



BNY MELLON

# Press Release

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## **BNY MELLON REPORTS FOURTH QUARTER CONTINUING EPS OF \$0.59 OR \$712 MILLION; NET BENEFIT OF \$0.04 DUE TO:**

- **Discrete tax benefit and securities gains partially offset by a restructuring charge related to global efficiency initiatives and M&I expenses**

## **ASSET AND WEALTH MANAGEMENT FEES +13% SEQUENTIALLY**

- **\$14 billion of net long-term asset flows**
- **Completed acquisition of Insight Investment Management**
- **Improved investment performance**

## **SUCCESSFULLY COMPLETED RESTRUCTURING OF INVESTMENT SECURITIES PORTFOLIO**

## **CAPITAL RATIOS REMAIN STRONG**

- **Tier 1 12.0%, Tier 1 Common 10.5%, TCE 5.2%**

**NEW YORK, Jan. 20, 2010** -- The Bank of New York Mellon Corporation (NYSE:BK) today reported fourth quarter income from continuing operations applicable to common shareholders of \$712 million, or \$0.59 per common share, compared with \$50 million, or \$0.04 per common share, in the fourth quarter of 2008 and a loss of \$2.439 billion, or \$2.04 per common share, in the third quarter of 2009.

“We saw excellent growth in asset and wealth management revenues this quarter, which benefited from long-term flows, the contribution from Insight Investment Management, higher equity values and stronger investment performance. However, the persistent low interest rate environment globally increasingly challenged our net interest revenue and fee revenue,” said Robert P. Kelly, chairman and chief executive officer of BNY Mellon.

“In 2009, we completed our merger, raised equity and repaid TARP, successfully completed the restructuring of our investment securities portfolio and ended the year with strong capital ratios. I want to thank all of our employees, as our accomplishments in a very challenging year reflect their excellent work and dedication,” added Mr. Kelly.

The net loss from continuing operations applicable to common shareholders totaled \$1.097 billion, or \$0.93 per common share, for the full year 2009 compared to net income of \$1.398 billion, or \$1.21 per common share, for the full year 2008. Net loss applicable to common shareholders, including discontinued operations, for the full-year 2009 totaled \$1.367 billion, or \$1.16 per common share, compared to net income of \$1.386 billion, or \$1.20 per common share, for the full-year 2008.

**Fourth Quarter Results** - Unless otherwise noted, all comments begin with the results of the fourth quarter of 2009 and are compared to the fourth quarter of 2008, all information is reported on a continuing operations basis and sequential growth rates are unannualized. Please refer to the Quarterly Earnings Review for detailed business segment information.

## Total revenue

Reconciliation of total revenue (dollar amounts in millions)	4Q09	3Q09	4Q08	4Q09 vs.	
				4Q08	3Q09
Fee and other revenue – GAAP	\$ 2,595	\$ (2,216)	\$ 1,817	N/M	N/M
Less: Investment securities gains (losses)	15	(4,833)	(1,241)	N/M	N/M
Total fee revenue – GAAP	2,580	2,617	3,058	(16)%	(1)%
Net interest revenue – GAAP	724	716	1,047	(31)	1
Total revenue excluding investment securities gains (losses) – Non-GAAP	\$ 3,304	\$ 3,333	\$ 4,105	(20)%	(1)%

N/M – Not meaningful.

- Assets under custody and administration** amounted to \$22.3 trillion at Dec. 31, 2009, an increase of 10% compared with the prior year and an increase of 1% sequentially. The year-over-year increase reflects higher market values, and new business wins, while the sequential increase primarily reflects higher market values. **Assets under management**, excluding securities lending assets, amounted to \$1.115 trillion at Dec. 31, 2009. This represents an increase of 20% compared with the prior year, and a 15% sequential increase. Both increases were primarily due to the acquisition of Insight Investment Management (“Insight”) in the fourth quarter of 2009. Net long-term inflows of \$14 billion in the fourth quarter of 2009 were more than offset by \$22 billion of short-term outflows.
- Securities servicing fees, excluding securities lending fee revenue**, totaled \$1.212 billion, a decrease of \$54 million year-over-year and an increase of \$17 million sequentially. A year-over-year increase in asset servicing revenue was offset by lower clearing and issuer services revenue. Sequentially, higher asset servicing and issuer services revenue were primarily offset by lower clearing revenue. Comparisons to both prior periods were negatively impacted by lower money market distribution fees. Securities lending fee revenue totaled \$29 million in the fourth quarter of 2009 compared with \$187 million in the prior year period and \$43 million sequentially. The year over year and sequential decreases reflect lower spreads and volumes.
- Asset and wealth management fees** totaled \$736 million, an increase of 5% compared with the prior year period and 13% sequentially. Both increases reflect the impact of the Insight acquisition, stronger investment performance and improved market values, partially offset by a reduction in money market related fees due to outflows in money market products and higher fee waivers. The sequential increase also reflects positive long-term net inflows of \$14 billion. Asset and wealth management fees, excluding performance fees, increased 4% sequentially.
- Foreign exchange and other trading activities** totaled \$246 million, a decrease of 52% compared with a record \$510 million in the prior year period and unchanged compared with the third quarter of 2009. The decrease year-over-year primarily reflects lower foreign exchange revenue, driven by lower volatility and spreads, as well as a lower valuation of the credit derivatives used to hedge the loan portfolio. The sequential results reflect higher foreign exchange revenue and lower mark to market adjustments on credit default swaps, offset by lower fixed income trading revenue.
- Investment income** totaled \$78 million, increasing \$33 million year-over-year and decreasing \$43 million sequentially. The increase compared with the prior year period reflects higher seed capital and private equity investment revenue, partially offset by lower lease residual gains. The sequential decrease primarily reflects lower lease residual gains.
- Net interest revenue (FTE)** totaled \$729 million with a net interest margin of 1.77% compared with \$721 million and 1.85%, sequentially.

- **Investment securities pre-tax net gains** totaled \$15 million compared to pre-tax net losses of \$1.241 billion in the fourth quarter of 2008 and \$4.833 billion in the third quarter of 2009.

The **provision for credit losses** decreased to \$65 million in the fourth quarter of 2009 compared with \$147 million in the third quarter of 2009. The decrease in the provision reflects a lower number of downgrades in the fourth quarter of 2009. During the fourth quarter of 2009, the total allowance for credit losses increased \$32 million and net charge-offs totaled \$33 million.

### Total noninterest expense

Reconciliation of noninterest expense (dollar amounts in millions)	4Q09	3Q09	4Q08	4Q09 vs.	
				4Q08	3Q09
Noninterest expense – GAAP	\$ 2,582	\$ 2,318	\$ 2,859	(10)%	11%
Restructuring charges (See page 10)	139	(5)	181	N/M	N/M
Support agreement charges	(5)	13	163	N/M	N/M
M&I expenses	52	54	97	(46)	(4)
Amortization of intangible assets	107	104	113	(5)	3
Total noninterest expense, excluding restructuring charges, support agreement charges, M&I expenses and intangible amortization – Non-GAAP	\$ 2,289	\$ 2,152	\$ 2,305	(1)%	6%

N/M – Not meaningful.

- Total noninterest expense (excluding restructuring charges, support agreement charges, M&I expenses and intangible amortization) decreased 1% compared with the prior year period and increased 6% sequentially. The decrease compared with the prior year reflects the impact of merger related synergies and the workforce reduction program announced in the fourth quarter of 2008, primarily offset by expenses relating to the Insight acquisition. The sequential increase principally reflects a seasonal increase in business development expense, the Insight acquisition, employee benefit adjustments, and higher legal and FDIC expenses.

Results for the fourth quarter of 2009 include a **net income tax benefit** of \$41 million which consists primarily of a \$51 million benefit from a higher proportion of foreign earnings, as well as a \$133 million benefit from discrete tax items primarily related to a tax loss on mortgages. Excluding the impact of the restructuring charges, M&I expenses, securities gains and the discrete tax benefit, the effective tax rate was approximately 22% (Non-GAAP) in the fourth quarter of 2009.

The **unrealized net of tax losses on our investment securities portfolio** was \$783 million at Dec. 31, 2009 compared with a net of tax unrealized loss of \$1.0 billion at Sept. 30, 2009.

Capital ratios (a)	Dec. 31, 2009	Sept. 30, 2009	Dec. 31, 2008
Tier 1 capital ratio	12.0%	11.4%	13.2%
Tier 1 common equity to risk-weighted assets ratio (b)	10.5	9.9	9.4
Total (Tier 1 plus Tier 2) capital ratio	15.9	15.3	16.9
Leverage capital ratio	6.5	6.5	6.9
Common shareholders' equity to assets ratio (b)	13.7	13.3	10.6
Tangible common shareholders' equity to tangible assets ratio – Non-GAAP (b)	5.2	5.2	3.8

(a) Includes discontinued operations.

(b) See the Supplemental information section beginning on page 10 for a calculation of these ratios.

**Nonperforming assets** totaled \$550 million, a decrease of \$10 million compared with Sept. 30, 2009.

**Declaration of quarterly dividend** – On Jan. 20, 2010, The Bank of New York Mellon Corporation declared a quarterly common stock dividend of \$0.09 per common share. This cash dividend is payable on Feb. 9, 2010 to shareholders of record as of the close of business on Feb. 1, 2010.

BNY Mellon is the corporate brand of The Bank of New York Mellon Corporation. BNY Mellon is a global financial services company focused on helping clients manage and service their financial assets, operating in 34 countries and serving more than 100 markets. BNY Mellon is a leading provider of financial services for institutions, corporations and high-net-worth individuals, providing superior asset management and wealth management, asset servicing, issuer services, clearing services and treasury services through a worldwide client-focused team. It has \$22.3 trillion in assets under custody and administration, \$1.1 trillion in assets under management, services \$12.0 trillion in outstanding debt and processes global payments averaging \$1.6 trillion per day. Additional information is available at [www.bnymellon.com](http://www.bnymellon.com).

### **Supplemental Financial Information**

The Quarterly Earnings Review and supplemental financial trends for The Bank of New York Mellon Corporation have been updated through Dec. 31, 2009 and are available at [www.bnymellon.com](http://www.bnymellon.com) (Investor Relations - Financial Reports).

### **Conference Call Data**

Robert P. Kelly, chairman and chief executive officer; Gerald L. Hassell, president; and Thomas P. Gibbons, chief financial officer, along with other members of executive management from BNY Mellon, will host a conference call and simultaneous live audio webcast at 8:00 a.m. EST on Wednesday, Jan. 20, 2010. This conference call and audio webcast will include forward-looking statements and may include other material information. Persons wishing to access the conference call and audio webcast may do so by dialing (888) 677-5383 (U.S.) and (210) 838-9221 (International) Passcode: Earnings, or by logging on to [www.bnymellon.com](http://www.bnymellon.com). The Earnings Release, together with the Quarterly Earnings Review and supplemental financial trends, will be available at [www.bnymellon.com](http://www.bnymellon.com) beginning at approximately 6:30 a.m. EST on Jan. 20, 2010. Replays of the conference call and audio webcast will be available beginning Jan. 20, 2010 at approximately 2:00 p.m. EST through Wednesday, Feb. 3, 2010 by dialing (800) 664-4219 (U.S.) or (203) 369-3307 (International). The archived version of the conference call and audio webcast will also be available at [www.bnymellon.com](http://www.bnymellon.com) for the same time period.

**THE BANK OF NEW YORK MELLON CORPORATION**  
**Financial Highlights**

<i>(dollar amounts in millions, except per common share amounts and unless otherwise noted)</i>	Quarter ended			Year ended	
	Dec. 31, 2009	Sept. 30, 2009	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2008
<b><u>Continuing operations</u></b>					
Return on common equity <i>(annualized) (a)</i>	<b>9.8%</b>	N/M	0.8% <i>(b)</i>	N/M	5.0% <i>(b)</i>
Non-GAAP adjusted <i>(a)</i>	<b>10.1%</b>	10.0%	16.8% <i>(b)</i>	<b>9.3%</b>	14.2% <i>(b)</i>
Return on tangible common equity <i>(annualized) – Non-GAAP (a)</i>	<b>33.0%</b>	N/M	6.5% <i>(b)</i>	N/M	20.5% <i>(b)</i>
Non-GAAP adjusted <i>(a)</i>	<b>31.0%</b>	31.8%	61.3% <i>(b)</i>	<b>32.2%</b>	48.7% <i>(b)</i>
Fee and other revenue as a percent of total revenue <i>(a)</i>	<b>78%</b>	N/M	63%	<b>62%</b>	79%
Non-GAAP adjusted <i>(a)</i>	<b>78%</b>	79%	74%	<b>78%</b>	79%
Annualized fee revenue per employee <i>(based on average headcount) (in thousands)</i>	<b>\$243</b>	\$248	\$285	<b>\$242</b>	\$290
Percent of non-U.S. fee and net interest revenue	<b>36%</b>	31%	31%	<b>32%</b>	33% <i>(c)</i>
Pre-tax operating margin <i>(a)</i>	<b>20%</b>	N/M	(2)%	N/M	14%
Non-GAAP adjusted <i>(a)</i>	<b>29%</b>	32%	43%	<b>31%</b>	39%
Net interest margin (FTE) <i>(d)</i>	<b>1.77%</b>	1.85%	2.32%	<b>1.82%</b>	1.89% <i>(c)</i>
<b><u>Selected average balances</u></b>					
Interest-earning assets <i>(e)</i>	<b>\$164,075</b>	\$155,159	\$181,639	<b>\$160,955</b>	\$152,201
Total assets	<b>\$214,205</b>	\$205,786	\$243,962	<b>\$212,127</b>	\$209,955
Interest-bearing deposits <i>(e)</i>	<b>\$ 98,404</b>	\$ 93,632	\$ 95,726	<b>\$ 98,206</b>	\$ 91,913
Noninterest-bearing deposits <i>(e)</i>	<b>\$ 34,991</b>	\$ 34,920	\$ 51,729	<b>\$ 36,446</b>	\$ 33,724
Total shareholders' equity	<b>\$ 28,843</b>	\$ 28,144	\$ 28,771	<b>\$ 28,476</b>	\$ 28,704
Average common shares and equivalents outstanding <i>(in thousands)</i> :					
Basic	<b>1,200,359</b>	1,197,414	1,144,839	<b>1,178,907</b>	1,142,239
Diluted <i>(f)</i>	<b>1,203,469</b>	1,197,414	1,146,127	<b>1,178,907</b>	1,148,358
<b><u>Period-end data</u></b>					
Assets under custody and administration <i>(in trillions)</i>	<b>\$ 22.3</b>	\$ 22.1	\$ 20.2	<b>\$ 22.3</b>	\$ 20.2
Cross-border assets <i>(in trillions)</i>	<b>\$ 8.8</b>	\$ 8.6	\$ 7.5	<b>\$ 8.8</b>	\$ 7.5
Market value of securities on loan <i>(in billions) (g)</i>	<b>\$ 247</b>	\$ 299	\$ 326	<b>\$ 247</b>	\$ 326
Assets under management <i>(in billions)</i>	<b>\$1,115</b>	\$ 966	\$ 928	<b>\$1,115</b>	\$ 928
Employees	<b>42,200</b>	42,000	42,500	<b>42,200</b>	42,500
Book value per common share – GAAP <i>(a)</i>	<b>\$ 23.99</b>	\$ 23.50	\$ 22.00	<b>\$ 23.99</b>	\$ 22.00
Tangible book value per common share – Non-GAAP <i>(a)</i>	<b>\$ 7.90</b>	\$ 7.54	\$ 5.18	<b>\$ 7.90</b>	\$ 5.18
Dividends per common share	<b>\$ 0.09</b>	\$ 0.09	\$ 0.24	<b>\$ 0.51</b>	\$ 0.96
Closing common stock price per common share	<b>\$ 27.97</b>	\$ 28.99	\$ 28.33	<b>\$ 27.97</b>	\$ 28.33
Market capitalization	<b>\$33,783</b>	\$34,911	\$32,536	<b>\$33,783</b>	\$32,536

*(a) See Supplemental information beginning on page 10 for a calculation of these ratios.*

*(b) Calculated before extraordinary loss.*

*(c) 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 full year of 2008.*

*(d) Prior periods calculated on a continuing operations basis, even though the balance sheet, in accordance with GAAP, is not restated for discontinued operations.*

*(e) Excludes the impact of discontinued operations.*

*(f) Diluted earnings per share for the three months ended Sept. 30, 2009 and year ended Dec. 31, 2009 was calculated using average basic shares. Adding back the dilutive shares would result in anti-dilution.*

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

**THE BANK OF NEW YORK MELLON CORPORATION**  
**Condensed Consolidated Income Statement**

	Quarter ended			Year ended	
	Dec. 31, 2009	Sept. 30, 2009	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2008
<i>(in millions, except per common share amounts)</i>					
<b>Fee and other revenue</b>					
Securities servicing fees:					
Asset servicing	\$ 650	\$ 643	\$ 786 (a)	\$2,573	\$3,370 (a)
Issuer services	368	359	388	1,463	1,685
Clearing services	223	236	279	962	1,065
Total securities servicing fees	1,241	1,238	1,453	4,998	6,120
Asset and wealth management fees	736	650	701	2,639	3,218
Foreign exchange and other trading activities	246	246	510	1,036	1,462
Treasury services	134	128	132	519	514
Distribution and servicing	85	94	106	397	421
Financing-related fees	57	56	44	215	186
Investment income	78	121	45	226	207
Other	3	84	67	111	214
Total fee revenue	2,580	2,617	3,058	10,141	12,342
Net securities gains (losses)	15	(4,833)	(1,241)	(5,369)	(1,628)
Total fee and other revenue	2,595	(2,216)	1,817	4,772	10,714
<b>Net interest revenue</b>					
Interest revenue	854	829	1,525	3,507	5,524
Interest expense	130	113	478	592	2,665
Net interest revenue	724	716	1,047	2,915	2,859
Provision for credit losses	65	147	54	332	104
Net interest revenue after provision for credit losses	659	569	993	2,583	2,755
<b>Noninterest expense</b>					
Staff	1,221	1,157	1,180 (a)	4,700	5,189 (a)
Professional, legal and other purchased services	278	265	273 (a)	1,017	1,021 (a)
Net occupancy	141	142	141	564	570
Distribution and servicing	109	104	123	426	517
Software	98	95	86	367	331
Sub-custodian and clearing	83	80	84 (a)	320	335 (a)
Furniture and equipment	80	76	86	309	323
Business development	76	45	76	214	278
Other	198	201	419	837	1,822
Subtotal	2,284	2,165	2,468	8,754	10,386
Amortization of intangible assets	107	104	113	426	473
Restructuring charges	139	(5)	181	150	181
Merger and integration expenses:					
The Bank of New York Mellon Corporation	52	54	97	233	471
Acquired Corporate Trust Business	-	-	-	-	12
Total noninterest expense	2,582	2,318	2,859	9,563	11,523
<b>Income</b>					
Income (loss) from continuing operations before income taxes	672	(3,965)	(49)	(2,208)	1,946
Provision (benefit) for income taxes	(41)	(1,527)	(137)	(1,395)	491
Income (loss) from continuing operations	713	(2,438)	88	(813)	1,455
Discontinued operations:					
Income (loss) from discontinued operations	(183)	(29)	7	(421)	28
Provision (benefit) for income taxes	(64)	(10)	3	(151)	14
Income (loss) from discontinued operations, net of tax	(119)	(19)	4	(270)	14
Extraordinary (loss) on consolidation of commercial paper conduits, net of tax	-	-	(26)	-	(26)
Net income (loss)	594	(2,457)	66	(1,083)	1,443
Net (income) loss attributable to noncontrolling interests, net of tax	(1)	(1)	(5)	(1)	(24)
Redemption charge and preferred dividends	-	-	(33)	(283)	(33)
Net income (loss) applicable to common shareholders of					
The Bank of New York Mellon Corporation	\$ 593	\$(2,458)	\$ 28	\$(1,367)	\$1,386

(a) See page 10 for an explanation of prior period income statement adjustments.

**THE BANK OF NEW YORK MELLON CORPORATION**  
**Condensed Consolidated Income Statement - continued**

<b>Earnings per share applicable to the common shareholders  of The Bank of New York Mellon Corporation</b> <i>(in millions, except per common share amounts)</i>	Quarter ended			Year ended	
	Dec. 31, 2009	Sept. 30, 2009	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2008
<i>Basic:</i>					
Income (loss) from continuing operations	\$ 0.59	\$(2.04)	\$ 0.04	\$(0.93)	\$ 1.21
Income (loss) from discontinued operations, net of tax	(0.10)	(0.02)	-	(0.23)	0.01
Extraordinary (loss), net of tax	-	-	(0.02)	-	(0.02)
Net income (loss) applicable to common stock	\$ 0.49	\$(2.05) (a)	\$ 0.02	\$(1.16)	\$ 1.20
<i>Diluted: (b)</i>					
Income (loss) from continuing operations	\$ 0.59	\$(2.04)	\$ 0.04	\$(0.93)	\$ 1.21
Income (loss) from discontinued operations, net of tax	(0.10)	(0.02)	-	(0.23)	0.01
Extraordinary (loss), net of tax	-	-	(0.02)	-	(0.02)
Net income (loss) applicable to common stock	\$ 0.49	\$(2.05) (a)	\$ 0.02	\$(1.16)	\$ 1.20

(a) Does not foot due to rounding.

(b) Diluted earnings per share for the three months ended Sept. 30, 2009 and the full-year ended Dec. 31, 2009, was calculated using average basic shares. Adding back the dilutive shares would result in anti-dilution.

<b>Reconciliation of net income (loss) from continuing operations  applicable to the common shareholders of The Bank  of New York Mellon Corporation</b> <i>(in millions)</i>	Quarter ended			Year ended	
	Dec. 31, 2009	Sept. 30, 2009	Dec. 31, 2008	Dec. 31, 2009	Dec. 31, 2008
Income (loss) from continuing operations	\$713	\$(2,438)	\$88	\$ (813)	\$1,455
Net (income) loss attributable to noncontrolling interests, net of tax	(1)	(1)	(5)	(1)	(24)
Redemption charge and preferred dividends	-	-	(33)	(283)	(33)
Income (loss) from continuing operations applicable to common shareholders of The Bank of New York Mellon Corporation, net of tax	712	(2,439)	50	(1,097)	1,398
Income (loss) from discontinued operations, net of tax	(119)	(19)	4	(270)	14
Extraordinary (loss), net of tax	-	-	(26)	-	(26)
Net income (loss) applicable to the common shareholders of The Bank of New York Mellon Corporation	\$593	\$(2,458)	\$28	\$(1,367)	\$1,386

**THE BANK OF NEW YORK MELLON CORPORATION**  
**Consolidated Balance Sheet**

<i>(dollar amounts in millions, except per share amounts)</i>	<b>Dec. 31, 2009</b>	Dec. 31, 2008
<b>Assets</b>		
Cash and due from:		
Banks	\$ 3,671	\$ 4,881
Federal Reserve and other central banks (includes \$7,362 and \$53,270 of interest-bearing deposits)	7,423	53,278
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	16,737	15,023
Assets of discontinued operations	2,242	-
Total assets	\$212,224	\$237,512
<b>Liabilities</b>		
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)	3,891	4,618
Long-term debt	17,234	15,865
Liabilities of discontinued operations	1,608	-
Total liabilities	183,221	209,423
<b>Equity</b>		
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	10,250
Accumulated other comprehensive loss, net of tax	(1,835)	(5,426)
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 interest	26	39
Total equity	29,003	28,089
Total liabilities and equity	\$212,224	\$237,512

## Investment Securities Portfolio

At Dec. 31, 2009, the fair value of our investment securities portfolio totaled \$55.9 billion. The unrealized pre-tax loss on our securities portfolio was \$1.2 billion at Dec. 31, 2009 compared with \$1.4 billion at Sept. 30, 2009 and \$7.6 billion at Dec. 31, 2008.

In the fourth quarter of 2009, we securitized \$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 previously written down to fair value as part of the 3Q09 restructuring of the investment securities portfolio. As a result of this transaction, we received \$771 million in cash for a Class A senior tranche that was sold to third parties and retained Class B certificates with a fair value of \$4.2 billion, which is included in the tables below. The transaction resulted in a \$39 million net loss in the fourth quarter of 2009, which was offset by \$54 million of net gains on the sale of \$3.6 billion of investment securities. The following table presents the fourth quarter 2009 activity related to restructuring and reducing risk in the investment securities portfolio.

Investment securities portfolio rollforward of 4Q09 activity (dollar amounts in millions)	Amortized cost at 9/30/09	Paydowns/ accretion/ other	4Q09 purchases	Restructuring	4Q09 Sales		Amortized cost at 12/31/09
					Proceeds from sales	Gain/ (loss)	
<b>Watch list:</b>							
European floating rate notes	\$ 7,092	\$ (178)	\$ -	\$ -	\$ (767)	\$ 35	\$ 6,182
Commercial MBS	2,685	(14)	-	-	(272)	-	2,399
Prime RMBS	4,324	(240)	-	(2,069)	(86)	3	1,932
Alt-A RMBS	4,619	(158)	-	(2,603)	(949)	(17)	892
Subprime RMBS	1,158	(20)	-	(128)	(222)	-	788
Credit cards	649	(3)	-	-	(22)	2	626
Home equity lines of credit	226	(13)	-	-	(264)	51	-
Other	526	(8)	-	-	(27)	(15)	476
Total Watch list (a)	21,279	(634)	-	(4,800)	(2,609)	59	13,295
Grantor Trust Class B Certificates	-	23	-	4,969	(771)	(39)	4,182
Agency RMBS	16,560	(866)	3,084	-	-	-	18,778
Sovereign debt/sovereign guaranteed	6,590	(148)	2,259	-	-	-	8,701
U.S. Treasury securities	5,052	(161)	1,463	-	-	-	6,354
FDIC-insured debt	1,962	1	-	-	-	-	1,963
Government agency debt	1,241	(6)	-	-	-	-	1,235
Other	2,850	(74)	39	-	(265)	(5)	2,545
Total investment securities	\$55,534	\$(1,865)	\$6,845	\$ 169	\$(3,645)	\$ 15	\$57,053

Investment securities portfolio Dec. 31, 2009 (dollar amounts in millions)	Amortized cost	Fair value	Fair value as a % of amortized cost (b)	Unrealized gain/(loss)	Ratings				
					AAA/ AA-	A+/ A-	BBB+/ BBB-	BB+ and lower	Not rated
<b>Watch list:</b>									
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 (a)	13,295	11,813	84	(1,482)	77	12	2	9	-
Grantor Trust Class B Certificates	4,182	4,160	60	(22)	-	-	-	-	100
Agency RMBS	18,778	19,016	99	238	100	-	-	-	-
Sovereign debt/sovereign guaranteed	8,701	8,709	100	8	100	-	-	-	-
U.S. Treasury securities	6,354	6,374	100	20	100	-	-	-	-
FDIC-insured debt	1,963	2,003	98	40	100	-	-	-	-
Government agency debt	1,235	1,260	98	25	100	-	-	-	-
Other	2,545	2,537	100	(8)	69	11	7	1	12
Total investment securities	\$57,053	\$55,872	92%	\$(1,181)	86%	3%	1%	2%	8%

(a) The "Watch list" includes those securities we view as having a higher risk of impairment charges.

(b) Amortized cost before impairments.

## **Restructuring charge**

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 the elimination of certain positions.

In December 2009, we recorded a pre-tax restructuring charge of \$139 million, or \$0.07 per common share. This charge was comprised of \$102 million for severance costs and \$37 million for asset write-offs and other costs. The restructuring charge is recorded as a separate line on the income statement.

## **Discontinued operations**

In the second quarter of 2009, we adopted discontinued operations accounting for Mellon United National Bank located in Florida. It was determined that this business no longer fit our strategic focus on our asset management and securities servicing businesses. In July 2009, we signed a definitive agreement to sell Mellon United National Bank. The transaction was completed on Jan. 15, 2010. This business was formerly included in the Other segment. In the fourth quarter of 2009, we recorded an after-tax loss on discontinued operations of \$119 million largely related to additional write-downs primarily for retained South Florida real estate loans. The value of these loans, which are carried at the lower of cost or market, was \$383 million (face value of \$635 million) at Dec. 31, 2009. The after-tax loss of \$270 million for the full-year of 2009 primarily reflects the loan write-downs and the elimination of \$82 million of goodwill recorded in the second quarter of 2009.

## **Consolidated net income applicable to common shareholders, including discontinued operations**

Net income applicable to common shareholders, including discontinued operations, totaled \$593 million, or \$0.49 per common share, in the fourth quarter of 2009, compared with \$28 million, or \$0.02 per common share, in the fourth quarter of 2008 and a net loss of \$2.458 billion, or \$2.05 per common share, in the third quarter of 2009.

## **Income statement adjustments**

The following reclassifications were made to the income statement in the second quarter 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 \$4 million in the fourth quarter of 2008 and \$22 million in the full-year of 2008.
- Certain temporary/consulting expenses were reclassified from professional, legal and other purchased services to staff expense. This reclassification totaled \$33 million in the fourth quarter of 2008 and \$100 million in the full-year of 2008.

## **Supplemental information – Explanation of Non-GAAP financial measures**

BNY Mellon has included in this release 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 and earnings measures which exclude the effect of investment securities gains (losses) and SILO/LILO charge; expense measures which exclude restructuring charges, an FDIC special assessment, support agreement charges, asset-based taxes, M&I expenses and intangible amortization expenses; 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 relates 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 regards 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. Restructuring charges relate to migrating positions to global growth centers and the elimination of certain positions. In this Earnings Release, 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 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.

<b>Reconciliation of net income (loss) and EPS – GAAP to Non-GAAP</b> <i>(in millions, except per common share amounts)</i>	<b>4Q09</b>	
	<b>Net income</b>	<b>EPS (a)</b>
Net income applicable to common shareholders of The Bank of New York Mellon Corporation – GAAP	<b>\$593</b>	<b>N/A</b>
Earnings allocated to participating securities (a)	<b>(5)</b>	<b>N/A</b>
Net income applicable to common shareholders of The Bank of New York Mellon Corporation – GAAP – Diluted EPS basis	<b>588</b>	<b>\$0.49</b>
Less: Discontinued operations (loss)	<b>(119)</b>	<b>(0.10)</b>
Continuing operations – GAAP – Diluted EPS basis	<b>707</b>	<b>0.59</b>
Net investment securities (gains)	<b>(31)</b>	<b>(0.03)</b>
M&I expenses	<b>33</b>	<b>0.03</b>
Restructuring charges	<b>86</b>	<b>0.07</b>
Discrete tax benefits	<b>(133)</b>	<b>(0.11)</b>
Net income from continuing operations applicable to common shareholders excluding the investment securities (gains), M&I expenses, restructuring charges and discrete tax benefits - Non-GAAP	<b>662</b>	<b>0.55</b>
Intangible amortization	<b>66</b>	<b>0.06</b>
Net income (loss) from continuing operations applicable to common shareholders excluding the investment securities (gains), M&I expenses, restructuring charges, discrete tax benefits and intangible amortization – Non-GAAP	<b>\$728</b>	<b>\$0.60 (b)</b>

(a) Diluted earnings per share under the two-class method was calculated after deducting earnings allocated to participating securities.

(b) Does not foot due to rounding.

N/A – Not applicable.

<b>Securities servicing fees</b> <i>(in millions)</i>	<b>4Q09</b>	<b>3Q09</b>	<b>4Q08</b>
Securities servicing fees	<b>\$1,241</b>	\$1,238	\$1,453
Less: Securities lending fee revenue	<b>29</b>	43	187
Securities servicing fees excluding securities lending fee revenue	<b>\$1,212</b>	\$1,195	\$1,266

<b>Asset and wealth management fee revenue</b> <i>(dollars in millions)</i>	<b>4Q09</b>	<b>3Q09</b>	<b>4Q08</b>	<b>4Q09 vs.</b>	
				<b>4Q08</b>	<b>3Q09</b>
Asset and wealth management fee revenue	<b>\$736</b>	\$650	\$701	<b>5%</b>	<b>13%</b>
Less: Performance fees	<b>59</b>	1	44	<b>34</b>	<b>N/M</b>
Asset and wealth management fee revenue excluding performance fees	<b>\$677</b>	\$649	\$657	<b>3%</b>	<b>4%</b>

<b>Reconciliation of fee and other revenue as a percent of total revenue</b>					
<i>(dollars in millions)</i>					
	<b>4Q09</b>	3Q09	4Q08	<b>2009</b>	2008
Fee and other revenue – GAAP	<b>\$2,595</b>	\$(2,216)	\$1,817	<b>\$ 4,772</b>	\$10,714
Less: Investment securities gains (losses)	<b>15</b>	(4,833)	(1,241)	<b>(5,369)</b>	(1,628)
Fee and other revenue excluding investment securities gains (losses)– Non-GAAP	<b>2,580</b>	2,617	3,058	<b>10,141</b>	12,342
Net interest revenue – GAAP	<b>724</b>	716	1,047	<b>2,915</b>	2,859
Less: SILO/LILO charges	-	-	-	-	(489)
Net interest revenue excluding SILO/LILO charges – Non-GAAP	<b>724</b>	716	1,047	<b>2,915</b>	3,348
Total revenue – GAAP	<b>\$3,319</b>	\$(1,500)	\$2,864	<b>\$ 7,687</b>	\$13,573
Total revenue excluding investment securities gains (losses) and SILO/LILO charges – Non-GAAP	<b>\$3,304</b>	\$ 3,333	\$4,105	<b>\$13,056</b>	\$15,690
Fee and other revenue as a percentage of total revenue	<b>78%</b>	N/M	63%	<b>62%</b>	79%
Fee and other revenue as a percentage of total revenue excluding investment securities gains (losses) and SILO/LILO charges – Non-GAAP	<b>78%</b>	79%	74%	<b>78%</b>	79%

*N/M – Not meaningful.*

<b>Reconciliation of income (loss) from continuing operations before income taxes – pre-tax operating margin</b>					
<i>(dollars in millions)</i>					
	<b>4Q09</b>	3Q09	4Q08	<b>2009</b>	2008
Income (loss) from continuing operations before income taxes – GAAP	<b>\$ 672</b>	\$(3,965)	\$ (49)	<b>\$ (2,208)</b>	\$ 1,946
Investment securities (gains) losses	<b>(15)</b>	4,833	1,241	<b>5,369</b>	1,628
SILO/LILO charges	-	-	-	-	489
Support agreement charges	<b>(5)</b>	13	163	<b>(15)</b>	894
Asset-based taxes	-	20	-	<b>20</b>	-
FDIC special assessment	-	-	-	<b>61</b>	-
M&I expenses	<b>52</b>	54	97	<b>233</b>	483
Restructuring charges	<b>139</b>	(5)	181	<b>150</b>	181
Intangible amortization	<b>107</b>	104	113	<b>426</b>	473
Income (loss) from continuing operations before income taxes excluding investment securities (gains) losses, SILO/LILO charges, support agreement charges, asset-based taxes, FDIC special assessment, M&I expenses, restructuring charges and intangible amortization – Non-GAAP	<b>\$ 950</b>	\$ 1,054	\$1,746	<b>\$ 4,036</b>	\$ 6,094
Fee and other revenue – GAAP	<b>\$2,595</b>	\$(2,216)	\$1,817	<b>\$ 4,772</b>	\$10,714
Net interest revenue – GAAP	<b>724</b>	716	1,047	<b>2,915</b>	2,859
Total revenue –GAAP	<b>3,319</b>	(1,500)	2,864	<b>7,687</b>	13,573
Add: Investment securities (gains) losses	<b>(15)</b>	4,833	1,241	<b>5,369</b>	1,628
SILO/LILO charges	-	-	-	-	489
Total revenue excluding investment securities (gains) losses and SILO/LILO charges – Non-GAAP	<b>\$3,304</b>	\$ 3,333	\$4,105	<b>\$13,056</b>	\$15,690
Pre-tax operating margin <i>(a)</i>	<b>20%</b>	N/M	(2)%	<b>N/M</b>	14%
Pre-tax operating margin excluding investment securities (gains) losses, SILO/LILO charges, support agreement charges, asset-based taxes, FDIC special assessment, M&I expenses, restructuring charges and intangible amortization – Non-GAAP <i>(a)</i>	<b>29%</b>	32%	43%	<b>31%</b>	39%

*(a) Income (loss) before taxes divided by total revenue.*

*N/M – Not meaningful.*

<b>Return on common equity and tangible common equity – continuing operations</b>					
<i>(dollars in millions)</i>					
	<b>4Q09</b>	3Q09	4Q08	<b>2009</b>	2008
Net income (loss) applicable to common shareholders of The Bank of New York Mellon Corporation - GAAP	<b>\$ 593</b>	\$ (2,458)	\$ 28	<b>\$ (1,367)</b>	\$ 1,386
Less: Discontinued operations income (loss), net of tax	<b>(119)</b>	(19)	4	<b>(270)</b>	14
Extraordinary (loss), net of tax	-	-	(26)	-	(26)
Net income (loss) from continuing operations applicable to common shareholders of The Bank of New York Mellon Corporation	<b>712</b>	(2,439)	50	<b>(1,097)</b>	1,398
Intangible amortization	<b>66</b>	65	70	<b>265</b>	292
Net income (loss) from continuing operations applicable to common shareholders of The Bank of New York Mellon Corporation excluding intangible amortization – Non-GAAP	<b>778</b>	(2,374)	120	<b>(832)</b>	1,690
Investment securities (gains) losses	<b>(31)</b>	3,047	752	<b>3,374</b>	983
SILO/LILO/tax settlements	-	-	-	-	410
Support agreement charges	<b>(3)</b>	8	97	<b>(9)</b>	533
FDIC special assessment	-	-	-	<b>36</b>	-
M&I expenses	<b>33</b>	34	58	<b>144</b>	288
Restructuring charges	<b>86</b>	(3)	107	<b>94</b>	107
Discrete tax benefits and the benefit of tax settlements	<b>(133)</b>	-	-	<b>(267)</b>	-
Net income (loss) from continuing operations 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	<b>\$ 730</b>	\$ 712	\$ 1,134	<b>\$ 2,540</b>	\$ 4,011
Average common shareholders' equity	<b>\$28,843</b>	\$28,144	\$26,812	<b>\$27,198</b>	\$28,212
Less: Average goodwill	<b>16,291</b>	16,048	16,121	<b>16,042</b>	16,525
Average intangible assets	<b>5,587</b>	5,608	5,763	<b>5,654</b>	5,896
Add: Deferred tax liability – tax deductible goodwill	<b>720</b>	666	599	<b>720</b>	599
Deferred tax liability – non-tax deductible intangible assets	<b>1,680</b>	1,717	1,841	<b>1,680</b>	1,841
Average tangible common shareholders' equity – Non-GAAP	<b>\$ 9,365</b>	\$ 8,871	\$ 7,368	<b>\$ 7,902</b>	\$ 8,231
Return on common equity– GAAP (a)	<b>9.8%</b>	N/M	0.8% (b)	<b>N/M</b>	5.0% (b)
Return on common equity 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 (a)	<b>10.1%</b>	10.0%	16.8% (b)	<b>9.3%</b>	14.2% (b)
Return on tangible common equity – Non-GAAP (a)	<b>33.0%</b>	N/M	6.5% (b)	<b>N/M</b>	20.5% (b)
Return on tangible common equity 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 (a)	<b>31.0%</b>	31.8%	61.3% (b)	<b>32.2%</b>	48.7% (b)

(a) Annualized.

(b) Calculated before extraordinary loss.

N/M – Not meaningful.

<b>Equity to assets and book value per common share</b> <i>(dollars in millions, unless otherwise noted)</i>	<b>Dec. 31, 2009</b>	Sept. 30, 2009	Dec. 31, 2008
Common shareholders' equity at period end - GAAP	\$ 28,977	\$ 28,295	\$ 25,264
Less: Goodwill	16,249	16,022	15,898
Intangible assets	5,588	5,574	5,856
Add: Deferred tax liability – tax deductible goodwill	720	666	599
Deferred tax liability – non-tax deductible intangible assets	1,680	1,717	1,841
Tangible common shareholders' equity at period end – Non-GAAP	\$ 9,540	\$ 9,082	\$ 5,950
Total assets at period end - GAAP	\$212,224	\$212,007	\$237,512
Less: Goodwill	16,249	16,022	15,898
Intangible assets	5,588	5,574	5,856
Cash on deposit with the Federal Reserve and other central banks (a)	7,375	15,003	53,278
U.S. government-backed commercial paper	-	-	5,629
Tangible total assets at period end – Non-GAAP	\$183,012	\$175,408	\$156,851
Common shareholders' equity to assets – GAAP	13.7%	13.3%	10.6%
Tangible common shareholders' equity to tangible assets – Non-GAAP	5.2%	5.2%	3.8%
Period end common shares outstanding <i>(in thousands)</i>	1,207,835	1,204,244	1,148,467
Book value per common share	\$ 23.99	\$ 23.50	\$ 22.00
Tangible book value per common share – Non-GAAP	\$ 7.90	\$ 7.54	\$ 5.18

(a) Assigned a zero percent risk weighting by the regulators.

<b>Calculation of Tier 1 common equity to risk-weighted assets ratio (a)</b> <i>(dollars in millions)</i>	<b>Dec. 31, 2009</b>	Sept. 30, 2009	Dec. 31, 2008
Total Tier 1 capital	\$ 12,853	\$ 12,543	\$ 15,402
Less: Trust preferred securities	1,686	1,682	1,654
Series B preferred stock	-	-	2,786
Total Tier 1 common equity	\$ 11,167	\$ 10,861	\$ 10,962
Total risk-weighted assets	\$106,805	\$110,135	\$116,713
Tier 1 common equity to risk-weighted assets ratio	10.5%	9.9%	9.4%

(a) On a regulatory basis.

## **Cautionary Statement**

The information presented in this Earnings Release may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. 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, expectations with respect to BNY Mellon's global location strategy. These statements and other forward-looking statements contained in other public disclosures of The Bank of New York Mellon Corporation which make reference to the cautionary factors described in this earnings release, are based upon current beliefs and expectations and are subject to significant risks and uncertainties (some of which are beyond BNY Mellon's control). Factors that could cause BNY Mellon's results to differ materially from those described in the forward-looking statements can be found in the risk factors set forth in BNY Mellon's Annual Report on Form 10-K for the year ended Dec. 31, 2008, the Form 10-Q for the quarter ended March 31, 2009 and BNY Mellon's other filings with the Securities and Exchange Commission. All forward-looking statements in this earnings release speak only as of Jan. 20, 2010 and BNY Mellon undertakes no obligation to update any forward-looking statement to reflect events or circumstances after that date or to reflect the occurrence of unanticipated events.

**The Bank of New York Mellon Corporation**  
**Quarterly Earnings Review**  
**Financial Results**  
**January 20, 2010**  
**Table of Contents**

Non-GAAP Measures.....	2
Fourth Quarter 2009 Financial Highlights.....	3
Financial Summary/Key Metrics (continuing operations) .....	4
Assets Under Management/Custody and Administration/Market Indices .....	5
Fee and Other Revenue .....	6
Net Interest Revenue .....	7
Noninterest Expense.....	8
Investment Securities Portfolio .....	9
Restructuring Charge.....	10
Foreign Exchange and Other Trading Activities Revenue.....	10
Capital .....	10
Nonperforming Assets.....	10
Allowance for Credit Losses, Provision and Net Charge-offs .....	11
Discontinued Operations .....	11
Business Segments:	
• Asset Management .....	12
• Wealth Management.....	13
• Asset Servicing.....	14
• Issuer Services.....	15
• Clearing Services.....	16
• Treasury Services .....	17
• Other.....	18
Merger Update – Integration Milestones.....	19
Supplemental Information - Explanation of Non-GAAP Financial Measures .....	20
Cautionary Statement .....	23

## NON-GAAP MEASURES

BNY Mellon has included in this review certain Non-GAAP 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 the 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 expense, pre-tax income and net income measures excluding items, such as merger and integration ("M&I") expenses, intangible amortization expenses, support agreement charges, asset-based taxes, the FDIC special assessment, investment securities gains (losses), discrete tax benefits and the benefit of tax settlements. 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 regards to the exclusion of investment securities 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 which exclude investment securities losses from its results, as a supplement to GAAP information, gives investors a clearer picture of the results of its primary businesses. Restructuring charges relate to migrating positions to global growth centers and the elimination of certain positions. Discrete tax benefits relate to a tax loss on mortgages. Excluding these benefits permits investors to calculate the tax impact for BNY Mellon's primary businesses.

In this earnings review, 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 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. Below is a listing of certain financial measures which have been impacted by the exclusion and/or adjustment of certain items.

Revenue: Investment securities gains (losses).

Noninterest expense: M&I expenses; intangible amortization expense, support agreement charges, FDIC special assessment and restructuring charges.

Earnings per share: Investment securities gains (losses), M&I expenses, restructuring charges, FDIC special assessment, support agreement charges, intangible amortization expense, discrete tax benefits and the benefit of tax settlements.

## FOURTH QUARTER 2009 FINANCIAL HIGHLIGHTS

<b>Earnings:</b>	<b>Income after-tax from continuing operations</b> <sup>(a)</sup> <i>(\$ millions)</i>	<b>EPS from continuing operations</b> <sup>(a)(b)</sup>
Continuing operations - GAAP	\$ 712	\$ <u>0.59</u>
Non-GAAP adjustments	<u>(45)</u>	<u>(0.04)</u>
Subtotal – Non-GAAP operating basis	667	<u>0.55</u>
Intangible amortization	<u>66</u>	<u>0.06</u>
Continuing operations – Non-GAAP	<u>\$ 733</u>	<u>\$ 0.60</u> <sup>(c)</sup>

**KEY POINTS (comparisons are unannualized 4Q09 vs. 3Q09 unless otherwise stated)**

- Earnings
  - Net interest revenue increased 1% reflecting a higher level of interest-earning assets; net interest margin declined 8 bps to 1.77%
  - Fee revenue decreased 1%; up 2% ex. asset sales
    - Asset and wealth management fees up 13%
      - Long-term inflows
      - Impact of Insight acquisition
      - Performance fees increased \$58 million
    - Securities servicing, excluding securities lending fee revenue, up 1%
      - Asset servicing up 4%, Issuer services up 3%, Clearing services down 6%
    - Money market fee waivers reduced fee revenue by 4% (\$106 million) in 4Q09, impacting securities servicing fees and asset management fees
  - Provision for credit losses of \$65 million, down \$82 million
  - Noninterest expenses (see page 8) increased 6% largely driven by:
    - A seasonal increase in business development, the Insight acquisition, employee benefit adjustments, higher legal and FDIC expenses
  - Income taxes on an operating basis in 4Q09 reflect a \$51 million benefit primarily from a higher proportion of foreign earnings
- Successfully completed previously announced restructuring of investment securities portfolio
- Capital ratios remain strong
  - Tier 1 capital ratio 12.0%, increased 60 bps
  - Tier 1 common ratio 10.5%, increased 60 bps
  - Tangible common equity to assets ratio remained stable at 5.2% - Impacted by higher tangible assets and the Insight acquisition which absorbed approximately 15 bps of tangible capital
- Client assets vs. 9/30/09
  - Assets under custody and administration \$22.3 trillion, up 1%
  - Assets under management \$1.115 trillion, up 15%
    - Long-term inflows \$14 billion
    - Short-term outflows \$22 billion
    - Insight acquisition \$138 billion (at acquisition date of Nov. 2, 2009)

(a) See supplemental information beginning on page 20 for GAAP to Non-GAAP reconciliations.

(b) Diluted earnings per share under the two-class method was calculated after deducting earnings allocated to participating securities of \$5.0 million in the fourth quarter of 2009.

(c) Does not foot due to rounding.

**FINANCIAL SUMMARY**

<i>(dollar amounts in millions, non-FTE basis unless otherwise noted; common shares in thousands)</i>	2008	2009				4Q09 vs.	
	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	4Q08	3Q09
<b>Revenue:</b>							
Fee and other revenue - GAAP	\$1,817	\$2,136	\$2,257	\$(2,216)	\$2,595		
Less: Investment securities gains (losses)	(1,241)	(295)	(256)	(4,833)	15		
Total fee revenue – GAAP	\$3,058	\$2,431	\$2,513	\$2,617	\$2,580	(16)%	(1)%
Net interest revenue - GAAP	\$1,047	\$ 775	\$ 700	\$ 716	\$ 724	(31)	(1)
Total revenue – GAAP	\$2,864	\$2,911	\$2,957	\$(1,500)	\$3,319		
Less: Investment securities gains (losses)	(1,241)	(295)	(256)	(4,833)	15		
Total revenue excluding investment securities gains (losses) – Non-GAAP	\$4,105	\$3,206	\$3,213	\$3,333	\$3,304	(20)	(1)
<b>Provision for credit losses</b>	\$ 54	\$ 59	\$ 61	\$ 147	\$ 65		
<b>Expense:</b>							
Noninterest expense – GAAP	\$2,859	\$2,280	\$2,383	\$2,318	\$2,582		
Less: M&I expenses	97	68	59	54	52		
Restructuring charges	181	10	6	(5)	139		
Support agreement charges	163	(8)	(15)	13	(5)		
FDIC special assessment	-	-	61	-	-		
Amortization of intangible assets	113	107	108	104	107		
Total noninterest expense – excluding M&I expenses, restructuring charges, support agreement charges, FDIC special assessment and intangible amortization – Non-GAAP	\$2,305	\$2,103	\$2,164	\$2,152	\$2,289	(1)	6
<b>Income:</b>							
Income (loss) from continuing operations	\$ 88	\$ 411	\$ 501	\$(2,438)	\$ 713		
Net (income) loss attributable to non-controlling interests, net of tax	(5)	(1)	2	(1)	(1)		
Redemption charge and preferred dividends	(33)	(47)	(236)	-	-		
Income (loss) from continuing operations, net of tax	50	363	267	(2,439)	712		
Income (loss) from discontinued operations, net of tax	4	(41)	(91)	(19)	(119)		
Extraordinary (loss) on consolidation of commercial paper conduit	(26)	-	-	-	-		
Net income (loss) applicable to common shareholders of The Bank of New York Mellon Corporation	\$ 28	\$ 322	\$ 176	\$(2,458)	\$ 593		
<b>Key Metrics (Continuing operations):</b>							
Pre-tax operating margin – GAAP (a)	(2)%	20%	17%	N/M	20%		
Non-GAAP adjusted (a)	43%	33%	31%	32%	29%		
Return on common equity (annualized) – GAAP (a)	0.8%	5.8%	4.0%	N/M	9.8%		
Non-GAAP adjusted (a)	16.8%	10.6%	6.5%	10.0%	10.1%		
Return on tangible common equity (annualized)							
Non-GAAP (a)	6.5%	28.8%	18.4%	N/M	33.0%		
Non-GAAP adjusted (a)	61.3%	44.1%	23.5%	31.8%	31.0%		
Fee and other revenue as a percent of total revenue (a)	63%	73%	76%	N/M	78%		
Non-GAAP adjusted (a)	74%	76%	78%	79%	78%		
Percent of non-U.S. fee and net interest revenue	31%	29%	31%	31%	36%		
Effective tax rate – GAAP	N/M	28.2%	2.2%	N/M	N/M		
Non-GAAP adjusted (b)	32.5%	32.1%	32.4%	31.8%	22.1%		
<b>Period end</b>							
Employees	42,500	41,700	41,800	42,000	42,200		
Market capitalization	\$32,536	\$32,585	\$35,255	\$34,911	\$33,783		
Common shares outstanding	1,148,467	1,153,450	1,202,828	1,204,244	1,207,835		

(a) See supplemental information beginning on page 20 for GAAP to Non-GAAP reconciliations.

(b) Excludes M&I expenses, restructuring charges, investment securities losses, support agreement charges, FDIC special assessment and discrete tax benefits.

N/M – Not meaningful.

## ASSETS UNDER MANAGEMENT/CUSTODY AND ADMINISTRATION TREND

	2008	2009				4Q09 vs.	
	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	4Q08	3Q09
Market value of assets under management at period-end ( <i>in billions</i> )	\$ 928	\$ 881	\$ 926	\$ 966	\$1,115	20%	15%
Market value of assets under custody and administration at period-end ( <i>in trillions</i> )	\$ 20.2	\$ 19.5	\$ 20.7	\$ 22.1	\$ 22.3	10%	1%
Market value of securities on loan at period-end ( <i>in billions</i> ) (a)	\$ 326	\$ 293	\$ 290	\$ 299	\$ 247	(24)%	(17)%

(a) Represents the total amount of securities on loan, both cash and non-cash, managed by the Asset Servicing segment.

## ASSETS UNDER MANAGEMENT FLOWS

## Changes in market value of assets under management from Sept. 30, 2009 to Dec. 31, 2009 by business segment - preliminary

<i>(in billions)</i>	Asset Management	Wealth Management	Total
	Market value of assets under management at Sept. 30, 2009	\$ 892	\$ 74
Net inflows (outflows):			
Long-term	13	1	14
Money market	(22)	-	(22)
Total net inflows (outflows)	(9)	1	(8)
Acquisitions (a)	147	-	147
Net market/currency impact	10	-	10
<b>Market value of assets under management at Dec. 31, 2009</b>	<b>\$ 1,040 (b)</b>	<b>\$ 75 (c)</b>	<b>\$1,115</b>

(a) Primarily includes acquisition of Insight (\$138 billion) and 20% interest in Siguler Guff (\$8 billion).

(b) Excludes \$5 billion subadvised for the Wealth Management segment.

(c) Excludes private client assets managed in the Asset Management segment.

## COMPOSITION OF ASSETS UNDER MANAGEMENT

Composition of assets under management at period-end (a)	2008	2009			
	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
Equity	29%	27%	31%	34%	31%
Money market	43%	45%	43%	39%	32%
Fixed income	18%	19%	17%	17%	21%
Alternative investments and overlay	10%	9%	9%	10%	16%
Total	100%	100%	100%	100%	100%

(a) Excludes securities lending cash management assets.

## MARKET INDICES

	2008	2009				4Q09 vs.	
	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	4Q08	3Q09
S&P 500 Index (a)	903	798	919	1057	1115	23%	5%
S&P 500 Index-daily average	916	809	891	995	1088	19	9
FTSE 100 Index (a)	4434	3926	4249	5134	5413	22	5
FTSE 100 Index-daily average	4270	4040	4258	4708	5235	23	11
NASDAQ Composite Index (a)	1577	1529	1835	2122	2269	44	7
Lehman Brothers Aggregate Bond <sup>SM</sup> Index (a)	275	262	280	304	301	9	(1)
MSCI EAFE <sup>®</sup> Index (a)	1237	1056	1307	1553	1581	28	2
NYSE Share Volume ( <i>in billions</i> )	181	161	151	126	112	(38)	(11)
NASDAQ Share Volume ( <i>in billions</i> )	148	136	152	144	131	(11)	(9)

(a) Period end.

## FEE AND OTHER REVENUE

<i>(dollar amounts in millions, unless otherwise noted)</i>	2008	2009				4Q09 vs.	
	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	4Q08	3Q09
Securities servicing fees:							
Asset servicing	\$ 599	\$ 519	\$ 574	\$ 600	\$ 621	4%	4%
Securities lending revenue (a)	187	90	97	43	29	(84)	(33)
Issuer services	388	364	372	359	368	(5)	3
Clearing services	279	253	250	236	223	(20)	(6)
Total securities servicing fees	1,453	1,226	1,293	1,238	1,241	(15)	-
Asset and wealth management fees	701	616	637	650	736	5	13
Foreign exchange and other trading activities	510	307	237	246	246	(52)	-
Treasury services	132	125	132	128	134	2	5
Distribution and servicing	106	111	107	94	85	(20)	(10)
Financing-related fees	44	48	54	56	57	30	2
Investment income	45	(17)	44	121	78	N/M	(36)
Other	67	15	9	84	3	N/M	N/M
Total fee revenue	\$3,058	\$2,431	\$2,513	\$2,617	\$2,580	(16)%	(1)%
Net securities gains (losses)	(1,241)	(295)	(256)	(4,833)	15	N/M	N/M
Total fee and other revenue	\$1,817	\$2,136	\$2,257	\$(2,216)	\$2,595	N/M	N/M
Fee and other revenue as a percent of total revenue (b)	63%	73%	76%	N/M	78%		
Fee and other revenue as a percent of total revenue – Non-GAAP adjusted (b)	74%	76%	78%	79%	78%		

(a) Included in asset servicing revenue on the income statement.

(b) See supplemental information beginning on page 20 for a calculation of these ratios.

N/M - Not meaningful.

## KEY POINTS

- Asset servicing fees – Year-over-year and sequential growth reflect higher market values and net new business.
- Securities lending revenue – The year-over-year and sequential results reflect lower spreads and volumes.
- Issuer services fees – The decrease year-over-year reflects lower Shareowner services revenue from lower corporate action activity and the impact of lower equity values on employee stock option plans; lower Depository Receipts revenue due primarily to a decline in transaction fees; and lower Corporate Trust fees due to lower money market related distribution fees. The sequential increase primarily reflects seasonally higher Depository Receipts revenue, partially offset by lower Corporate Trust fees due to lower money market related distribution fees and lower Shareholder services revenue.
- Clearing services fees – Year-over-year and sequential results reflect lower money market related distribution fees and lower trading volumes.
- Asset and wealth management fees, totaled \$736 million, an increase of 5% compared with the prior year period and 13% sequentially. Both increases reflect the impact of the Insight acquisition in the fourth quarter of 2009, stronger investment performance and improved market values, partially offset by a reduction in money market related fees due to outflows in money market products and higher fee waivers. Asset and wealth management fees, excluding performance fees, increased 4% sequentially.
- Foreign exchange and other trading activities totaled \$246 million compared with a record \$510 million in the prior year quarter and unchanged compared with the third quarter of 2009. The decrease year-over-year primarily reflects lower foreign exchange revenue driven by lower volatility and spreads, as well as a lower valuation of the credit derivatives used to hedge the loan portfolio. The sequential results reflect higher foreign exchange revenue and lower mark-to-market adjustments on credit default swaps, offset by lower fixed income trading revenue. See page 10 for a trend of foreign exchange and other trading activities revenue.
- Investment income increased \$33 million year-over-year and decreased \$43 million sequentially. The increase compared with 4Q08 reflects higher seed capital and private equity investment revenue, partially offset by lower lease residual gains. The sequential decrease reflects lower lease residual gains.
- Other fee revenue decreased \$64 million year-over-year and \$81 million sequentially. The year-over-year and sequential fluctuations reflect foreign currency translations. The sequential decrease also reflects the gain on the sale of VISA shares recorded in 3Q09.
- Investment securities pre-tax net gains totaled \$15 million in 4Q09 compared with investment securities pre-tax net losses of \$1.2 billion in 4Q08 and \$4.8 billion in 3Q09. See page 9 for further information on the investment securities portfolio.

**NET INTEREST REVENUE**

<i>(dollar amounts in millions)</i>	2008	2009				4Q09 vs.	
	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	4Q08	3Q09
Net interest revenue (non-FTE)	\$ 1,047	\$ 775	\$ 700	\$ 716	\$ 724	(31)%	1%
Net interest revenue (FTE)	1,054	779	704	721	729	(31)	1
Net interest margin (FTE)	2.32%	1.87%	1.80%	1.85%	1.77%	(55) bps	(8) bps
Selected average balances:							
Cash/interbank investments	\$91,108	\$ 83,276	\$66,154	\$64,762	\$71,173	(22)%	10%
Trading account securities	2,148	1,728	2,179	1,973	2,090	(3)	6
Securities	40,057	43,465	51,903	53,889	55,573	39	3
Loans	48,326	38,958	37,029	34,535	35,239	(27)	2
Interest-earning assets	181,639	167,427	157,265	155,159	164,075	(10)	6
Interest-bearing deposits	95,726	101,983	98,896	93,632	98,404	3	5
Noninterest-bearing deposits	51,729	43,051	32,852	34,920	34,991	(32)	-
Selected average yields/rates:							
Cash/interbank investments	2.62%	1.23%	1.11%	1.00%	0.94%		
Trading account securities	3.96	2.86	2.50	2.30	2.53		
Securities	5.46	4.26	3.12	3.20	3.36		
Loans	2.99	2.66	2.69	2.63	2.38		
Interest-earning assets	3.36	2.37	2.16	2.14	2.09		
Interest-bearing deposits	1.04	0.30	0.16	0.11	0.12		
Average cash/interbank investments as a percentage of average interest-earning assets	50%	50%	42%	42%	43%		
Average noninterest-bearing deposits as a percentage of average interest-earning assets	28%	26%	21%	23%	21%		

*bps - basis points.*

*FTE - fully taxable equivalent.*

**KEY POINTS**

- Net interest revenue and the related margin continued to be impacted by persistently low short-term interest rates globally as well as our strategy to invest in high quality, relatively short duration assets.
- Net interest revenue (FTE) decreased 31% year-over-year and increased 1% (unannualized) sequentially.
  - The decrease compared with 4Q08 reflects a decline in the value of interest-free balances, a decrease in average interest-earning assets and narrowing spreads. The higher level of interest-earning assets in 4Q08 resulted from the credit crisis.
  - The sequential increase primarily reflects a higher level of average interest-earning assets, partially offset by lower spreads.
  - The accretion of discount related to the investment portfolio restructuring was \$26 million in 4Q09 which was primarily offset by lower hedging gains.
- The net interest margin was 1.77%, compared with 1.85% in 3Q09. The decrease reflects lower spreads on a higher level of average interest-earning assets. The increased level of interest-earning assets was driven by higher average deposit levels due to increased client activity.
- The investment securities portfolio restructuring is expected to positively impact net interest revenue by approximately \$200 million in 2010.

**NONINTEREST EXPENSE**

<i>(dollar amounts in millions, unless otherwise noted)</i>	2008	2009				4Q09 vs.	
	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	4Q08	3Q09
Staff:							
Compensation	\$ 785	\$ 732	\$ 740	\$ 747	\$ 766	(2)%	3%
Incentives	256	247	241	242	266	4	10
Employee benefits	139	190	172	168	189	36	13
Total staff	1,180	1,169	1,153	1,157	1,221	3	6
Professional, legal and other purchased services	273	237	237	265	278	2	5
Net occupancy	141	139	142	142	141	-	(1)
Distribution and servicing	123	107	106	104	109	(11)	5
Software	86	81	93	95	98	14	3
Sub-custodian and clearing	84	66	91	80	83	(1)	4
Furniture and equipment	86	77	76	76	80	(7)	5
Business development	76	44	49	45	76	-	69
Other	256	183	217	188	203	(21)	8
Subtotal	2,305	2,103	2,164	2,152	2,289	(1)	6
Support agreement charges	163	(8)	(15)	13	(5)	N/M	N/M
FDIC special assessment	-	-	61	-	-	-	-
Amortization of intangible assets	113	107	108	104	107	(5)	3
Restructuring charges	181	10	6	(5)	139	N/M	N/M
Merger and integration ("M&I") expenses - The Bank of New York Mellon Corporation	97	68	59	54	52	(46)	(4)
Total noninterest expense	\$ 2,859	\$ 2,280	\$ 2,383	\$ 2,318	\$ 2,582	(10)%	11%
Total staff expense as a percentage of total revenue	41%	40%	39%	N/M	37%		
Total staff expense as a percentage of total revenue - Non-GAAP adjusted (a)	29%	36%	36%	35%	37%		

(a) Excluding investment securities gains (losses).

N/M - Not meaningful.

**KEY POINTS**

- Expense levels were impacted by seasonality, the Insight acquisition, employee benefit adjustments, higher legal and FDIC expenses.
  - The 1% year-over-year decrease (excluding support agreement charges, amortization of intangible assets, restructuring charges and M&I expenses) was driven by the impact of merger related synergies and the workforce reduction program that was announced in 4Q08, lower other expense and lower distribution and servicing expense, primarily offset by the impact of the Insight acquisition and employee benefit adjustments.
  - The sequential increase of 6% (unannualized) (excluding support agreement charges, amortization of intangible assets, restructuring charges and M&I expenses) primarily reflects seasonally higher business development expense including branding expenses, the impact of the Insight acquisition, employee benefit adjustments and higher legal and FDIC expenses.
  - 4Q09 restructuring charge related to the continued execution of global efficiency initiatives, which includes migrating positions to our global growth centers and the elimination of certain positions (see page 10 for more information.)

## INVESTMENT SECURITIES PORTFOLIO

At Dec. 31, 2009, the fair value of our investment securities portfolio totaled \$55.9 billion. The unrealized pre-tax loss on our securities portfolio was \$1.2 billion at Dec. 31, 2009 compared with \$1.4 billion at Sept. 30, 2009 and \$7.6 billion at Dec. 31, 2008.

In the fourth quarter of 2009, we securitized \$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 previously written down to fair value as part of the 3Q09 restructuring of the investment securities portfolio. As a result of this transaction, we received \$771 million in cash for a Class A senior tranche that was sold to third parties and retained Class B certificates with a fair value of \$4.2 billion, which is included in the tables below. The transaction resulted in a \$39 million net loss in the fourth quarter of 2009, which was offset by \$54 million of net gains on the sale of \$3.6 billion of investment securities. The following table presents the fourth quarter 2009 activity related to restructuring and reducing risk in the investment securities portfolio.

Investment securities portfolio rollforward of 4Q09 activity (dollar amounts in millions)	Amortized cost at 9/30/09	Paydowns/ accretion/ other	4Q purchases	Restructuring	Sales		Amortized cost at 12/31/09
					Proceeds from sales	Gain (loss)	
<b>Watch list:</b>							
European floating rate notes	\$7,092	\$ (178)	\$ -	\$ -	\$ (767)	\$ 35	\$ 6,182
Commercial MBS	2,685	(14)	-	-	(272)	-	2,399
Prime RMBS	4,324	(240)	-	(2,069)	(86)	3	1,932
Alt-A RMBS	4,619	(158)	-	(2,603)	(949)	(17)	892
Subprime RMBS	1,158	(20)	-	(128)	(222)	-	788
Credit cards	649	(3)	-	-	(22)	2	626
Home equity lines of credit	226	(13)	-	-	(264)	51	-
Other	526	(8)	-	-	(27)	(15)	476
Total Watchlist (a)	21,279	(634)	-	(4,800)	(2,609)	59	13,295
Grantor Trust Class B Certificates	-	23	-	4,969	(771)	(39)	4,182
Agency RMBS	16,560	(866)	3,084	-	-	-	18,778
Sovereign debt/sovereign guaranteed	6,590	(148)	2,259	-	-	-	8,701
U.S. Treasury securities	5,052	(161)	1,463	-	-	-	6,354
FDIC-insured debt	1,962	1	-	-	-	-	1,963
Government agency debt	1,241	(6)	-	-	-	-	1,235
Other	2,850	(74)	39	-	(265)	(5)	2,545
Total investment securities	\$55,534	\$(1,865)	\$ 6,845	\$ 169	\$(3,645)	\$ 15	\$57,053

Investment securities portfolio Dec. 31, 2009 (dollar amounts in millions)	Amortized cost	Fair value	Fair value as a % of amortized cost (b)	Unrealized gain/(loss)	Ratings				
					AAA/ AA-	A+/ A-	BBB+/ BBB-	BB+ and lower	Not rated
<b>Watch list:</b>									
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 Watchlist (a)	13,295	11,813	84	(1,482)	77	12	2	9	-
Grantor Trust Class B Certificates	4,182	4,160	60	(22)	-	-	-	-	100
Agency RMBS	18,778	19,016	99	238	100	-	-	-	-
Sovereign debt/sovereign guaranteed	8,701	8,709	100	8	100	-	-	-	-
U.S. Treasury securities	6,354	6,374	100	20	100	-	-	-	-
FDIC-insured debt	1,963	2,003	98	40	100	-	-	-	-
Government agency debt	1,235	1,260	98	25	100	-	-	-	-
Other	2,545	2,537	100	(8)	69	11	7	1	12
Total investment securities	\$57,053	\$55,872	92%	\$(1,181)	86%	3%	1%	2%	8%

(a) The "Watch list" includes those securities we view as having a higher risk of impairment charges.

(b) Amortized cost before impairments.

**RESTRUCTURING CHARGE**

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 the elimination of certain positions.

In December 2009, we recorded a pre-tax restructuring charge of \$139 million, or \$0.07 per common share. This charge was comprised of \$102 million for severance costs and \$37 million for asset write-offs and other costs. The restructuring charge is recorded as a separate line on the income statement.

**FOREIGN EXCHANGE AND OTHER TRADING ACTIVITIES REVENUE**

Foreign exchange and other trading activities (in millions)	2008	2009			
	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
Foreign exchange	\$ 418	\$ 219	\$ 240	\$ 190	\$ 201
Fixed income	21	75	37	76	54
Credit derivatives	45	(1)	(45)	(27)	(11)
Other	26	14	5	7	2
Total	\$ 510	\$ 307	\$ 237	\$ 246	\$ 246

**CAPITAL**

Capital ratios (a)	Dec. 31, 2009	Sept. 30, 2009	Dec. 31, 2008
Tier 1 capital ratio	12.0%	11.4%	13.2%
Tier 1 common equity to risk-weighted assets ratio (b)	10.5	9.9	9.4
Total (Tier 1 plus Tier 2) capital ratio	15.9	15.3	16.9
Leverage capital ratio	6.5	6.5	6.9
Common shareholders' equity to assets ratio (b)	13.7	13.3	10.6
Tangible common shareholders' equity to tangible assets ratio – Non-GAAP (b)	5.2	5.2	3.8

(a) Includes discontinued operations.

(b) See the Supplemental information section beginning on page 20 for a calculation of these ratios.

**NONPERFORMING ASSETS**

Nonperforming assets (dollar amounts in millions)	Dec. 31, 2009	Sept. 30, 2009	Dec. 31, 2008
Loans:			
Commercial real estate	\$ 61	\$ 63	\$ 124
Other residential mortgages	195	186	99
Commercial	236	251	60
Wealth management	54	55	1
Total nonperforming loans	546	555	284
Other assets owned	4	5	8
Total nonperforming assets (a)	\$ 550	\$ 560	\$ 292
Nonperforming loans ratio	1.5%	1.5%	0.7%
Allowance for loan losses/nonperforming loans	92.1	82.2	146.1
Total allowance for credit losses/nonperforming loans	115.0	107.4	186.3

(a) Nonperforming assets at Dec. 31, 2009 and Sept. 30, 2009 exclude discontinued operations. Nonperforming assets at Dec. 31, 2008 included discontinued operations of \$96 million.

Nonperforming assets decreased \$10 million compared with Sept. 30, 2009. The decrease primarily resulted from repayments and charge-offs, partially offset by additions of \$14 million to a metal fabricating company and \$9 million from residential mortgages.

**ALLOWANCE FOR CREDIT LOSSES, PROVISION AND NET CHARGE-OFFS**

<b>Allowance for credit losses, provision and net charge-offs</b>	<b>Quarter ended</b>		
	<b>Dec. 31, 2009</b>	<b>Sept. 30, 2009</b>	<b>Dec. 31, 2008</b>
<i>(in millions)</i>			
Allowance for credit losses – beginning of period	\$ 596	\$ 526	\$ 494
Provision for credit losses (a)	65	147	60
Net (charge-offs) recoveries:			
Commercial	(14)	(62)	(11)
Commercial real estate	(2)	-	(3)
Other residential mortgages	(17)	(15)	(11)
Foreign	-	-	1
Personal	-	-	(1)
Total net (charge-offs) recoveries	(33)	(77)	(25)
Allowance for credit losses – end of period (a)	\$ 628	\$ 596	\$ 529
Allowance for loan losses	\$ 503	\$ 456	\$ 415
Allowance for unfunded commitments	125	140	114

(a) The allowance for credit losses at Dec. 31, 2009 and Sept. 30, 2009 excludes discontinued operations. The allowance for credit losses includes discontinued operation of \$35 million at Dec. 31, 2008. The provision for credit losses includes discontinued operations of \$6 million at Dec. 31, 2008.

The provision for credit losses was \$65 million in 4Q09 compared with \$147 million in 3Q09. The decrease in the provision reflects a lower number of downgrades in the fourth quarter of 2009. During the fourth quarter of 2009, the total allowance for credit losses increased \$32 million and net charge-offs totaled \$33 million.

**DISCONTINUED OPERATIONS**

In the second quarter of 2009, we adopted discontinued operations accounting for Mellon United National Bank located in Florida. It was determined that this business no longer fit our strategic focus on our asset management and securities servicing businesses. In July 2009, we signed a definitive agreement to sell Mellon United National Bank. The transaction was completed on Jan. 15, 2010. This business was formerly included in the Other segment. In the fourth quarter of 2009, we recorded an after-tax loss on discontinued operations of \$119 million largely related to additional write-downs primarily for retained South Florida real estate loans. The value of these loans, which are carried at the lower of cost or market, was \$383 million (face value \$635 million) at Dec. 31, 2009. The after-tax loss of \$270 million for the full-year of 2009 primarily reflects the loan write-downs and the elimination of \$82 million of goodwill recorded in the second quarter of 2009.

**ASSET MANAGEMENT** (provides asset management services through a number of asset management companies to institutional and individual investors)

<i>(dollar amounts in millions, unless otherwise noted)</i>	2008	2009				4Q09 vs.	
	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	4Q08	3Q09
Revenue:							
Asset and wealth management:							
Mutual funds	\$ 297	\$ 263	\$ 266	\$274	\$ 266	(10)%	(3)%
Institutional clients	193	181	175	197	227	18	15
Private clients	35	32	31	34	38	9	12
Performance fees	44	7	26	1	59	34	N/M
Total asset and wealth management revenue	569	483	498	506	590	4	17
Distribution and servicing	93	92	90	84	84	(10)	-
Other	(100)	(96)	(59)	2	6	N/M	N/M
Total fee and other revenue	562	479	529	592	680	21	15
Net interest revenue	45	14	8	6	3	N/M	N/M
Total revenue (a)	607	493	537	598	683	13	14
Noninterest expense (ex. intangible amortization and support agreement charges)	478	412	419	415	465	(3)	12
Income before taxes (ex. intangible amortization and support agreement charges)	129	81	118	183	218	69	19
Support agreement charges	2	(14)	-	32	-	N/M	N/M
Amortization of intangible assets	61	55	55	53	56	(8)	6
Income before taxes	\$ 66	\$ 40	\$ 63	\$ 98	\$ 162	145%	65%
Pre-tax operating margin	11%	8%	12%	16%	24%		
Pre-tax operating margin (ex. intangible amortization) (b)	21%	19%	22%	25%	32%		
Market value of assets under management at period-end (in billions)	\$ 862	\$ 818	\$ 860	\$ 897	\$1,045	21%	16%
Assets under management-net inflows (outflows):							
Long-term (in billions)	\$ (23)	\$ (2)	\$ (18)	\$ (2)	\$ 13		
Money market (in billions)	\$ 28	\$ (11)	\$ (2)	\$ (14)	\$ (22)		

(a) Investment securities losses were \$51 million in 4Q08, \$34 million in 1Q09, \$45 million in 2Q09, \$- million in 3Q09 and \$- million in 4Q09. Excluding investment securities losses, the total revenue growth rate 4Q09 vs. 4Q08 was 4%.

(b) The pre-tax operating margin, excluding intangible amortization, support agreement charges and investment securities losses was 27% for 4Q08, 22% for 1Q09, 28% for 2Q09, 31% for 3Q09 and 32% for 4Q09.

N/M - Not meaningful.

## KEY POINTS

- Asset Management generated 1,600 basis points of positive operating leverage compared with 4Q08 and 200 basis points compared with 3Q09, excluding intangible amortization and support agreement charges.
- Asset and wealth management fees totaled \$590 million, an increase of 4% compared with the prior year period and 17% sequentially. Both increases reflect the impact of the acquisition of Insight in the fourth quarter of 2009, stronger investment performance and improved market values, partially offset by a reduction in money market related fees due to outflows in money market products and higher fee waivers. Asset and wealth management fees, excluding performance fees, increased 5% sequentially.
- Net long-term inflows of \$13 billion were more than offset by \$22 billion of short-term outflows. Long-term inflows benefited from strength in institutional global equity and fixed income products and the third consecutive quarter of positive flows in retail funds.
- The increase in other fee revenue compared with the fourth quarter of 2008 primarily reflects securities write-downs recorded in 4Q08 and a higher value of seed capital investments.
- Noninterest expense (ex. intangible amortization and support agreement charges) decreased 3% year-over-year and increased 12% sequentially. The year-over-year decrease reflects expense management efforts, partially offset by the acquisition of Insight. The sequential increase was impacted by the Insight acquisition, higher incentives and higher legal expenses.
- 50% non-U.S. revenue in 4Q09 vs. 43% in 4Q08.

**WEALTH MANAGEMENT** (provides investment management, wealth and estate planning and private banking solutions to high net worth individuals, families, endowments and foundations and related entities)

<i>(dollar amounts in millions, unless otherwise noted)</i>	2008	2009				4Q09 vs.	
	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	4Q08	3Q09
Revenue:							
Asset and wealth management	\$119	\$ 122	\$ 128	\$ 133	\$ 136	14%	2%
Other	15	19	12	12	16	7	33
Total fee and other revenue	134	141	140	145	152	13	5
Net interest revenue	56	50	49	49	46	(18)	(6)
Total revenue	190	191	189	194	198	4	2
Provision for credit losses	-	-	-	-	1	N/M	N/M
Noninterest expense (ex. intangible amortization)	141	128	135	133	137	(3)	3
Income before taxes (ex. intangible amortization)	49	63	54	61	60	22	(2)
Amortization of intangible assets	14	11	11	12	11	(21)	(8)
Income before taxes	\$ 35	\$ 52	\$ 43	\$ 49	\$ 49	40%	-%
Pre-tax operating margin	18%	27%	23%	26%	24%		
Pre-tax operating margin (ex. intangible amortization)	25%	33%	29%	32%	30%		
Average loans	\$ 5,309	\$5,388	\$5,684	\$6,010	\$6,191	17%	3%
Average deposits	\$ 7,131	\$7,058	\$6,628	\$6,602	\$6,804	(5)%	3%
Market value of total client assets under management and custody at period end <i>(in billions)</i>	\$ 139	\$ 132	\$ 142	\$ 151	\$ 154	11%	2%

N/M - Not meaningful.

## KEY POINTS

- Income before taxes (ex. intangible amortization) was up 22% compared to 4Q08 and was essentially flat to 3Q09.
- Wealth Management total fee revenue was up 13% compared to 4Q08 and 5% (unannualized) sequentially.
  - 4Q09 represents the 16<sup>th</sup> consecutive quarter of positive long-term asset flows.
  - Total client assets were \$154 billion at Dec. 31, 2009, up \$15 billion, or 11% from Dec. 31, 2008 and \$3 billion, or 2%, from Sept. 30, 2009.
- Net interest revenue decreased 18% year-over-year and 6% (unannualized) sequentially due to lower deposit margins, partially offset by high quality loan growth as average loans increased 17% year-over-year and 3% (unannualized) sequentially.
- Noninterest expense (excluding intangible amortization) decreased 3% compared to 4Q08 and increased 3% (unannualized) sequentially. The sequential increase was due to FDIC expenses and timing of business development expenses. Noninterest expense was down 6% in full-year 2009 compared with full-year 2008.
- Wealth Management has office sites in 17 states and 3 countries, including 16 of the top 25 domestic wealth markets.

**ASSET SERVICING** (provides global custody and related services and broker-dealer services to corporate and public retirement funds, foundations and endowments and global financial institutions)

<i>(dollar amounts in millions, unless otherwise noted)</i>	2008	2009				4Q09 vs.	
	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	4Q08	3Q09
Revenue:							
Securities servicing fees - ex. securities lending revenue	\$ 583	\$ 504	\$ 557	\$ 573	\$ 581	-%	1%
Securities lending revenue	163	79	85	32	25	(85)	(22)
Foreign exchange and other trading activities	366	199	206	180	172	(53)	(4)
Other	25	48	45	50	33	32	(34)
Total fee and other revenue	1,137	830	893	835	811	(29)	(3)
Net interest revenue	411	249	211	228	204	(50)	(11)
Total revenue	1,548	1,079	1,104	1,063	1,015	(34)	(5)
Noninterest expense (ex. intangible amortization and support agreement charges)	834	699	716	744	787	(6)	6
Income before taxes (ex. intangible amortization and support agreement charges)	714	380	388	319	228	(68)	(29)
Support agreement charges	160	6	(15)	(19)	(5)	N/M	N/M
Amortization of intangible assets	6	7	9	6	6	-	-
Income before taxes	\$ 548	\$ 367	\$ 394	\$ 332	\$ 227	(59)%	(32)%
Pre-tax operating margin	35%	34%	36%	31%	22%		
Pre-tax operating margin (ex. intangible amortization)	36% (a)	35%	37%	32%	23%		
Average deposits	\$64,500	\$57,084	\$50,583	\$52,271	\$51,755	(20)%	(1)%
Market value of securities on loan at period end <i>(in billions) (b)</i>	\$ 326	\$ 293	\$ 290	\$ 299	\$ 247	(24)%	(17)%

(a) The pre-tax operating margin excluding intangible amortization and support agreement charges was 46% in 4Q08.

(b) Represents the total amount of securities on loan, both cash and non-cash, managed by the Asset Servicing segment.

N/M - Not meaningful.

## KEY POINTS

- Asset servicing fees reflect the benefit of new business, offset by challenging market conditions for volume and spread related businesses.
  - Securities servicing fees – ex. securities lending revenue increased 1% (unannualized) sequentially and were essentially unchanged year-over-year. The sequential increase reflects higher market values and net new business, partially offset by lower broker-dealer fees.
  - Securities lending fees decreased \$138 million compared with 4Q08 and \$7 million sequentially. Both decreases reflect lower spreads and volumes. Spreads decreased 80% year-over-year and 33% sequentially. Volumes decreased 23% year-over-year and 4% sequentially.
- Foreign exchange and other trading activities decreased 53% year-over-year and 4% (unannualized) sequentially. The year-over-year decrease from record levels in 4Q08 primarily reflects lower volatility and spreads while volumes held at 4Q08 levels. The sequential decline resulted from lower volatility and spreads, partially offset by a 15% increase in volumes.
- Net interest revenue decreased 50% compared to the prior year period and 11% (unannualized) sequentially. The decrease year-over-year reflects lower deposit levels from the record level of deposits that resulted from the credit crisis in 4Q08 and lower spreads. The sequential decrease primarily reflects lower deposit levels.
- Noninterest expense (excluding intangible amortization and support agreement charges) increased \$43 million sequentially, primarily reflecting higher legal expenses, increased incentives driven by new business and higher sub-custody fees resulting from higher asset values and transaction volumes.
- 4Q09 new business wins totaled \$400 billion (win rate of 64%).
- 41% non-U.S. revenue in 4Q09 vs. 37% in 4Q08.

**ISSUER SERVICES** (provides corporate trust, depository receipt and shareowner services to corporations and institutions)

<i>(dollar amounts in millions, unless otherwise noted)</i>	2008	2009				4Q09 vs.	
	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	4Q08	3Q09
Revenue:							
Securities servicing fees - issuer services	\$ 392	\$ 363	\$ 373	\$ 359	\$ 367	(6)%	2%
Other	44	41	37	30	41	(7)	37
Total fee and other revenue	436	404	410	389	408	(6)	5
Net interest revenue	211	200	185	180	203	(4)	13
Total revenue	647	604	595	569	611	(6)	7
Noninterest expense (ex. intangible amortization)	318	297	303	303	318	-	5
Income before taxes (ex. intangible amortization)	329	307	292	266	293	(11)	10
Amortization of intangible assets	20	21	20	20	20	-	-
Income before taxes	\$ 309	\$ 286	\$ 272	\$ 246	\$ 273	(12)%	11%
Pre-tax operating margin	48%	47%	46%	43%	45%		
Pre-tax operating margin (ex. intangible amortization)	51%	51%	49%	47%	48%		
Number of depository receipt programs	1,338	1,330	1,320	1,322	1,330	(1)%	1%
Average deposits	\$34,294	\$45,963	\$47,293	\$43,183	\$47,320	38%	10%

**KEY POINTS**

- Issuer Services results year-over-year reflect lower revenue due to lower activity levels and interest rates. The sequential results reflect higher net interest revenue driven by higher deposit levels and seasonally higher Depository Receipts revenue.
- Total revenue decreased 6% compared to 4Q08 and increased 7% (unannualized) sequentially in the Corporate Trust, Depository Receipts and Shareowner Services businesses:
  - Corporate Trust – Total revenue increased year-over-year and sequentially despite global debt issuances declining 19% in 2009. The higher revenue over both periods reflected continued market share gains and higher net interest income driven by higher customer deposit balances, partially offset by lower levels of fixed income issuances globally and lower money market related distribution fees.
  - Depository Receipts – Year-over-year revenue was impacted by lower transaction fees, partially offset by higher corporate action fees. Revenue increased sequentially due primarily to higher transaction and seasonal corporate action fees. Depository Receipts issuances have exceeded cancellations for three consecutive quarters.
  - Shareowner Services – Revenue decreased year-over-year due to lower corporate actions activity and the impact of lower equity values on employee stock option plans. The sequential decrease resulted from lower activity and seasonality.
- Noninterest expense (excluding intangible amortization) year-over-year was unchanged and increased 5% (unannualized) sequentially. The sequential increase reflects seasonally higher expenses and higher legal expense.
- 43% non-U.S. revenue in 4Q09 vs. 41% in 4Q08.

**CLEARING SERVICES** (provides clearing, financing and custody services for broker-dealers and registered investment advisors)

<i>(dollar amounts in millions, unless otherwise noted)</i>	2008	2009				4Q09 vs.	
	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	4Q08	3Q09
Revenue:							
Securities servicing fees – clearing services	\$277	\$ 249	\$ 248	\$ 232	<b>\$ 219</b>	(21)%	(6)%
Other	72	72	66	59	<b>45</b>	(38)	(24)
Total fee and other revenue	349	321	314	291	<b>264</b>	(24)	(9)
Net interest revenue	96	82	87	81	<b>90</b>	(6)	11
Total revenue	445	403	401	372	<b>354</b>	(20)	(5)
Noninterest expense (ex. intangible amortization)	268	252	256	245	<b>241</b>	(10)	(2)
Income before taxes (ex. intangible amortization)	177	151	145	127	<b>113</b>	(36)	(11)
Amortization of intangible assets	6	7	7	6	<b>7</b>	17	17
Income before taxes	\$171	\$ 144	\$ 138	\$ 121	<b>\$ 106</b>	(38)%	(12)%
Pre-tax operating margin	38%	36%	34%	33%	<b>30%</b>		
Pre-tax operating margin (ex. intangible amortization)	40%	37%	36%	34%	<b>32%</b>		
Average active accounts <i>(in thousands)</i>	5,472	5,452	4,999	4,771	<b>4,758</b>	(13)%	-%
Average margin loans	\$ 4,871	\$ 4,207	\$ 4,121	\$ 4,322	<b>\$4,651</b>	(5)%	8%
Average payables to customers and broker-dealers	\$ 5,570	\$ 3,797	\$ 4,901	\$ 5,845	<b>\$6,476</b>	16%	11%

**KEY POINTS**

- Clearing Services results reflect the benefit of expense control, which helped mitigate lower money market related fees and lower trading volumes.
- Total fee and other revenue decreased 24% compared with 4Q08 and 9% (unannualized) sequentially. Both decreases were primarily due to lower money market related distribution fees and lower trading volumes. The fourth quarter of 2008 reflected near record levels of volume generated as a result of the credit crisis.
- Net interest revenue decreased 6% compared with 4Q08 and increased 11% sequentially. The year-over-year decrease resulted from lower spreads. The sequential increase was driven by a higher level of interest-earning assets.
- Noninterest expense (excluding intangible amortization) declined 10% compared to 4Q08 and 2% (unannualized) sequentially. The decreases reflect expense control and lower volume driven clearing costs.
- Strong new business pipeline.

**TREASURY SERVICES** (provides treasury services, global payment services, working capital solutions, capital markets business and large corporate banking)

<i>(dollar amounts in millions)</i>	2008	2009				4Q09 vs.	
	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	4Q08	3Q09
Revenue:							
Treasury services	\$ 129	\$ 121	\$ 128	\$ 124	\$ 130	1%	5%
Other	101	118	67	92	98	(3)	7
Total fee and other revenue	230	239	195	216	228	(1)	6
Net interest revenue	231	160	156	151	149	(35)	(1)
Total revenue	461	399	351	367	377	(18)	3
Noninterest expense (ex. intangible amortization)	204	195	199	185	190	(7)	3
Income before taxes (ex. intangible amortization)	257	204	152	182	187	(27)	3
Amortization of intangible assets	7	6	7	6	6	(14)	-
Income before taxes	\$ 250	\$ 198	\$ 145	\$ 176	\$ 181	(28)%	3%
Pre-tax operating margin	54%	50%	41%	48%	48%		
Pre-tax operating margin (ex. Intangible amortization)	56%	51%	43%	50%	50%		
Average loans	\$16,353	\$13,921	\$13,228	\$11,648	\$10,982	(33)%	(6)%
Average deposits	\$30,052	\$24,867	\$20,321	\$19,989	\$22,138	(26)%	11%

**KEY POINTS**

- Total revenue decreased 18% compared to 4Q08 and increased 3% (unannualized) sequentially. The decrease compared to 4Q08 was primarily driven by lower net interest revenue resulting from lower deposit volumes and spreads. The increase sequentially primarily reflects higher Treasury services fees as a result of higher global payment volume.
- Noninterest expense (excluding intangible amortization) decreased 7% compared with 4Q08 and increased 3% (unannualized) sequentially. The year-over-year decrease reflects merger-related synergies and overall expense control, partially offset by higher FDIC assessments. The sequential increase primarily reflects seasonality.

**OTHER** (primarily includes the leasing portfolio, corporate treasury activities, business exits, M&I expenses and other corporate revenue and expense items)

<i>(dollar amounts in millions)</i>	2008	2009			
	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
Revenue:					
Fee and other revenue	\$(1,031)	\$ (278)	\$ (224)	\$(4,684)	<b>\$ 52</b>
Net interest revenue (expense)	(3)	20	4	21	<b>29</b>
Total revenue	(1,034)	(258)	(220)	(4,663)	<b>81</b>
Provision for credit losses	54	59	61	147	<b>64</b>
Noninterest expense (ex. FDIC special assessment, intangible amortization, M&I expenses and restructuring charges)	63	120	136	127	<b>151</b>
Income (loss) before taxes (ex. FDIC special assessment, intangible amortization, M&I expenses and restructuring charges)	(1,151)	(437)	(417)	(4,937)	<b>(134)</b>
FDIC special assessment	-	-	61	-	-
Amortization of intangible assets	(1)	-	(1)	1	<b>1</b>
M&I expenses	97	68	59	54	<b>52</b>
Restructuring charges	181	10	6	(5)	<b>139</b>
Income (loss) before taxes	\$(1,428)	\$ (515)	\$ (542)	\$(4,987)	<b>\$(326)</b>

## KEY POINTS

- Fee and other revenue increased \$1.1 billion compared to 4Q08 and \$4.7 billion compared to 3Q09 with the variances over both periods primarily due to the level of investment securities gains (losses).
- Noninterest expense (excluding FDIC special assessment, intangible amortization, M&I expenses and restructuring charges) increased \$88 million compared to 4Q08 and \$24 million sequentially. The year-over-year increase primarily reflects employee benefit adjustments. The sequential increase reflects employee benefit adjustments and a seasonal increase in business development expense, including branding and donations.

**MERGER UPDATE - INTEGRATION MILESTONES**

Revenue Synergies (in millions)	2009	Target	
	Actual	2010	2011
Annual revenue synergies	<b>\$ 251</b>	\$270-350	\$325-425

Expense Synergies (dollar amounts in millions)	Actual					Cumulative Target
	1Q09	2Q09	3Q09	4Q09	FY 2009	2010
Expense synergies	\$ 173	\$ 186	\$ 196	<b>\$ 206</b>	<b>\$ 761</b>	\$ 850
# of net positions eliminated (cumulative)	2,973	3,185	3,277	<b>3,467</b>	<b>3,467</b>	3,200

Business Segment Expense Synergies Achieved (in millions)					
	4Q08	1Q09	2Q09	3Q09	4Q09
Asset Management	\$ 12	\$ 13	\$ 13	\$ 14	<b>\$ 14</b>
Wealth Management	9	10	11	11	<b>11</b>
Asset Servicing	61	67	75	81	<b>88</b>
Issuer Services	17	19	19	19	<b>20</b>
Clearing Services	2	3	3	4	<b>4</b>
Treasury Services	20	21	23	23	<b>23</b>
Subtotal	121	133	144	152	<b>160</b>
Other	36	40	42	44	<b>46</b>
Total	\$157	\$173	\$186	\$196	<b>\$ 206</b>
Total – annualized	\$628	\$692	\$744	\$784	<b>\$ 824</b>

**M&I Expenses (The Bank of New York Mellon Corporation)**

(dollar amounts in millions)	4Q09 Total expense	Cumulative through 4Q09 (a)			Total estimated
		Expense	Included in goodwill	Total	
Personnel-related (b)	<b>\$ 13</b>	\$ 395	\$ 123	\$ 518	\$ 560
Integration/conversion	<b>37</b>	616	-	616	600
One-time costs (c)	<b>2</b>	64	44	108	153
Transaction costs (d)	<b>-</b>	117	45	162	162
Total	<b>\$ 52</b>	\$1,192	\$212	\$1,404	\$1,475
% of total estimated	<b>4%</b>	81%	14%	95%	

(a) Represents total M&I charges from 4Q06 – 4Q09.

(b) Includes severance, retention, relocation expenses and accelerated vesting of stock options and restricted stock.

(c) Includes facilities related expenses, balance sheet write-offs, vendor contract modifications, rebranding and net gain (loss) on disposals.

(d) Includes investment banker and legal fees and foundation funding.

**Service Quality Goals for 2010 - Asset Servicing**

- #1 vs. major peers in the major external global client satisfaction surveys
  - BNY Mellon #1 rated custodian among the large custodian peer group
    - > Global Investor Survey (May 2009)
    - > R&M Global Custody Survey (March 2009)
- Expect 85% of our clients to be satisfied/highly satisfied with our service quality

**SUPPLEMENTAL INFORMATION – EXPLANATION OF NON-GAAP FINANCIAL MEASURES**

<b>Reconciliation of net income and EPS – GAAP to Non-GAAP</b> <i>(in millions, except per common share amounts)</i>	<b>4Q09</b>	
	<b>Net income</b>	<b>EPS (a)</b>
Net income applicable to common shareholders of The Bank of New York Mellon Corporation – GAAP	<b>\$593</b>	<b>N/A</b>
Earnings allocated to participating securities (a)	<b>(5)</b>	<b>N/A</b>
Net income applicable to common shareholders of The Bank of New York Mellon Corporation – GAAP – Diluted EPS basis	<b>588</b>	<b>\$0.49</b>
Less: Discontinued operations (loss)	<b>(119)</b>	<b>(0.10)</b>
Continuing operations – GAAP – Diluted EPS basis	<b>707</b>	<b>0.59</b>
Net investment securities (gains)	<b>(31)</b>	<b>(0.03)</b>
M&I expenses	<b>33</b>	<b>0.03</b>
Restructuring charges	<b>86</b>	<b>0.07</b>
Discrete tax benefits	<b>(133)</b>	<b>(0.11)</b>
Net income from continuing operations applicable to common shareholders excluding the investment securities (gains), M&I expenses, restructuring charges and discrete tax benefits – Non-GAAP	<b>662</b>	<b>0.55</b>
Intangible amortization	<b>66</b>	<b>0.06</b>
Net income (loss) from continuing operations applicable to common shareholders excluding the investment securities (gains), M&I expenses, restructuring charges, discrete tax benefits and intangible amortization – Non-GAAP	<b>\$728</b>	<b>\$0.60 (b)</b>

(a) Diluted earnings per share under the two-class method was calculated after deducting earnings allocated to participating securities.

(b) Does not foot due to rounding.

N/A – Not applicable.

<b>Securities servicing fees</b> <i>(in millions)</i>	<b>4Q09</b>	3Q09	4Q08
Securities servicing fees	<b>\$1,241</b>	\$1,238	\$1,453
Less: Securities lending fee revenue	<b>29</b>	43	187
Securities servicing fees excluding securities lending fee revenue	<b>\$1,212</b>	\$1,195	\$1,266

<b>Asset and wealth management fee revenue</b> <i>(dollars in millions)</i>	<b>4Q09</b>	3Q09	4Q08	<b>4Q09 vs.</b>	
				<b>4Q08</b>	<b>3Q09</b>
Asset and wealth management fee revenue	<b>\$ 736</b>	\$ 650	\$ 701	<b>5%</b>	<b>13%</b>
Less: Performance fees	<b>59</b>	1	44	<b>34</b>	<b>N/M</b>
Asset and wealth management fee revenue excluding performance fees	<b>\$ 677</b>	\$ 649	\$ 657	<b>3%</b>	<b>4%</b>

<b>Reconciliation of fee and other revenue as a percent of total revenue</b> <i>(dollars in millions)</i>	4Q08	1Q09	2Q09	3Q09	<b>4Q09</b>
Fee and other revenue – GAAP	\$1,817	\$2,136	\$2,257	\$(2,216)	<b>\$2,595</b>
Less: Investment securities gains (losses)	(1,241)	(295)	(256)	(4,833)	<b>15</b>
Fee and other revenue excluding investment securities gains (losses) – Non-GAAP	3,058	2,431	2,513	2,617	<b>2,580</b>
Net interest revenue – GAAP	1,047	775	700	716	<b>724</b>
Total revenue – GAAP	\$2,864	\$2,911	\$2,957	\$(1,500)	<b>\$3,319</b>
Total revenue excluding investment securities gains (losses) – Non-GAAP	\$4,105	\$3,206	\$3,213	\$3,333	<b>\$3,304</b>
Fee and other revenue as a percentage of total revenue	63%	73%	76%	N/M	<b>78%</b>
Fee and other revenue as a percentage of total revenue excluding investment securities gains (losses) – Non-GAAP	74%	76%	78%	79%	<b>78%</b>

N/M – Not meaningful.

<b>Reconciliation of income (loss) from continuing operations before income taxes – pre-tax operating margin</b>					
<i>(dollars in millions)</i>	4Q08	1Q09	2Q09	3Q09	4Q09
Income (loss) from continuing operations before income taxes – GAAP	\$ (49)	\$ 572	\$ 513	\$ (3,965)	\$ 672
Investment securities (gains) losses	1,241	295	256	4,833	(15)
Support agreement charges	163	(8)	(15)	13	(5)
Asset-based taxes	-	-	-	20	-
FDIC special assessment	-	-	61	-	-
M&I expenses	97	68	59	54	52
Restructuring charges	181	10	6	(5)	139
Intangible amortization	113	107	108	104	107
Income (loss) from continuing operations before income taxes excluding investment securities (gains) losses, support agreement charges, asset-based taxes, FDIC special assessment, M&I expenses, restructuring charges and intangible amortization – Non-GAAP	\$1,746	\$1,044	\$ 988	\$1,054	\$ 950
Fee and other revenue – GAAP	\$1,817	\$2,136	\$2,257	\$(2,216)	\$2,595
Net interest revenue – GAAP	1,047	775	700	716	724
Total revenue – GAAP	2,864	2,911	2,957	(1,500)	3,319
Add: Investment securities (gains) losses	1,241	295	256	4,833	(15)
Total revenue excluding investment securities (gains) losses – Non-GAAP	\$4,105	\$3,206	\$3,213	\$3,333	\$3,304
Pre-tax operating margin (a)	(2)%	20%	17%	N/M	20%
Pre-tax operating margin excluding investment securities (gains) losses, support agreement charges, asset-based taxes, FDIC special assessment, M&I expenses, restructuring charges and intangible amortization– Non-GAAP (a)	43%	33%	31%	32%	29%

(a) Income (loss) before taxes divided by total revenue.

N/M – Not meaningful.

The Bank of New York Mellon Corporation 4Q09 Quarterly Earnings Review

<b>Return on common equity and tangible common equity – continuing operations</b>					
<i>(dollars in millions)</i>	4Q08	1Q09	2Q09	3Q09	4Q09
Net income (loss) applicable to common shareholders of The Bank of New York Mellon Corporation - GAAP	\$ 28	\$ 322	\$ 176	\$ (2,458)	\$ 593
Less: Discontinued operations income (loss), net of tax	4	(41)	(91)	(19)	(119)
Extraordinary (loss), net of tax	(26)	-	-	-	-
Net income (loss) from continuing operations applicable to common shareholders of The Bank of New York Mellon Corporation	50	363	267	(2,439)	712
Intangible amortization	70	66	67	65	66
Net income (loss) from continuing operations applicable to common shareholders of The Bank of New York Mellon Corporation excluding intangible amortization – Non-GAAP	120	429	334	(2,374)	778
Investment securities (gains) losses	752	183	161	3,047	(31)
Support agreement charges	97	(5)	(9)	8	(3)
FDIC special assessment	-	-	36	-	-
M&I expenses	58	41	36	34	33
Restructuring charges	107	7	4	(3)	86
Discrete tax benefits and the benefit of tax settlements	-	-	(134)	-	(133)
Net income (loss) from continuing operations excluding investment securities (gains) losses, 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	\$ 1,134	\$ 655	\$ 428	\$ 712	\$ 730
Average common shareholders' equity	\$26,812	\$25,189	\$26,566	\$28,144	\$28,843
Less: Average goodwill	16,121	15,837	15,989	16,048	16,291
Average intangible assets	5,763	5,752	5,673	5,608	5,587
Add: Deferred tax liability – tax deductible goodwill	599	624	643	666	720
Deferred tax liability – non-tax deductible intangible assets	1,841	1,808	1,743	1,717	1,680
Average tangible common shareholders' equity – Non-GAAP	\$ 7,368	\$6,032	\$7,290	\$ 8,871	\$ 9,365
Return on common equity – GAAP (a)	0.8% (b)	5.8%	4.0%	N/M	9.8%
Return on common equity excluding investment securities (gains) losses, 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 (a)	16.8% (b)	10.6%	6.5%	10.0%	10.1%
Return on tangible common equity – Non-GAAP (a)	6.5% (b)	28.8%	18.4%	N/M	33.0%
Return on tangible common equity excluding investment securities (gains) losses, 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 (a)	61.3% (b)	44.1%	23.5%	31.8%	31.0%

(a) Annualized.

(b) Calculated before extraordinary loss.

<b>Calculation of common and tangible common shareholders' equity to assets</b>			
<i>(dollars in millions)</i>	Dec. 31, 2009	Sept. 30, 2009	Dec. 31, 2008
Common shareholders' equity at period end - GAAP	\$ 28,977	\$ 28,295	\$ 25,264
Less: Goodwill	16,249	16,022	15,898
Intangible assets	5,588	5,574	5,856
Add: Deferred tax liability – tax deductible goodwill	720	666	599
Deferred tax liability – non-tax deductible intangible assets	1,680	1,717	1,841
Tangible common shareholders' equity at period end – Non-GAAP	\$9,540	\$ 9,082	\$ 5,950
Total assets at period end - GAAP	\$212,224	\$212,007	\$237,512
Less: Goodwill	16,249	16,022	15,898
Intangible assets	5,588	5,574	5,856
Cash on deposit with the Federal Reserve and other central banks (a)	7,375	15,003	53,278
U.S. government-backed commercial paper	-	-	5,629
Tangible total assets at period end – Non-GAAP	\$183,012	\$175,408	\$156,851
Common shareholders' equity to assets – GAAP	13.7%	13.3%	10.6%
Tangible common shareholders' equity to tangible assets – Non-GAAP	5.2%	5.2%	3.8%

(a) Assigned a zero percent risk weighting by the regulators.

<b>Calculation of Tier 1 common equity to risk-weighted assets ratio (a)</b> <i>(dollars in millions)</i>	<b>Dec. 31, 2009</b>	Sept. 30, 2009	Dec. 31, 2008
Total Tier 1 capital	<b>\$ 12,853</b>	\$ 12,543	\$ 15,402
Less: Trust preferred securities	<b>1,686</b>	1,682	1,654
Series B preferred stock	-	-	2,786
Total Tier 1 common equity	<b>\$ 11,167</b>	\$ 10,861	\$ 10,962
Total risk-weighted assets	<b>\$106,805</b>	\$110,135	\$116,713
Tier 1 common equity to risk-weighted assets ratio	<b>10.5%</b>	9.9%	9.4%

(a) On a regulatory basis.

## CAUTIONARY STATEMENT

A number of statements (i) in this Quarterly Earnings Review, (ii) in our presentations and (iii) in the responses to questions on our conference call discussing our quarterly results and other public events may contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. 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, including statements with respect to BNY Mellon’s new business pipeline, the impact of the restructuring on net interest revenue, and expectations with respect to BNY Mellon’s global location strategy; as well as BNY Mellon’s overall plans, strategies, goals, objectives, expectations, estimates and intentions. These statements are based upon current beliefs and expectations and are subject to significant risks and uncertainties (some of which are beyond BNY Mellon’s control). Actual results may differ materially from those expressed or implied as a result of these risks and uncertainties, including, but not limited to, the risk factors and other uncertainties set forth in BNY Mellon’s Annual Report on Form 10-K for the year ended Dec. 31, 2008, the Form 10-Q for the quarter ended March 31, 2009 and BNY Mellon’s other filings with the Securities and Exchange Commission. All forward-looking statements in this earnings review speak only as of Jan. 20, 2010 and BNY Mellon undertakes no obligation to update any forward-looking statement to reflect events or circumstances after that date or to reflect the occurrence of unanticipated events.