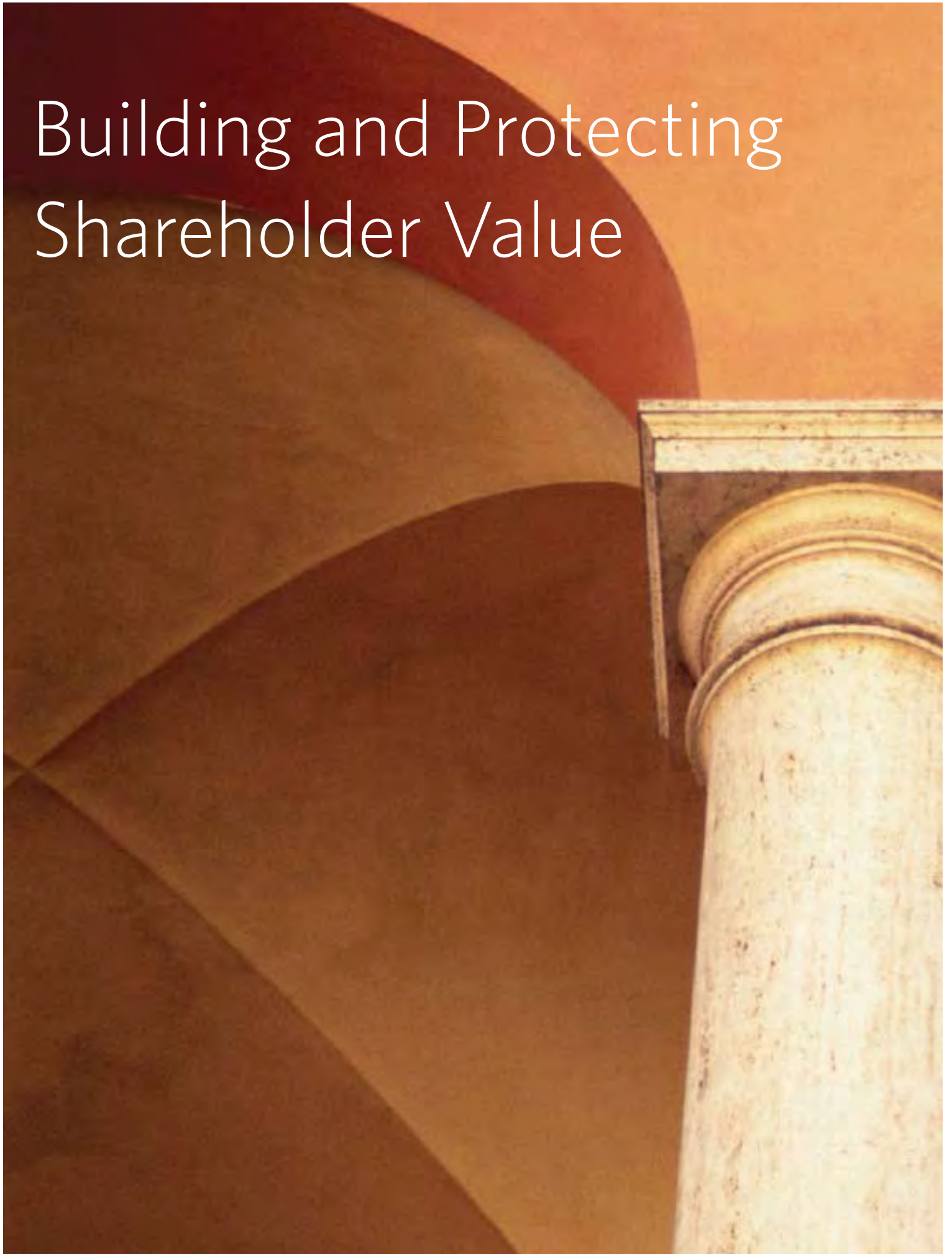


Building and Protecting Shareholder Value



We are committed to maximizing and protecting the value of our franchise. Key to fulfilling this commitment is our focus on:

- Strong governance
- Rigorous compliance and ethics standards
- Focus on creating superior shareholder value
- Responding to the global financial crisis
- Appropriate political contributions and lobbying activities

Independence of the Board

Independent Members
13

Non-independent Members
2

Strong Governance

Our board of directors has the primary responsibility to oversee The Bank of New York Mellon's management in the interest of the company and its shareholders. The board of directors is subject to our Corporate Code of Conduct and our Corporate Governance Guidelines (available at bnymellon.com/ethics). Non-management directors regularly hold executive sessions without management at each regularly scheduled board and committee meeting.

In fulfillment of their duties and responsibilities, board members engage in ongoing communications with senior management and have full access to all employees. Interested parties may report any concerns about business conduct, accounting practices, auditing matters or any other matter to the lead director of the board.

Corporate Social Responsibility (CSR) for the company is managed by dedicated specialists who work with business areas across the company. They are accountable to the Corporate Social Responsibility Committee of the Board, which is made up entirely of independent directors. The CSR Committee regularly reviews and discusses each of the areas covered by the Key Performance Indicators (shown on pages 4 & 5), as well as development of this annual report.

Rigorous Compliance and Ethics Standards

Our Compliance and Ethics Program is designed to help ensure our company complies with all laws and regulations and maintains the highest possible standards of ethical conduct.

Each employee has personal responsibility for meeting these standards. Because our business is in a fast-paced, ever-changing environment, we recognize how critical it is that the entire

workforce be well trained to understand the importance of their role in the process. In 2008 we introduced a number of key initiatives to support this effort, including:

- A year-long awareness campaign to remind all employees of the importance of recognizing causes for concern, taking responsibility for talking to someone and reporting any incidents.
- Ethics training focused on real-life scenarios.
- A broad employee survey to benchmark our level of engagement on these issues against other institutions.
- Bi-monthly communications to employees that illustrate real-life examples of how to avoid pitfalls and that emphasize everyone's personal accountability.

Focus on Creating Superior Shareholder Value

We are committed to creating long-term value for our shareholders. Our businesses are revenue-led, driven by organic growth and market share gains and supplemented with incremental acquisitions or divestitures. Our long-term financial goals are focused on achieving superior total shareholder returns by generating first-quartile earnings per share growth over time relative to a group of peer companies. Key components of this strategy include:

- Providing the best client service versus peers, as measured through independent surveys
- Strong investment performance, relative to investment benchmarks
- Above-median revenue growth, relative to peer companies for each of our businesses
- Increasing the percentage of revenue and income generated outside the U.S.
- Competitive margins
- Positive operating leverage

We provide quarterly and annual reports of our financial results, host quarterly conference calls to discuss our results and participate in financial services conferences to review our strategy, objectives and results. Our senior management is actively engaged with our shareholders, securities analysts, rating agencies and others in the investment community, utilizing their feedback to enhance our disclosures. Our goal in our financial disclosures is to provide the highest level of transparency possible.

Responding to the Global Financial Crisis

During a period of unprecedented market turmoil, we demonstrated our strength and resilience, and continued to support our clients. Here are just a few of the actions we took to deal with these unprecedented times.

- The board convened several special sessions to discuss our response to the financial crisis. We were also actively engaged with regulators, government officials and clients in an effort to stem the turmoil in the global markets. These efforts, along with our selection by the U.S. Treasury as financial agent in support of the Troubled Asset Relief Program, enhanced our status as a critical part of the world's financial infrastructure.
- We utilized the \$3 billion in capital that was invested in us by the U.S. Treasury in a number of ways, including the purchase of mortgage-backed securities and debentures issued by U.S. government-sponsored agencies to help increase the amount of funds available to qualified borrowers in the residential housing market. We also purchased debt securities of other healthy financial institutions and continued to make loans to other financial institutions through the interbank lending market.

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- We provided support to clients invested in money market mutual funds, cash sweep funds and similar collective funds principally impacted by the Lehman Brothers bankruptcy. It was the right thing to do for our clients and helped contribute to the stability in the overall market.
- We grew operating revenue, reduced operating expenses and were profitable in every quarter in 2008.* We maintained excellent liquidity and had the highest credit rating among U.S. financial institutions by Moody's and the second highest credit rating by Standard & Poor's.

**Operating revenue excludes the impact of securities write-downs and charges related to structured lease transactions.*

Appropriate Political Contributions and Lobbying Activities

Political contributions and lobbying have received a great deal of public attention this past year. Although we have always followed the relevant laws in this area, we have re-visited our policies to ensure that we not only adhere to the many and often changing laws, but proactively anticipated any possible appearance of inappropriate activity. We have a carefully managed political action committee with broad employee participation. In 2009, we will continue to improve our corporate policies governing lobbying, political fundraising and other political activities to ensure these actions will not adversely impact our reputation or create any perception of impropriety among our clients.