Mellon Trust of Delaware – State of Incorporation: Delaware
- BNY Mellon, N. A. – Incorporation: United States
- BNY Trade Insurance, Ltd. – Incorporation: Bermuda
- Boston Safe Deposit Finance Company, Inc. – State of Incorporation: Massachusetts
- Brandwal Limited – Incorporation: Australia
- CIBC Mellon Global Securities Services Company – Incorporation: Canada
- CIBC Mellon Trust Company – Incorporation: Canada
- ConvergEx Holdings LLC – State of Organization: Delaware
- DPM Mellon LLC – State of Organization: Nevada
- Dreyfus Service Organization, Inc. – State of Incorporation: Delaware
- Dreyfus Transfer Inc. – State of Incorporation: Maryland
- EACM Advisors LLC – State of Organization: Delaware
- Eagle Investment Systems LLC – State of Organization: Delaware
- GT Australia Nominees Limited – Incorporation: Australia
- Hamilton Insurance Corporation – State of Incorporation: New York
- Hamon Investment Group Pte Limited – Incorporation: Singapore
- Insight Investment Funds Management Limited – Incorporation: England
- Insight Investment Management (Global) Limited – Incorporation: England
- Ivy Asset Management LLC – State of Organization: Delaware
- Laurel Capital Advisors, LLP – State of Organization: Pennsylvania
- Lockwood Advisors, Inc. – State of Incorporation: Delaware
- Lockwood Capital Management, Inc. – State of Incorporation: Delaware
- MBC Investments Corporation – State of Incorporation: Delaware
- MBC SPC Leasing ULC – Incorporation: Nova Scotia
- MBSC Securities Corporation – State of Incorporation: New York
- MelDel Leasing Corporation #2 – State of Incorporation: Delaware

THE BANK OF NEW YORK MELLON CORPORATION
PRIMARY SUBSIDIARIES
DEC. 31, 2009
Continued

- Mellon Canada Holding Company – Incorporation: Canada
- Mellon Capital III – State of Incorporation: Delaware
- Mellon Capital IV – State of Incorporation: Delaware
- Mellon Capital Management Corporation – State of Incorporation: Delaware
- Mellon Finance No. 2 (Netherlands) B.V. – Incorporation: Netherlands
- Mellon Financial Services Corporation #1 – State of Incorporation: Delaware
- Mellon Funding Corporation – State of Incorporation: Pennsylvania
- Mellon Global Investments Asia Limited – Incorporation: Jersey
- Mellon Hedge Advisors LLC – State of Organization: Delaware
- Mellon Holdings LLC – State of Organization: Delaware
- Mellon International Holdings S.a.r.l. – Incorporation: Luxembourg
- Mellon International Investment Corporation – Incorporation: United States
- Mellon Investor Services Holdings LLC – State of Organization: Delaware
- Mellon Investor Services LLC – State of Organization: New Jersey
- Mellon Life Insurance Company – State of Incorporation: Delaware
- Mellon Overseas Investment Corporation – Incorporation: United States
- Mellon Securities Investments LLC – State of Organization: Delaware
- Mellon Trustees Limited – Incorporation: Ireland
- Mellon United National Bank, N.A. – Incorporation: United States
- Mellon Ventures III, LP – State of Organization: Delaware
- Mellon Ventures IV, LP – State of Organization: Delaware
- MIPA, LLC – State of Organization: Delaware
- Neptune LLC – State of Organization: Delaware
- Newton Capital Management Limited – Incorporation: England
- Newton Investment Management Limited – Incorporation: England
- Newton Management Limited – Incorporation: England
- Pareto Investment Management Limited – Incorporation: England
- Pershing Advisor Solutions LLC – State of Organization: Delaware
- Pershing Group LLC – State of Organization: Delaware
- Pershing LLC – State of Organization: Delaware
- Promontory Interfinancial Network, LLC – State of Organization: Delaware
- Rusdav Limited – Incorporation: Australia
- Standish Mellon Asset Management Company LLC – State of Organization: Delaware
- TBC Securities Co, Inc. – State of Incorporation: Massachusetts
- The Bank of New York Capital Markets Limited – Incorporation: England
- The Bank of New York Mellon Bank (CI) Limited – Incorporation: United Kingdom
- The Bank of New York Mellon – State of Incorporation: New York
- The Bank of New York Mellon Trust Company N.A. – Incorporation: United States
- The Bank of New York Mellon Trust (Japan) Limited – Incorporation: Japan
- The Boston Company Asset Management LLC – State of Organization: Massachusetts
- The Dreyfus Corporation – State of Incorporation: New York
- Urdang Capital Management, Inc. – State of Incorporation: Delaware
- Urdang Securities Management, Inc. – State of Incorporation: Pennsylvania
- Walter Scott & Partners Limited – Incorporation: Scotland

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors
The Bank of New York Mellon Corporation:

We consent to the incorporation by reference in:

Form	Registration Statement	Filer
S-8	333-150324	The Bank of New York Mellon Corporation
S-8	333-150323	The Bank of New York Mellon Corporation
S-8	333-149473	The Bank of New York Mellon Corporation
S-8	333-144216	The Bank of New York Mellon Corporation
S-3	333-144217	The Bank of New York Mellon Corporation
S-3	333-144261	The Bank of New York Mellon Corporation
S-3	333-144261-01	Mellon Funding Corporation
S-3	333-144261-02	Mellon Capital V
S-3	333-144261-03	BNY Capital X
S-3	333-144261-04	BNY Capital IX
S-3	333-144261-05	BNY Capital VIII
S-3	333-144261-06	BNY Capital VII
S-3	333-144261-07	BNY Capital VI

of our reports dated February 26, 2010, with respect to the consolidated balance sheets of The Bank of New York Mellon Corporation and subsidiaries (“BNY Mellon”) as of December 31, 2009 and 2008, and the related consolidated statements of income, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2009, and the effectiveness of internal control over financial reporting as of December 31, 2009, which reports appear in the December 31, 2009 Annual Report on Form 10-K of BNY Mellon. The aforementioned report with respect to the consolidated financial statements of BNY Mellon refers to changes, in 2009, in BNY Mellon’s methods of accounting for other-than-temporary impairments and, in 2008, changes to BNY Mellon’s methods of accounting for fair value measurements and their election of the fair value option for certain financial assets.

/s/ KPMG LLP

New York, New York
February 26, 2010

Exhibit 24.1

POWER OF ATTORNEY

THE BANK OF NEW YORK MELLON CORPORATION

Know all men by these presents, that each person whose signature appears below constitutes and appoints Carl Krasik and Arlie R. Nogay, and each of them, such person's true and lawful attorney-in-fact and agent, with full power of substitution and revocation, for such person and in such person's name, place and stead, in any and all capacities, to sign one or more Annual Reports on Form 10-K pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934, as amended, for The Bank of New York Mellon Corporation for the year ended December 31, 2009, and any and all amendments thereto, and to file same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission and with the New York Stock Exchange, Inc., granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as such person might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents and each of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

This power of attorney shall be effective as of February 9, 2010 and shall continue in full force and effect until revoked by the undersigned in a writing filed with the secretary of the Corporation.

Ruth E. Bruch, Director	Robert Mehrabian, Director
/s/ Nicholas M. Donofrio Nicholas M. Donofrio, Director	Mark A. Nordenberg, Director
Gerald L. Hassell, Director	Catherine A. Rein, Director
/s/ Edmund F. Kelly Edmund F. Kelly, Director	William C. Richardson, Director
Richard J. Kogan, Director	Samuel C. Scott III, Director
Michael J. Kowalski, Director	John P. Surma, Director
John A. Luke, Jr., Director	Wesley W. von Schack, Director

POWER OF ATTORNEY

CAUTION TO THE PRINCIPAL: Your Power of Attorney is an important document. As the “principal,” you give the person whom you choose (your “agent”) authority to spend your money and sell or dispose of your property during your lifetime without telling you. You do not lose your authority to act even though you have given your agent similar authority.

When your agent exercises this authority, he or she must act according to any instructions you have provided or, where there are no specific instructions, in your best interest. “Important Information for the Agent” at the end of this document describes your agent’s responsibilities.

Your agent can act on your behalf only after signing the Power of Attorney before a notary public.

You can request information from your agent at any time. If you are revoking a prior Power of Attorney by executing this Power of Attorney, you should provide written notice of the revocation to your prior agent(s) and to the financial institutions where your accounts are located.

You can revoke or terminate your Power of Attorney at any time for any reason as long as you are of sound mind. If you are no longer of sound mind, a court can remove an agent for acting improperly.

Your agent cannot make health care decisions for you. You may execute a “Health Care Proxy” to do this.

The law governing Powers of Attorney is contained in the New York General Obligations Law, Article 5, Title 15. This law is available at a law library, or online through the New York State Senate or Assembly websites, www.senate.state.ny.us or www.assembly.state.ny.us.

If there is anything about this document that you do not understand, you should ask a lawyer of your own choosing to explain it to you.

KNOW ALL MEN BY THESE PRESENTS: that I, RUTH E. BRUCH, the principal, hereby constitute and appoint Carl Krasik and Arlie R. Nogay, and each of them severally, as true and lawful attorneys-in-fact, with full power of substitution and resubstitution, for me and in my name, place and stead, in any and all capacities to sign any and all documents and instruments that such attorney may deem necessary, advisable or desirable under the Securities Exchange Act of 1934, as amended, and any rules, regulations and requirements of the U.S. Securities and Exchange Commission in connection with the Annual Report on Form 10-K for the year ended December 31, 2009 of The Bank of New York Mellon Corporation, and any and all amendments thereto, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing required and necessary to be done in and about the foregoing as fully for all intents and purposes as I might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof. This power of attorney is not intended to, and does not, revoke, or in any way affect, any prior power of attorney that I have executed.

In Witness Whereof, I have hereunto signed my name on the 9th day of February, 2010.

/s/ Ruth E. Bruch
Ruth E. Bruch

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 9th day of February in the year 2010, before me, the undersigned, a Notary Public in and for said State, personally appeared Ruth E. Bruch, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

/s/ Patricia Cosgrove
Notary Public

IMPORTANT INFORMATION FOR THE AGENT:

When you accept the authority granted under this Power of Attorney, a special legal relationship is created between you and the principal. This relationship imposes on you legal responsibilities that continue until you resign or the Power of Attorney is terminated or revoked. You must:

(1) act according to any instructions from the principal, or, where there are no instructions, in the principal’s best interest;

(2) avoid conflicts that would impair your ability to act in the principal’s best interest;

(3) keep the principal’s property separate and distinct from any assets you own or control, unless otherwise permitted by law;

(4) keep a record of all receipts, payments, and transactions conducted for the principal; and

(5) disclose your identity as an agent whenever you act for the principal by writing or printing the principal’s name and signing your own name as “agent” in either of the following manner: (Principal’s Name) by (Your Signature) as Agent, or (your signature) as Agent for (Principal’s Name).

You may not use the principal’s assets to benefit yourself or give major gifts to yourself or anyone else unless the principal has specifically granted you that authority in this Power of Attorney or in a Statutory Major Gifts Rider attached to this Power of Attorney. If you have that authority, you must act according to any instructions of the principal or, where there are no such instructions, in the principal’s best interest. You may resign by giving written notice to the principal and to any co-agent, successor agent, monitor if one has been named in this document, or the principal’s guardian if one has been appointed. If there is anything about this document or your responsibilities that you do not understand, you should seek legal advice.

Liability of agent:

The meaning of the authority given to you is defined in New York’s General Obligations Law, Article 5, Title 15. If it is found that you have violated the law or acted outside the authority granted to you in the Power of Attorney, you may be liable under the law for your violation.

We, Carl Krasik and Arlie R. Nogay, have read the foregoing Power of Attorney. We are the persons identified therein as agents for the principal named therein.

We acknowledge our legal responsibilities.

In Witness Whereof, we have hereunto signed our names on the 9 th day of February, 2010.

/s/ Carl Krasik
Carl Krasik

/s/ Arlie R. Nogay
Arlie R. Nogay

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 9 th day of February in the year 2010, before me, the undersigned, a Notary Public in and for said State, personally appeared Carl Krasik, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

/s/ Patricia Cosgrove
Notary Public

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 9 th day of February in the year 2010, before me, the undersigned, a Notary Public in and for said State, personally appeared Arlie R. Nogay, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

/s/ Patricia Cosgrove
Notary Public

POWER OF ATTORNEY

CAUTION TO THE PRINCIPAL: Your Power of Attorney is an important document. As the "principal," you give the person whom you choose (your "agent") authority to spend your money and sell or dispose of your property during your lifetime without telling you. You do not lose your authority to act even though you have given your agent similar authority.

When your agent exercises this authority, he or she must act according to any instructions you have provided or, where there are no specific instructions, in your best interest. "Important Information for the Agent" at the end of this document describes your agent's responsibilities.

Your agent can act on your behalf only after signing the Power of Attorney before a notary public.

You can request information from your agent at any time. If you are revoking a prior Power of Attorney by executing this Power of Attorney, you should provide written notice of the revocation to your prior agent(s) and to the financial institutions where your accounts are located.

You can revoke or terminate your Power of Attorney at any time for any reason as long as you are of sound mind. If you are no longer of sound mind, a court can remove an agent for acting improperly.

Your agent cannot make health care decisions for you. You may execute a "Health Care Proxy" to do this.

The law governing Powers of Attorney is contained in the New York General Obligations Law, Article 5, Title 15. This law is available at a law library, or online through the New York State Senate or Assembly websites, www.senate.state.ny.us or www.assembly.state.ny.us.

If there is anything about this document that you do not understand, you should ask a lawyer of your own choosing to explain it to you.

KNOW ALL MEN BY THESE PRESENTS: that I, GERALD L. HASSELL, the principal, hereby constitute and appoint Carl Krasik and Arlie R. Nogay, and each of them severally, as true and lawful attorneys-in-fact, with full power of substitution and resubstitution, for me and in my name, place and stead, in any and all capacities to sign any and all documents and instruments that such attorney may deem necessary, advisable or desirable under the Securities Exchange Act of 1934, as amended, and any rules, regulations and requirements of the U.S. Securities and Exchange Commission in connection with the Annual Report on Form 10-K for the year ended December 31, 2009 of The Bank of New York Mellon Corporation, and any and all amendments thereto, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing required and necessary to be done in and about the foregoing as fully for all intents and purposes as I might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof. This power of attorney is not intended to, and does not, revoke, or in any way affect, any prior power of attorney that I have executed.

In Witness Whereof, I have hereunto signed my name on the 9 th day of February, 2010.

/s/ Gerald L. Hassell
Gerald L. Hassell

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 9 th day of February in the year 2010, before me, the undersigned, a Notary Public in and for said State, personally appeared Gerald L. Hassell, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

/s/ Patricia Cosgrove
Notary Public

IMPORTANT INFORMATION FOR THE AGENT:

When you accept the authority granted under this Power of Attorney, a special legal relationship is created between you and the principal. This relationship imposes on you legal responsibilities that continue until you resign or the Power of Attorney is terminated or revoked. You must:

(1) act according to any instructions from the principal, or, where there are no instructions, in the principal's best interest;

(2) avoid conflicts that would impair your ability to act in the principal's best interest;

(3) keep the principal's property separate and distinct from any assets you own or control, unless otherwise permitted by law;

(4) keep a record of all receipts, payments, and transactions conducted for the principal; and

(5) disclose your identity as an agent whenever you act for the principal by writing or printing the principal's name and signing your own name as "agent" in either of the following manner: (Principal's Name) by (Your Signature) as Agent, or (your signature) as Agent for (Principal's Name).

You may not use the principal's assets to benefit yourself or give major gifts to yourself or anyone else unless the principal has specifically granted you that authority in this Power of Attorney or in a Statutory Major Gifts Rider attached to this Power of Attorney. If you have that authority, you must act according to any instructions of the principal or, where there are no such instructions, in the principal's best interest. You may resign by giving written notice to the principal and to any co-agent, successor agent, monitor if one has been named in this document, or the principal's guardian if one has been appointed. If there is anything about this document or your responsibilities that you do not understand, you should seek legal advice.

Liability of agent:

The meaning of the authority given to you is defined in New York's General Obligations Law, Article 5, Title 15. If it is found that you have violated the law or acted outside the authority granted to you in the Power of Attorney, you may be liable under the law for your violation.

We, Carl Krasik and Arlie R. Nogay, have read the foregoing Power of Attorney. We are the persons identified therein as agents for the principal named therein.

We acknowledge our legal responsibilities.

In Witness Whereof, we have hereunto signed our names on the 9 th day of February, 2010.

/s/ Carl Krasik
Carl Krasik

/s/ Arlie R. Nogay
Arlie R. Nogay

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 9 th day of February in the year 2010, before me, the undersigned, a Notary Public in and for said State, personally appeared Carl Krasik, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

/s/ Patricia Cosgrove
Notary Public

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 9 th day of February in the year 2010, before me, the undersigned, a Notary Public in and for said State, personally appeared Arlie R. Nogay, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

/s/ Patricia Cosgrove
Notary Public

POWER OF ATTORNEY

CAUTION TO THE PRINCIPAL: Your Power of Attorney is an important document. As the “principal,” you give the person whom you choose (your “agent”) authority to spend your money and sell or dispose of your property during your lifetime without telling you. You do not lose your authority to act even though you have given your agent similar authority.

When your agent exercises this authority, he or she must act according to any instructions you have provided or, where there are no specific instructions, in your best interest. “Important Information for the Agent” at the end of this document describes your agent’s responsibilities.

Your agent can act on your behalf only after signing the Power of Attorney before a notary public.

You can request information from your agent at any time. If you are revoking a prior Power of Attorney by executing this Power of Attorney, you should provide written notice of the revocation to your prior agent(s) and to the financial institutions where your accounts are located.

You can revoke or terminate your Power of Attorney at any time for any reason as long as you are of sound mind. If you are no longer of sound mind, a court can remove an agent for acting improperly.

Your agent cannot make health care decisions for you. You may execute a “Health Care Proxy” to do this.

The law governing Powers of Attorney is contained in the New York General Obligations Law, Article 5, Title 15. This law is available at a law library, or online through the New York State Senate or Assembly websites, www.senate.state.ny.us or www.assembly.state.ny.us.

If there is anything about this document that you do not understand, you should ask a lawyer of your own choosing to explain it to you.

KNOW ALL MEN BY THESE PRESENTS: that I, RICHARD J. KOGAN, the principal, hereby constitute and appoint Carl Krasik and Arlie R. Nogay, and each of them severally, as true and lawful attorneys-in-fact, with full power of substitution and resubstitution, for me and in my name, place and stead, in any and all capacities to sign any and all documents and instruments that such attorney may deem necessary, advisable or desirable under the Securities Exchange Act of 1934, as amended, and any rules, regulations and requirements of the U.S. Securities and Exchange Commission in connection with the Annual Report on Form 10-K for the year ended December 31, 2009 of The Bank of New York Mellon Corporation, and any and all amendments thereto, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing required and necessary to be done in and about the foregoing as fully for all intents and purposes as I might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof. This power of attorney is not intended to, and does not, revoke, or in any way affect, any prior power of attorney that I have executed.

In Witness Whereof, I have hereunto signed my name on the 9 th day of February, 2010.

/s/ Richard J. Kogan
Richard J. Kogan

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 9 th day of February in the year 2010, before me, the undersigned, a Notary Public in and for said State, personally appeared Richard J. Kogan, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

/s/ Patricia Cosgrove
Notary Public

IMPORTANT INFORMATION FOR THE AGENT:

When you accept the authority granted under this Power of Attorney, a special legal relationship is created between you and the principal. This relationship imposes on you legal responsibilities that continue until you resign or the Power of Attorney is terminated or revoked. You must:

(1) act according to any instructions from the principal, or, where there are no instructions, in the principal's best interest;

(2) avoid conflicts that would impair your ability to act in the principal's best interest;

(3) keep the principal's property separate and distinct from any assets you own or control, unless otherwise permitted by law;

(4) keep a record of all receipts, payments, and transactions conducted for the principal; and

(5) disclose your identity as an agent whenever you act for the principal by writing or printing the principal's name and signing your own name as "agent" in either of the following manner: (Principal's Name) by (Your Signature) as Agent, or (your signature) as Agent for (Principal's Name).

You may not use the principal's assets to benefit yourself or give major gifts to yourself or anyone else unless the principal has specifically granted you that authority in this Power of Attorney or in a Statutory Major Gifts Rider attached to this Power of Attorney. If you have that authority, you must act according to any instructions of the principal or, where there are no such instructions, in the principal's best interest. You may resign by giving written notice to the principal and to any co-agent, successor agent, monitor if one has been named in this document, or the principal's guardian if one has been appointed. If there is anything about this document or your responsibilities that you do not understand, you should seek legal advice.

Liability of agent:

The meaning of the authority given to you is defined in New York's General Obligations Law, Article 5, Title 15. If it is found that you have violated the law or acted outside the authority granted to you in the Power of Attorney, you may be liable under the law for your violation.

We, Carl Krasik and Arlie R. Nogay, have read the foregoing Power of Attorney. We are the persons identified therein as agents for the principal named therein.

We acknowledge our legal responsibilities.

In Witness Whereof, we have hereunto signed our names on the 9 th day of February, 2010.

/s/ Carl Krasik
Carl Krasik

/s/ Arlie R. Nogay
Arlie R. Nogay

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 9 th day of February in the year 2010, before me, the undersigned, a Notary Public in and for said State, personally appeared Carl Krasik, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

/s/ Patricia Cosgrove
Notary Public

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 9 th day of February in the year 2010, before me, the undersigned, a Notary Public in and for said State, personally appeared Arlie R. Nogay, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

/s/ Patricia Cosgrove
Notary Public

POWER OF ATTORNEY

CAUTION TO THE PRINCIPAL: Your Power of Attorney is an important document. As the “principal,” you give the person whom you choose (your “agent”) authority to spend your money and sell or dispose of your property during your lifetime without telling you. You do not lose your authority to act even though you have given your agent similar authority.

When your agent exercises this authority, he or she must act according to any instructions you have provided or, where there are no specific instructions, in your best interest. “Important Information for the Agent” at the end of this document describes your agent’s responsibilities.

Your agent can act on your behalf only after signing the Power of Attorney before a notary public.

You can request information from your agent at any time. If you are revoking a prior Power of Attorney by executing this Power of Attorney, you should provide written notice of the revocation to your prior agent(s) and to the financial institutions where your accounts are located.

You can revoke or terminate your Power of Attorney at any time for any reason as long as you are of sound mind. If you are no longer of sound mind, a court can remove an agent for acting improperly.

Your agent cannot make health care decisions for you. You may execute a “Health Care Proxy” to do this.

The law governing Powers of Attorney is contained in the New York General Obligations Law, Article 5, Title 15. This law is available at a law library, or online through the New York State Senate or Assembly websites, www.senate.state.ny.us or www.assembly.state.ny.us.

If there is anything about this document that you do not understand, you should ask a lawyer of your own choosing to explain it to you.

KNOW ALL MEN BY THESE PRESENTS: that I, MICHAEL J. KOWALSKI, the principal, hereby constitute and appoint Carl Krasik and Arlie R. Nogay, and each of them severally, as true and lawful attorneys-in-fact, with full power of substitution and resubstitution, for me and in my name, place and stead, in any and all capacities to sign any and all documents and instruments that such attorney may deem necessary, advisable or desirable under the Securities Exchange Act of 1934, as amended, and any rules, regulations and requirements of the U.S. Securities and Exchange Commission in connection with the Annual Report on Form 10-K for the year ended December 31, 2009 of The Bank of New York Mellon Corporation, and any and all amendments thereto, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing required and necessary to be done in and about the foregoing as fully for all intents and purposes as I might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof. This power of attorney is not intended to, and does not, revoke, or in any way affect, any prior power of attorney that I have executed.

In Witness Whereof, I have hereunto signed my name on the 9th day of February, 2010.

/s/ Michael J. Kowalski
Michael J. Kowalski

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 9th day of February in the year 2010, before me, the undersigned, a Notary Public in and for said State, personally appeared Michael J. Kowalski, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

/s/ Patricia Cosgrove
Notary Public

IMPORTANT INFORMATION FOR THE AGENT:

When you accept the authority granted under this Power of Attorney, a special legal relationship is created between you and the principal. This relationship imposes on you legal responsibilities that continue until you resign or the Power of Attorney is terminated or revoked. You must:

(1) act according to any instructions from the principal, or, where there are no instructions, in the principal's best interest;

(2) avoid conflicts that would impair your ability to act in the principal's best interest;

(3) keep the principal's property separate and distinct from any assets you own or control, unless otherwise permitted by law;

(4) keep a record of all receipts, payments, and transactions conducted for the principal; and

(5) disclose your identity as an agent whenever you act for the principal by writing or printing the principal's name and signing your own name as "agent" in either of the following manner: (Principal's Name) by (Your Signature) as Agent, or (your signature) as Agent for (Principal's Name).

You may not use the principal's assets to benefit yourself or give major gifts to yourself or anyone else unless the principal has specifically granted you that authority in this Power of Attorney or in a Statutory Major Gifts Rider attached to this Power of Attorney. If you have that authority, you must act according to any instructions of the principal or, where there are no such instructions, in the principal's best interest. You may resign by giving written notice to the principal and to any co-agent, successor agent, monitor if one has been named in this document, or the principal's guardian if one has been appointed. If there is anything about this document or your responsibilities that you do not understand, you should seek legal advice.

Liability of agent:

The meaning of the authority given to you is defined in New York's General Obligations Law, Article 5, Title 15. If it is found that you have violated the law or acted outside the authority granted to you in the Power of Attorney, you may be liable under the law for your violation.

We, Carl Krasik and Arlie R. Nogay, have read the foregoing Power of Attorney. We are the persons identified therein as agents for the principal named therein.

We acknowledge our legal responsibilities.

In Witness Whereof, we have hereunto signed our names on the 9th day of February, 2010.

/s/ Carl Krasik
Carl Krasik

/s/ Arlie R. Nogay
Arlie R. Nogay

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 9th day of February in the year 2010, before me, the undersigned, a Notary Public in and for said State, personally appeared Carl Krasik, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

/s/ Patricia Cosgrove
Notary Public

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 9th day of February in the year 2010, before me, the undersigned, a Notary Public in and for said State, personally appeared Arlie R. Nogay, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

/s/ Patricia Cosgrove
Notary Public

POWER OF ATTORNEY

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When your agent exercises this authority, he or she must act according to any instructions you have provided or, where there are no specific instructions, in your best interest. "Important Information for the Agent" at the end of this document describes your agent's responsibilities.

Your agent can act on your behalf only after signing the Power of Attorney before a notary public.

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You can revoke or terminate your Power of Attorney at any time for any reason as long as you are of sound mind. If you are no longer of sound mind, a court can remove an agent for acting improperly.

Your agent cannot make health care decisions for you. You may execute a "Health Care Proxy" to do this.

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If there is anything about this document that you do not understand, you should ask a lawyer of your own choosing to explain it to you.

KNOW ALL MEN BY THESE PRESENTS: that I, JOHN A. LUKE, JR., the principal, hereby constitute and appoint Carl Krasik and Arlie R. Nogay, and each of them severally, as true and lawful attorneys-in-fact, with full power of substitution and resubstitution, for me and in my name, place and stead, in any and all capacities to sign any and all documents and instruments that such attorney may deem necessary, advisable or desirable under the Securities Exchange Act of 1934, as amended, and any rules, regulations and requirements of the U.S. Securities and Exchange Commission in connection with the Annual Report on Form 10-K for the year ended December 31, 2009 of The Bank of New York Mellon Corporation, and any and all amendments thereto, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing required and necessary to be done in and about the foregoing as fully for all intents and purposes as I might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof. This power of attorney is not intended to, and does not, revoke, or in any way affect, any prior power of attorney that I have executed.

In Witness Whereof, I have hereunto signed my name on the 9th day of February, 2010.

/s/ John A. Luke, Jr.
John A. Luke, Jr.

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 9th day of February in the year 2010, before me, the undersigned, a Notary Public in and for said State, personally appeared John A. Luke, Jr., personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

/s/ Patricia Cosgrove
Notary Public

IMPORTANT INFORMATION FOR THE AGENT:

When you accept the authority granted under this Power of Attorney, a special legal relationship is created between you and the principal. This relationship imposes on you legal responsibilities that continue until you resign or the Power of Attorney is terminated or revoked. You must:

(1) act according to any instructions from the principal, or, where there are no instructions, in the principal's best interest;

(2) avoid conflicts that would impair your ability to act in the principal's best interest;

(3) keep the principal's property separate and distinct from any assets you own or control, unless otherwise permitted by law;

(4) keep a record of all receipts, payments, and transactions conducted for the principal; and

(5) disclose your identity as an agent whenever you act for the principal by writing or printing the principal's name and signing your own name as "agent" in either of the following manner: (Principal's Name) by (Your Signature) as Agent, or (your signature) as Agent for (Principal's Name).

You may not use the principal's assets to benefit yourself or give major gifts to yourself or anyone else unless the principal has specifically granted you that authority in this Power of Attorney or in a Statutory Major Gifts Rider attached to this Power of Attorney. If you have that authority, you must act according to any instructions of the principal or, where there are no such instructions, in the principal's best interest. You may resign by giving written notice to the principal and to any co-agent, successor agent, monitor if one has been named in this document, or the principal's guardian if one has been appointed. If there is anything about this document or your responsibilities that you do not understand, you should seek legal advice.

Liability of agent:

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We, Carl Krasik and Arlie R. Nogay, have read the foregoing Power of Attorney. We are the persons identified therein as agents for the principal named therein.

We acknowledge our legal responsibilities.

In Witness Whereof, we have hereunto signed our names on the 9 th day of February, 2010.

/s/ Carl Krasik
Carl Krasik

/s/ Arlie R. Nogay
Arlie R. Nogay

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 9 th day of February in the year 2010, before me, the undersigned, a Notary Public in and for said State, personally appeared Carl Krasik, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

/s/ Patricia Cosgrove
Notary Public

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 9 th day of February in the year 2010, before me, the undersigned, a Notary Public in and for said State, personally appeared Arlie R. Nogay, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

/s/ Patricia Cosgrove
Notary Public

POWER OF ATTORNEY

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If there is anything about this document that you do not understand, you should ask a lawyer of your own choosing to explain it to you.

KNOW ALL MEN BY THESE PRESENTS: that I, ROBERT MEHRABIAN, the principal, hereby constitute and appoint Carl Krasik and Arlie R. Nogay, and each of them severally, as true and lawful attorneys-in-fact, with full power of substitution and resubstitution, for me and in my name, place and stead, in any and all capacities to sign any and all documents and instruments that such attorney may deem necessary, advisable or desirable under the Securities Exchange Act of 1934, as amended, and any rules, regulations and requirements of the U.S. Securities and Exchange Commission in connection with the Annual Report on Form 10-K for the year ended December 31, 2009 of The Bank of New York Mellon Corporation, and any and all amendments thereto, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing required and necessary to be done in and about the foregoing as fully for all intents and purposes as I might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof. This power of attorney is not intended to, and does not, revoke, or in any way affect, any prior power of attorney that I have executed.

In Witness Whereof, I have hereunto signed my name on the 9th day of February, 2010.

/s/ Robert Mehrabian
Robert Mehrabian

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 9th day of February in the year 2010, before me, the undersigned, a Notary Public in and for said State, personally appeared Robert Mehrabian, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

/s/ Patricia Cosgrove
Notary Public

IMPORTANT INFORMATION FOR THE AGENT:

When you accept the authority granted under this Power of Attorney, a special legal relationship is created between you and the principal. This relationship imposes on you legal responsibilities that continue until you resign or the Power of Attorney is terminated or revoked. You must:

(1) act according to any instructions from the principal, or, where there are no instructions, in the principal's best interest;

(2) avoid conflicts that would impair your ability to act in the principal's best interest;

(3) keep the principal's property separate and distinct from any assets you own or control, unless otherwise permitted by law;

(4) keep a record of all receipts, payments, and transactions conducted for the principal; and

(5) disclose your identity as an agent whenever you act for the principal by writing or printing the principal's name and signing your own name as "agent" in either of the following manner: (Principal's Name) by (Your Signature) as Agent, or (your signature) as Agent for (Principal's Name).

You may not use the principal's assets to benefit yourself or give major gifts to yourself or anyone else unless the principal has specifically granted you that authority in this Power of Attorney or in a Statutory Major Gifts Rider attached to this Power of Attorney. If you have that authority, you must act according to any instructions of the principal or, where there are no such instructions, in the principal's best interest. You may resign by giving written notice to the principal and to any co-agent, successor agent, monitor if one has been named in this document, or the principal's guardian if one has been appointed. If there is anything about this document or your responsibilities that you do not understand, you should seek legal advice.

Liability of agent:

The meaning of the authority given to you is defined in New York's General Obligations Law, Article 5, Title 15. If it is found that you have violated the law or acted outside the authority granted to you in the Power of Attorney, you may be liable under the law for your violation.

We, Carl Krasik and Arlie R. Nogay, have read the foregoing Power of Attorney. We are the persons identified therein as agents for the principal named therein.

We acknowledge our legal responsibilities.

In Witness Whereof, we have hereunto signed our names on the 9 th day of February, 2010.

/s/ Carl Krasik
Carl Krasik

/s/ Arlie R. Nogay
Arlie R. Nogay

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 9 th day of February in the year 2010, before me, the undersigned, a Notary Public in and for said State, personally appeared Carl Krasik, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

/s/ Patricia Cosgrove
Notary Public

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 9 th day of February in the year 2010, before me, the undersigned, a Notary Public in and for said State, personally appeared Arlie R. Nogay, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

/s/ Patricia Cosgrove
Notary Public

POWER OF ATTORNEY

CAUTION TO THE PRINCIPAL: Your Power of Attorney is an important document. As the "principal," you give the person whom you choose (your "agent") authority to spend your money and sell or dispose of your property during your lifetime without telling you. You do not lose your authority to act even though you have given your agent similar authority.

When your agent exercises this authority, he or she must act according to any instructions you have provided or, where there are no specific instructions, in your best interest. "Important Information for the Agent" at the end of this document describes your agent's responsibilities.

Your agent can act on your behalf only after signing the Power of Attorney before a notary public.

You can request information from your agent at any time. If you are revoking a prior Power of Attorney by executing this Power of Attorney, you should provide written notice of the revocation to your prior agent(s) and to the financial institutions where your accounts are located.

You can revoke or terminate your Power of Attorney at any time for any reason as long as you are of sound mind. If you are no longer of sound mind, a court can remove an agent for acting improperly.

Your agent cannot make health care decisions for you. You may execute a "Health Care Proxy" to do this.

The law governing Powers of Attorney is contained in the New York General Obligations Law, Article 5, Title 15. This law is available at a law library, or online through the New York State Senate or Assembly websites, www.senate.state.ny.us or www.assembly.state.ny.us.

If there is anything about this document that you do not understand, you should ask a lawyer of your own choosing to explain it to you.

KNOW ALL MEN BY THESE PRESENTS: that I, MARK A. NORDENBERG, the principal, hereby constitute and appoint Carl Krasik and Arlie R. Nogay, and each of them severally, as true and lawful attorneys-in-fact, with full power of substitution and resubstitution, for me and in my name, place and stead, in any and all capacities to sign any and all documents and instruments that such attorney may deem necessary, advisable or desirable under the Securities Exchange Act of 1934, as amended, and any rules, regulations and requirements of the U.S. Securities and Exchange Commission in connection with the Annual Report on Form 10-K for the year ended December 31, 2009 of The Bank of New York Mellon Corporation, and any and all amendments thereto, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing required and necessary to be done in and about the foregoing as fully for all intents and purposes as I might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof. This power of attorney is not intended to, and does not, revoke, or in any way affect, any prior power of attorney that I have executed.

In Witness Whereof, I have hereunto signed my name on the 9 th day of February, 2010.

/s/ Mark A. Nordenberg
Mark A. Nordenberg

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 9 th day of February in the year 2010, before me, the undersigned, a Notary Public in and for said State, personally appeared Mark A. Nordenberg, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

/s/ Patricia Cosgrove
Notary Public

IMPORTANT INFORMATION FOR THE AGENT:

When you accept the authority granted under this Power of Attorney, a special legal relationship is created between you and the principal. This relationship imposes on you legal responsibilities that continue until you resign or the Power of Attorney is terminated or revoked. You must:

(1) act according to any instructions from the principal, or, where there are no instructions, in the principal's best interest;

(2) avoid conflicts that would impair your ability to act in the principal's best interest;

(3) keep the principal's property separate and distinct from any assets you own or control, unless otherwise permitted by law;

(4) keep a record of all receipts, payments, and transactions conducted for the principal; and

(5) disclose your identity as an agent whenever you act for the principal by writing or printing the principal's name and signing your own name as "agent" in either of the following manner: (Principal's Name) by (Your Signature) as Agent, or (your signature) as Agent for (Principal's Name).

You may not use the principal's assets to benefit yourself or give major gifts to yourself or anyone else unless the principal has specifically granted you that authority in this Power of Attorney or in a Statutory Major Gifts Rider attached to this Power of Attorney. If you have that authority, you must act according to any instructions of the principal or, where there are no such instructions, in the principal's best interest. You may resign by giving written notice to the principal and to any co-agent, successor agent, monitor if one has been named in this document, or the principal's guardian if one has been appointed. If there is anything about this document or your responsibilities that you do not understand, you should seek legal advice.

Liability of agent:

The meaning of the authority given to you is defined in New York's General Obligations Law, Article 5, Title 15. If it is found that you have violated the law or acted outside the authority granted to you in the Power of Attorney, you may be liable under the law for your violation.

We, Carl Krasik and Arlie R. Nogay, have read the foregoing Power of Attorney. We are the persons identified therein as agents for the principal named therein.

We acknowledge our legal responsibilities.

In Witness Whereof, we have hereunto signed our names on the 9 th day of February, 2010.

/s/ Carl Krasik
Carl Krasik

/s/ Arlie R. Nogay
Arlie R. Nogay

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 9 th day of February in the year 2010, before me, the undersigned, a Notary Public in and for said State, personally appeared Carl Krasik, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

/s/ Patricia Cosgrove
Notary Public

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 9 th day of February in the year 2010, before me, the undersigned, a Notary Public in and for said State, personally appeared Arlie R. Nogay, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

/s/ Patricia Cosgrove
Notary Public

POWER OF ATTORNEY

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When your agent exercises this authority, he or she must act according to any instructions you have provided or, where there are no specific instructions, in your best interest. “Important Information for the Agent” at the end of this document describes your agent’s responsibilities.

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If there is anything about this document that you do not understand, you should ask a lawyer of your own choosing to explain it to you.

KNOW ALL MEN BY THESE PRESENTS: that I, CATHERINE A. REIN, the principal, hereby constitute and appoint Carl Krasik and Arlie R. Nogay, and each of them severally, as true and lawful attorneys-in-fact, with full power of substitution and resubstitution, for me and in my name, place and stead, in any and all capacities to sign any and all documents and instruments that such attorney may deem necessary, advisable or desirable under the Securities Exchange Act of 1934, as amended, and any rules, regulations and requirements of the U.S. Securities and Exchange Commission in connection with the Annual Report on Form 10-K for the year ended December 31, 2009 of The Bank of New York Mellon Corporation, and any and all amendments thereto, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing required and necessary to be done in and about the foregoing as fully for all intents and purposes as I might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof. This power of attorney is not intended to, and does not, revoke, or in any way affect, any prior power of attorney that I have executed.

In Witness Whereof, I have hereunto signed my name on the 9 th day of February, 2010.

/s/ Catherine A. Rein

Catherine A. Rein

STATE OF NEW YORK)

) ss.:

COUNTY OF NEW YORK)

On the 9 th day of February in the year 2010, before me, the undersigned, a Notary Public in and for said State, personally appeared Catherine A. Rein, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

/s/ Patricia Cosgrove

Notary Public

IMPORTANT INFORMATION FOR THE AGENT:

When you accept the authority granted under this Power of Attorney, a special legal relationship is created between you and the principal. This relationship imposes on you legal responsibilities that continue until you resign or the Power of Attorney is terminated or revoked. You must:

(1) act according to any instructions from the principal, or, where there are no instructions, in the principal's best interest;

(2) avoid conflicts that would impair your ability to act in the principal's best interest;

(3) keep the principal's property separate and distinct from any assets you own or control, unless otherwise permitted by law;

(4) keep a record of all receipts, payments, and transactions conducted for the principal; and

(5) disclose your identity as an agent whenever you act for the principal by writing or printing the principal's name and signing your own name as "agent" in either of the following manner: (Principal's Name) by (Your Signature) as Agent, or (your signature) as Agent for (Principal's Name).

You may not use the principal's assets to benefit yourself or give major gifts to yourself or anyone else unless the principal has specifically granted you that authority in this Power of Attorney or in a Statutory Major Gifts Rider attached to this Power of Attorney. If you have that authority, you must act according to any instructions of the principal or, where there are no such instructions, in the principal's best interest. You may resign by giving written notice to the principal and to any co-agent, successor agent, monitor if one has been named in this document, or the principal's guardian if one has been appointed. If there is anything about this document or your responsibilities that you do not understand, you should seek legal advice.

Liability of agent:

The meaning of the authority given to you is defined in New York's General Obligations Law, Article 5, Title 15. If it is found that you have violated the law or acted outside the authority granted to you in the Power of Attorney, you may be liable under the law for your violation.

We, Carl Krasik and Arlie R. Nogay, have read the foregoing Power of Attorney. We are the persons identified therein as agents for the principal named therein.

We acknowledge our legal responsibilities.

In Witness Whereof, we have hereunto signed our names on the 9 th day of February, 2010.

/s/ Carl Krasik
Carl Krasik

/s/ Arlie R. Nogay
Arlie R. Nogay

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 9 th day of February in the year 2010, before me, the undersigned, a Notary Public in and for said State, personally appeared Carl Krasik, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

/s/ Patricia Cosgrove
Notary Public

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 9 th day of February in the year 2010, before me, the undersigned, a Notary Public in and for said State, personally appeared Arlie R. Nogay, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

/s/ Patricia Cosgrove
Notary Public

POWER OF ATTORNEY

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When your agent exercises this authority, he or she must act according to any instructions you have provided or, where there are no specific instructions, in your best interest. "Important Information for the Agent" at the end of this document describes your agent's responsibilities.

Your agent can act on your behalf only after signing the Power of Attorney before a notary public.

You can request information from your agent at any time. If you are revoking a prior Power of Attorney by executing this Power of Attorney, you should provide written notice of the revocation to your prior agent(s) and to the financial institutions where your accounts are located.

You can revoke or terminate your Power of Attorney at any time for any reason as long as you are of sound mind. If you are no longer of sound mind, a court can remove an agent for acting improperly.

Your agent cannot make health care decisions for you. You may execute a "Health Care Proxy" to do this.

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If there is anything about this document that you do not understand, you should ask a lawyer of your own choosing to explain it to you.

KNOW ALL MEN BY THESE PRESENTS: that I, WILLIAM C. RICHARDSON, the principal, hereby constitute and appoint Carl Krasik and Arlie R. Nogay, and each of them severally, as true and lawful attorneys-in-fact, with full power of substitution and resubstitution, for me and in my name, place and stead, in any and all capacities to sign any and all documents and instruments that such attorney may deem necessary, advisable or desirable under the Securities Exchange Act of 1934, as amended, and any rules, regulations and requirements of the U.S. Securities and Exchange Commission in connection with the Annual Report on Form 10-K for the year ended December 31, 2009 of The Bank of New York Mellon Corporation, and any and all amendments thereto, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing required and necessary to be done in and about the foregoing as fully for all intents and purposes as I might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof. This power of attorney is not intended to, and does not, revoke, or in any way affect, any prior power of attorney that I have executed.

In Witness Whereof, I have hereunto signed my name on the 9 th day of February, 2010.

/s/ William C. Richardson
William C. Richardson

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 9 th day of February in the year 2010, before me, the undersigned, a Notary Public in and for said State, personally appeared William C. Richardson, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

/s/ Patricia Cosgrove
Notary Public

IMPORTANT INFORMATION FOR THE AGENT:

When you accept the authority granted under this Power of Attorney, a special legal relationship is created between you and the principal. This relationship imposes on you legal responsibilities that continue until you resign or the Power of Attorney is terminated or revoked. You must:

(1) act according to any instructions from the principal, or, where there are no instructions, in the principal's best interest;

(2) avoid conflicts that would impair your ability to act in the principal's best interest;

(3) keep the principal's property separate and distinct from any assets you own or control, unless otherwise permitted by law;

(4) keep a record of all receipts, payments, and transactions conducted for the principal; and

(5) disclose your identity as an agent whenever you act for the principal by writing or printing the principal's name and signing your own name as "agent" in either of the following manner: (Principal's Name) by (Your Signature) as Agent, or (your signature) as Agent for (Principal's Name).

You may not use the principal's assets to benefit yourself or give major gifts to yourself or anyone else unless the principal has specifically granted you that authority in this Power of Attorney or in a Statutory Major Gifts Rider attached to this Power of Attorney. If you have that authority, you must act according to any instructions of the principal or, where there are no such instructions, in the principal's best interest. You may resign by giving written notice to the principal and to any co-agent, successor agent, monitor if one has been named in this document, or the principal's guardian if one has been appointed. If there is anything about this document or your responsibilities that you do not understand, you should seek legal advice.

Liability of agent:

The meaning of the authority given to you is defined in New York's General Obligations Law, Article 5, Title 15. If it is found that you have violated the law or acted outside the authority granted to you in the Power of Attorney, you may be liable under the law for your violation.

We, Carl Krasik and Arlie R. Nogay, have read the foregoing Power of Attorney. We are the persons identified therein as agents for the principal named therein.

We acknowledge our legal responsibilities.

In Witness Whereof, we have hereunto signed our names on the 9th day of February, 2010.

/s/ Carl Krasik
Carl Krasik

/s/ Arlie R. Nogay
Arlie R. Nogay

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 9th day of February in the year 2010, before me, the undersigned, a Notary Public in and for said State, personally appeared Carl Krasik, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

/s/ Patricia Cosgrove
Notary Public

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 9th day of February in the year 2010, before me, the undersigned, a Notary Public in and for said State, personally appeared Arlie R. Nogay, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

/s/ Patricia Cosgrove
Notary Public

POWER OF ATTORNEY

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When your agent exercises this authority, he or she must act according to any instructions you have provided or, where there are no specific instructions, in your best interest. “Important Information for the Agent” at the end of this document describes your agent’s responsibilities.

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You can revoke or terminate your Power of Attorney at any time for any reason as long as you are of sound mind. If you are no longer of sound mind, a court can remove an agent for acting improperly.

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If there is anything about this document that you do not understand, you should ask a lawyer of your own choosing to explain it to you.

KNOW ALL MEN BY THESE PRESENTS: that I, SAMUEL C. SCOTT III, the principal, hereby constitute and appoint Carl Krasik and Arlie R. Nogay, and each of them severally, as true and lawful attorneys-in-fact, with full power of substitution and resubstitution, for me and in my name, place and stead, in any and all capacities to sign any and all documents and instruments that such attorney may deem necessary, advisable or desirable under the Securities Exchange Act of 1934, as amended, and any rules, regulations and requirements of the U.S. Securities and Exchange Commission in connection with the Annual Report on Form 10-K for the year ended December 31, 2009 of The Bank of New York Mellon Corporation, and any and all amendments thereto, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing required and necessary to be done in and about the foregoing as fully for all intents and purposes as I might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof. This power of attorney is not intended to, and does not, revoke, or in any way affect, any prior power of attorney that I have executed.

In Witness Whereof, I have hereunto signed my name on the 9th day of February, 2010.

/s/ Samuel C. Scott III
Samuel C. Scott III

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 9th day of February in the year 2010, before me, the undersigned, a Notary Public in and for said State, personally appeared Samuel C. Scott III, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

/s/ Patricia Cosgrove
Notary Public

IMPORTANT INFORMATION FOR THE AGENT:

When you accept the authority granted under this Power of Attorney, a special legal relationship is created between you and the principal. This relationship imposes on you legal responsibilities that continue until you resign or the Power of Attorney is terminated or revoked. You must:

(1) act according to any instructions from the principal, or, where there are no instructions, in the principal's best interest;

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(3) keep the principal's property separate and distinct from any assets you own or control, unless otherwise permitted by law;

(4) keep a record of all receipts, payments, and transactions conducted for the principal; and

(5) disclose your identity as an agent whenever you act for the principal by writing or printing the principal's name and signing your own name as "agent" in either of the following manner: (Principal's Name) by (Your Signature) as Agent, or (your signature) as Agent for (Principal's Name).

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Liability of agent:

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We, Carl Krasik and Arlie R. Nogay, have read the foregoing Power of Attorney. We are the persons identified therein as agents for the principal named therein.

We acknowledge our legal responsibilities.

In Witness Whereof, we have hereunto signed our names on the 9th day of February, 2010.

/s/ Carl Krasik
Carl Krasik

/s/ Arlie R. Nogay
Arlie R. Nogay

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 9th day of February in the year 2010, before me, the undersigned, a Notary Public in and for said State, personally appeared Carl Krasik, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

/s/ Patricia Cosgrove
Notary Public

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 9th day of February in the year 2010, before me, the undersigned, a Notary Public in and for said State, personally appeared Arlie R. Nogay, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

/s/ Patricia Cosgrove
Notary Public

POWER OF ATTORNEY

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If there is anything about this document that you do not understand, you should ask a lawyer of your own choosing to explain it to you.

KNOW ALL MEN BY THESE PRESENTS: that I, JOHN P. SURMA, the principal, hereby constitute and appoint Carl Krasik and Arlie R. Nogay, and each of them severally, as true and lawful attorneys-in-fact, with full power of substitution and resubstitution, for me and in my name, place and stead, in any and all capacities to sign any and all documents and instruments that such attorney may deem necessary, advisable or desirable under the Securities Exchange Act of 1934, as amended, and any rules, regulations and requirements of the U.S. Securities and Exchange Commission in connection with the Annual Report on Form 10-K for the year ended December 31, 2009 of The Bank of New York Mellon Corporation, and any and all amendments thereto, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing required and necessary to be done in and about the foregoing as fully for all intents and purposes as I might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof. This power of attorney is not intended to, and does not, revoke, or in any way affect, any prior power of attorney that I have executed.

In Witness Whereof, I have hereunto signed my name on the 9 th day of February, 2010.

/s/ John P. Surma
John P. Surma

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 9 th day of February in the year 2010, before me, the undersigned, a Notary Public in and for said State, personally appeared John P. Surma, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

/s/ Patricia Cosgrove
Notary Public

IMPORTANT INFORMATION FOR THE AGENT:

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(2) avoid conflicts that would impair your ability to act in the principal's best interest;

(3) keep the principal's property separate and distinct from any assets you own or control, unless otherwise permitted by law;

(4) keep a record of all receipts, payments, and transactions conducted for the principal; and

(5) disclose your identity as an agent whenever you act for the principal by writing or printing the principal's name and signing your own name as "agent" in either of the following manner: (Principal's Name) by (Your Signature) as Agent, or (your signature) as Agent for (Principal's Name).

You may not use the principal's assets to benefit yourself or give major gifts to yourself or anyone else unless the principal has specifically granted you that authority in this Power of Attorney or in a Statutory Major Gifts Rider attached to this Power of Attorney. If you have that authority, you must act according to any instructions of the principal or, where there are no such instructions, in the principal's best interest. You may resign by giving written notice to the principal and to any co-agent, successor agent, monitor if one has been named in this document, or the principal's guardian if one has been appointed. If there is anything about this document or your responsibilities that you do not understand, you should seek legal advice.

Liability of agent:

The meaning of the authority given to you is defined in New York's General Obligations Law, Article 5, Title 15. If it is found that you have violated the law or acted outside the authority granted to you in the Power of Attorney, you may be liable under the law for your violation.

We, Carl Krasik and Arlie R. Nogay, have read the foregoing Power of Attorney. We are the persons identified therein as agents for the principal named therein.

We acknowledge our legal responsibilities.

In Witness Whereof, we have hereunto signed our names on the 9 th day of February, 2010.

/s/ Carl Krasik
Carl Krasik

/s/ Arlie R. Nogay
Arlie R. Nogay

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 9 th day of February in the year 2010, before me, the undersigned, a Notary Public in and for said State, personally appeared Carl Krasik, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

/s/ Patricia Cosgrove
Notary Public

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 9 th day of February in the year 2010, before me, the undersigned, a Notary Public in and for said State, personally appeared Arlie R. Nogay, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

/s/ Patricia Cosgrove
Notary Public

POWER OF ATTORNEY

CAUTION TO THE PRINCIPAL: Your Power of Attorney is an important document. As the “principal,” you give the person whom you choose (your “agent”) authority to spend your money and sell or dispose of your property during your lifetime without telling you. You do not lose your authority to act even though you have given your agent similar authority.

When your agent exercises this authority, he or she must act according to any instructions you have provided or, where there are no specific instructions, in your best interest. “Important Information for the Agent” at the end of this document describes your agent’s responsibilities.

Your agent can act on your behalf only after signing the Power of Attorney before a notary public.

You can request information from your agent at any time. If you are revoking a prior Power of Attorney by executing this Power of Attorney, you should provide written notice of the revocation to your prior agent(s) and to the financial institutions where your accounts are located.

You can revoke or terminate your Power of Attorney at any time for any reason as long as you are of sound mind. If you are no longer of sound mind, a court can remove an agent for acting improperly.

Your agent cannot make health care decisions for you. You may execute a “Health Care Proxy” to do this.

The law governing Powers of Attorney is contained in the New York General Obligations Law, Article 5, Title 15. This law is available at a law library, or online through the New York State Senate or Assembly websites, www.senate.state.ny.us or www.assembly.state.ny.us.

If there is anything about this document that you do not understand, you should ask a lawyer of your own choosing to explain it to you.

KNOW ALL MEN BY THESE PRESENTS: that I, WESLEY W. von SCHACK, the principal, hereby constitute and appoint Carl Krasik and Arlie R. Nogay, and each of them severally, as true and lawful attorneys-in-fact, with full power of substitution and resubstitution, for me and in my name, place and stead, in any and all capacities to sign any and all documents and instruments that such attorney may deem necessary, advisable or desirable under the Securities Exchange Act of 1934, as amended, and any rules, regulations and requirements of the U.S. Securities and Exchange Commission in connection with the Annual Report on Form 10-K for the year ended December 31, 2009 of The Bank of New York Mellon Corporation, and any and all amendments thereto, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing required and necessary to be done in and about the foregoing as fully for all intents and purposes as I might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof. This power of attorney is not intended to, and does not, revoke, or in any way affect, any prior power of attorney that I have executed.

In Witness Whereof, I have hereunto signed my name on the 9th day of February, 2010.

/s/ Wesley W. von Schack
Wesley W. von Schack

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 9th day of February in the year 2010, before me, the undersigned, a Notary Public in and for said State, personally appeared Wesley W. von Schack, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

/s/ Patricia Cosgrove
Notary Public

IMPORTANT INFORMATION FOR THE AGENT:

When you accept the authority granted under this Power of Attorney, a special legal relationship is created between you and the principal. This relationship imposes on you legal responsibilities that continue until you resign or the Power of Attorney is terminated or revoked. You must:

(1) act according to any instructions from the principal, or, where there are no instructions, in the principal's best interest;

(2) avoid conflicts that would impair your ability to act in the principal's best interest;

(3) keep the principal's property separate and distinct from any assets you own or control, unless otherwise permitted by law;

(4) keep a record of all receipts, payments, and transactions conducted for the principal; and

(5) disclose your identity as an agent whenever you act for the principal by writing or printing the principal's name and signing your own name as "agent" in either of the following manner: (Principal's Name) by (Your Signature) as Agent, or (your signature) as Agent for (Principal's Name).

You may not use the principal's assets to benefit yourself or give major gifts to yourself or anyone else unless the principal has specifically granted you that authority in this Power of Attorney or in a Statutory Major Gifts Rider attached to this Power of Attorney. If you have that authority, you must act according to any instructions of the principal or, where there are no such instructions, in the principal's best interest. You may resign by giving written notice to the principal and to any co-agent, successor agent, monitor if one has been named in this document, or the principal's guardian if one has been appointed. If there is anything about this document or your responsibilities that you do not understand, you should seek legal advice.

Liability of agent:

The meaning of the authority given to you is defined in New York's General Obligations Law, Article 5, Title 15. If it is found that you have violated the law or acted outside the authority granted to you in the Power of Attorney, you may be liable under the law for your violation.

We, Carl Krasik and Arlie R. Nogay, have read the foregoing Power of Attorney. We are the persons identified therein as agents for the principal named therein.

We acknowledge our legal responsibilities.

In Witness Whereof, we have hereunto signed our names on the 9 th day of February, 2010.

/s/ Carl Krasik
Carl Krasik

/s/ Arlie R. Nogay
Arlie R. Nogay

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 9 th day of February in the year 2010, before me, the undersigned, a Notary Public in and for said State, personally appeared Carl Krasik, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

/s/ Patricia Cosgrove
Notary Public

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 9 th day of February in the year 2010, before me, the undersigned, a Notary Public in and for said State, personally appeared Arlie R. Nogay, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

/s/ Patricia Cosgrove
Notary Public

Exhibit 31.1

CERTIFICATION

I, Robert P. Kelly, certify that:

1. I have reviewed this annual report on Form 10-K of The Bank of New York Mellon Corporation (the “registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 26, 2010

/s/ Robert P. Kelly

Name: Robert P. Kelly
Title: Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Thomas P. Gibbons, certify that:

1. I have reviewed this annual report on Form 10-K of The Bank of New York Mellon Corporation (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2010

/s/ Thomas P. Gibbons
Name: Thomas P. Gibbons
Title: Chief Financial Officer

Exhibit 32.1

CERTIFICATION

Pursuant to 18 U.S.C. Section 1350, the undersigned officer of The Bank of New York Mellon Corporation (the "Company"), hereby certifies, to his knowledge, that BNY Mellon's Annual Report on Form 10-K for the year ended Dec. 31, 2009 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of BNY Mellon.

Dated: February 26, 2010

/s/ Robert P. Kelly
Name: Robert P. Kelly
Title: Chief Executive Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

Exhibit 32.2

CERTIFICATION

Pursuant to 18 U.S.C. Section 1350, the undersigned officer of The Bank of New York Mellon Corporation (the "Company"), hereby certifies, to his knowledge, that BNY Mellon's Annual Report on Form 10-K for the year ended Dec. 31, 2009 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of BNY Mellon.

Dated: February 26, 2010

/s/ Thomas P. Gibbons
Name: Thomas P. Gibbons
Title: Chief Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.