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

FORM 10-K

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

For the fiscal year ended December 31, 2003

or

Transition Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Commission File No. 1-7410

MELLON FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

Pennsylvania
(State or other jurisdiction of
incorporation or organization)

25-1233834
(I.R.S. Employer Identification No.)

One Mellon Center
Pittsburgh, Pennsylvania 15258-0001
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code - (412) 234-5000

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

Title of each class
Common Stock, \$0.50 Par Value
Stock Purchase Rights

Name of each exchange on which registered
New York Stock Exchange
New York Stock Exchange

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

None
(Title of Class)

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

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes No

As of June 30, 2003, 426,158,017 shares, of the total outstanding shares of 430,615,692, of the registrant's outstanding voting common stock, \$0.50 par value per share, having a market value of \$11,825,884,972, were held by nonaffiliates.

As of February 29, 2004, 426,587,010 shares of the registrant's voting common stock, \$0.50 par value per share, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the following documents are incorporated by reference in the following parts of this Annual Report:

Mellon Financial Corporation 2004 Proxy Statement-Part III

Mellon Financial Corporation 2003 Financial Annual Report to Shareholders-Parts I, II, III and IV

The Form 10-K filed with the Securities and Exchange Commission contains the Exhibits listed on the Index to Exhibits beginning on page 29, including the Financial Review, Financial Statements and Notes, and Corporate Information section from the Corporation's 2003 Financial Annual Report to Shareholders. For a free copy of the Corporation's 2003 Summary Annual Report to Shareholders, the 2003 Financial Annual Report to Shareholders, the Proxy Statement for its 2004 Annual Meeting, or a copy of the Corporation's Management Report on Internal Controls, as filed with the appropriate regulatory agencies, please send a written request to the Secretary of the Corporation, Room 4826 One Mellon Center, Pittsburgh, PA 15258-0001. The Corporation's 2003 Summary and Financial Annual Reports to Shareholders, and the Proxy Statement for its 2004 Annual Meeting are also available on the Corporation's Internet site at www.mellon.com. The Corporation also makes available, free of charge, on its Internet site, the Corporation's annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports as soon as reasonably practicable after it electronically files such materials with, or furnishes them to, the Securities and Exchange Commission. The contents of the Corporation's Internet site are not part of this Annual Report on Form 10-K. The following materials are available, free of charge, on the Corporation's Internet site at www.mellon.com under "Investor Relations/Corporate Governance" and are also available in print by written request from the Secretary of the Corporation at Room 4826 One Mellon Center, Pittsburgh PA 15258-0001:

- the Corporation's Code of Ethics for Senior Financial Officers which is applicable to the Chief Executive Officer, Senior Vice Chairman, Chief Financial Officer and Controller;
- the Corporation's Board Policies which represent its corporate governance guidelines;
- the Charters of all Committees of the Board of Directors; and
- the Corporation's Code of Conduct which is applicable to all employees.

Cautionary Statement

See pages 64 through 67 of the Corporation's 2003 Financial Annual Report to Shareholders for the Cautionary Statement. Those pages are incorporated herein by reference. This Form 10-K contains statements relating to future results of the Corporation that are considered "forward-looking statements." These statements, which may be expressed in a variety of ways, including the use of future or present tense language, relate to, among other things: the effects of potential changes in risk-based capital guidelines; the projected occupancy date of the Corporation's new European headquarters in London; litigation results; and the Corporation's ability to assert, when required, that internal controls over financial reporting are effective. These statements, and other forward-looking statements contained in other public disclosures of the Corporation which make reference to the cautionary factors contained in this Form 10-K, are based on assumptions that involve risks and uncertainties and that are subject to change based on various important factors (some of which are beyond the Corporation'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 following:

The nature of any new capital accords to be adopted by the Basel Committee on Banking Supervision and implemented by the U.S. federal bank regulatory agencies will affect the Corporation's future capital requirements.

Uncertainties inherent in the litigation process.

Uncertainties associated with the evolving requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as the Securities and Exchange Commission has not, as of the date this Report was finalized, approved rules issued by the Public Company Accounting Oversight Board on March 9, 2004.

Such forward-looking statements are also subject to risks and uncertainties identified in the information incorporated by reference under Item 7 of this Form 10-K.

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

MELLON FINANCIAL CORPORATION
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PART I

ITEM 1. BUSINESS

Description of Business

Mellon Financial Corporation (the “Corporation”) is a global financial services company headquartered in Pittsburgh, Pennsylvania, with approximately \$3.5 trillion in assets under management, administration or custody, including more than \$650 billion under management. For a further discussion of its products, see “Nature of operations” in Note 1 of Notes to Financial Statements (Notes) on pages 74 and 75 of the Corporation’s 2003 Financial Annual Report to Shareholders, which paragraph is incorporated herein by reference.

The Corporation’s asset management subsidiaries, which include The Dreyfus Corporation (“Dreyfus”), Newton Investment Management (“Newton”), Founders Asset Management LLC (“Founders”) and Standish Mellon Asset Management Company LLC (“Standish Mellon”), as well as a number of additional investment management boutiques, provide investment products in many asset classes and investment styles. Dreyfus, headquartered in New York, New York, serves primarily as an investment adviser and manager of mutual funds. Newton is a leading U.K.-based investment manager that provides investment management services to institutional, private and retail clients. Founders, headquartered in Denver, Colorado, is a manager of growth-oriented equity mutual funds and other investment portfolios. Standish Mellon is a Boston-based provider of investment management services to institutional clients. The Corporation provides retirement and employee benefits consulting, outsourcing services for benefit plans, comprehensive end-to-end human resources outsourcing solutions and shareholder services through Mellon Human Resources & Investor Solutions (HR&IS), whose major operations are in New York and New Jersey.

The Corporation was originally formed as a holding company for Mellon Bank, N.A. (“Mellon Bank”), which has its executive offices in Pittsburgh, Pennsylvania. With its predecessors, Mellon Bank has been in business since 1869. The Corporation's banking subsidiaries include Mellon Trust of New England, National Association, headquartered in Boston, Massachusetts, Mellon United National Bank, headquartered in Miami, Florida and Mellon 1st Business Bank, National Association, headquartered in Los Angeles, California, in addition to Mellon Bank. They engage in trust and custody activities, investment management services, banking services and various securities-related activities. The deposits of the banking subsidiaries are insured by the Federal Deposit Insurance Corporation (“FDIC”) to the extent provided by law.

The Corporation’s businesses are divided into two overall reportable groups -- Asset Management and Corporate & Institutional Services. The Asset Management group is comprised of the Institutional Asset Management, Mutual Funds and Private Wealth Management sectors. The Corporate & Institutional Services group is comprised of the Asset Servicing, Human Resources & Investor Solutions and Treasury Services sectors.

Further information regarding the Corporation's six core business sectors, as well as “Other Activity” is presented in the Business Sectors section found on pages 20 through 33 of the Corporation's 2003 Financial Annual Report to Shareholders, which pages are incorporated herein by reference. Information on international operations is presented in the Corporation’s 2003 Financial Annual Report to Shareholders in Note 33 on page 125, which note is incorporated herein by reference. Foreign assets are subject to the general risks of conducting business in each foreign country, including economic uncertainty and government regulations. In addition, foreign assets may be impacted by changes in demand or pricing resulting from movements in foreign currency exchange rates or other factors.

ITEM 1. BUSINESS (continued)

Description of Business (continued)

Principal Entities

Exhibit 21.1 to this Annual Report on Form 10-K presents a list of the primary subsidiaries of the Corporation as of Dec. 31, 2003.

Discontinued operations

As discussed in Note 4 on pages 84 and 85 of the Corporation's 2003 Financial Annual Report to Shareholders, the Corporation is reporting its results using the discontinued operations method of accounting, which Note is incorporated herein by reference. Accordingly, all information in this Annual Report on Form 10-K, including all supplemental information, reflects continuing operations unless otherwise noted.

Supervision and Regulation

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

Regulated Entities of the Corporation

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

ITEM 1. BUSINESS (continued)

Supervision and Regulation (continued)

In order for a bank holding company to engage in the broader range of activities that are permitted by the BHC Act for bank holding companies that are also financial holding companies, (1) all of its depository institutions must be well-capitalized and well-managed and (2) it must file a declaration with the Federal Reserve Board that it elects to be a “financial holding company”. In addition, to commence any new activity permitted by the BHC Act and to acquire any company engaged in any new activities permitted by the BHC Act, each insured depository institution of the financial holding company must have received at least a “satisfactory” rating in its most recent examination under the Community Reinvestment Act. On Jan. 24, 2000, the Corporation filed a notice with the Federal Reserve Bank of Cleveland that it elected to become a financial holding company. The election became effective on March 13, 2000.

The Corporation’s national bank subsidiaries are subject to primary supervision, regulation and examination by the OCC. Mellon Securities Trust Company, The Dreyfus Trust Company and Mellon Trust of New York are New York trust companies and are supervised by the New York State Department of Banking. Mellon Trust of California is a California trust company and is supervised by the State of California Department of Financial Institutions. Mellon Trust of Washington is a Washington trust company and is supervised by the Division of Banks of the Washington State Department of Financial Institutions.

The Corporation’s non-bank subsidiaries engaged in securities related activities are regulated by the Securities and Exchange Commission (the “SEC”). The Corporation operates a number of broker-dealers that engage in securities underwriting and other broker-dealer activities. These companies are registered broker-dealers and members of the National Association of Securities Dealers, Inc., a securities industry self-regulatory organization.

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

Certain of the Corporation’s United Kingdom incorporated subsidiaries are authorized to conduct investment business in the UK pursuant to the UK Financial Services and Markets Act 2000 (“FSMA 2000”). Their investment management advisory activities and their sale and marketing of retail investment products are regulated by the Financial Services Authority (“FSA”). In addition to broad supervisory powers, the FSA may discipline the businesses it regulates. Disciplinary powers include the power to temporarily or permanently revoke the authorization to carry on regulated business following a breach of FSMA 2000 and/or regulatory rules, the suspension of registered employees and censures and fines for both regulated businesses and their registered employees. Certain UK investment funds, including Newton Investment Funds, an open ended investment company with variable capital advised by UK regulated subsidiaries of the Corporation, are registered with the Financial Services Authority and are offered for retail sale in the UK.

ITEM 1. BUSINESS (continued)

Supervision and Regulation (continued)

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

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

Dividend Restrictions

The Corporation is a legal entity separate and distinct from its bank and other subsidiaries. Its principal sources of funds to make capital contributions or loans to Mellon Funding Corporation, to pay service on its own debt, to honor its guarantee of debt issued by Mellon Funding Corporation or of trust-preferred securities issued by a trust or to pay dividends on its own equity securities, are dividends and interest from its subsidiaries. Various federal and state statutes and regulations limit the amount of dividends that may be paid to the Corporation by its bank subsidiaries without regulatory approval. For a further discussion of restrictions on dividends, see the first three paragraphs of Note 25 on page 113 of the Corporation's 2003 Financial Annual Report to Shareholders, which paragraphs are incorporated herein by reference.

If, in the opinion of the applicable federal regulatory agency, a depository institution under its jurisdiction is engaged in or is about to engage in an unsafe or unsound practice (which, depending on the financial condition of the bank, could include the payment of dividends), the regulator may require, after notice and hearing, that the bank cease and desist from such practice. The OCC and the FDIC have indicated that the payment of dividends would constitute an unsafe and unsound practice if the payment would deplete a depository institution's capital base to an inadequate level. Moreover, under the Federal Deposit Insurance Act, as amended (the "FDI Act"), an insured depository institution may not pay any dividend if the institution is undercapitalized or if the payment of the dividend would cause the institution to become undercapitalized. In addition, the federal bank regulatory agencies have issued policy statements which provide that FDIC-insured depository institutions and their holding companies should generally pay dividends only out of their current operating earnings.

The ability of the Corporation's bank subsidiaries to pay dividends to the Corporation may also be affected by various minimum capital requirements for banking organizations, as described below. In addition, the right of the Corporation to participate in the assets or earnings of a subsidiary are subject to the prior claims of creditors of the subsidiary.

Transactions with Affiliates

There are certain restrictions on the ability of the Corporation and certain of its non-bank affiliates to borrow from, and engage in other transactions with, its bank subsidiaries and on the ability of such bank subsidiaries to pay dividends to the Corporation. In general, these restrictions require that any extensions of credit must be secured by designated amounts of specified collateral and are limited, as to any one of the Corporation or such non-bank affiliates, to 10% of the lending bank's capital stock and surplus, and, as to the Corporation and all such non-bank affiliates in the aggregate, to 20% of such lending bank's capital stock and surplus. As a result of the Gramm-Leach-Bliley Act amendments to the BHC Act, these restrictions, other than the 10% of capital limit on covered transactions with any one affiliate, are also applied to transactions between

ITEM 1. BUSINESS (continued)

Supervision and Regulation (continued)

national banks and their financial subsidiaries. In addition, certain transactions with affiliates must be on terms and conditions, including credit standards, that are substantially the same, or at least as favorable to the institution, as those prevailing at the time for comparable transactions involving other non-affiliated companies or, in the absence of comparable transactions, on terms and conditions, including credit standards, that in good faith would be offered to, or would apply to, non-affiliated companies.

Unsafe and Unsound Practices

The OCC has authority under the Financial Institutions Supervisory Act to prohibit national banks from engaging in any activity which, in the OCC's opinion, constitutes an unsafe or unsound practice in conducting their businesses. The Federal Reserve Board has similar authority with respect to the Corporation and the Corporation's non-bank subsidiaries, including Mellon Securities Trust Company, a member of the Federal Reserve System.

Deposit Insurance

Substantially all of the deposits of the bank subsidiaries of the Corporation are insured up to applicable limits by the Bank Insurance Fund ("BIF") of the FDIC and are subject to deposit insurance assessments to maintain the BIF. The FDIC utilizes a risk-based assessment system which imposes insurance premiums based upon a matrix that takes into account a bank's capital level and supervisory rating. Such premiums now range from 0 cents for each \$100 of domestically-held deposits for well-capitalized and well-managed banks to 27 cents for each \$100 of domestically-held deposits for the weakest institutions. The Corporation's bank subsidiaries currently are not required to pay insurance premiums to the FDIC. In addition, the Deposit Insurance Fund Act of 1996 authorizes the Financing Corporation ("FICO") to impose assessments on BIF assessable deposits in order to service the interest on FICO's bond obligations. The FICO current annual assessment on these deposits is approximately 1.54 cents for each \$100 of domestically-held deposits. The FDIC is authorized to raise insurance premiums in certain circumstances.

Under the FDI Act, insurance of deposits may be terminated by the FDIC upon a finding that the institution has engaged in unsafe and unsound practices, is in an unsafe or unsound condition to continue operations or has violated any applicable law, regulation, rule, order or condition imposed by a bank's federal regulatory agency.

Liability of Commonly Controlled Institutions and Related Matters

The FDI Act contains a "cross-guarantee" provision that could result in any insured depository institution owned by the Corporation being assessed for losses incurred by the FDIC in connection with assistance provided to, or the failure of, any other insured depository institution owned by the Corporation. Also, under the BHC Act and Federal Reserve Board policy, the Corporation is expected to act as a source of financial and managerial strength to each of its bank subsidiaries and to commit resources to support each such bank in circumstances where such bank might not be in a financial position to support itself.

Any capital loans by a bank holding company to any of its bank subsidiaries are subordinate in right of payment to deposits and to certain other indebtedness of such bank subsidiaries. In the event of a bank holding company's bankruptcy, any commitment by the bank holding company to a federal bank regulatory agency to maintain the capital of a subsidiary bank will be assumed by the bankruptcy trustee and entitled to a priority of payment.

ITEM 1. BUSINESS (continued)

Supervision and Regulation (continued)

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

Regulatory Capital

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

The risk-based capital ratio is determined by classifying assets and certain off-balance sheet financial instruments into weighted categories, with higher levels of capital being required for those categories perceived as representing greater risk. Under the capital guidelines, a banking organization's total capital is divided into tiers. "Tier I capital" consists of (1) common equity, (2) qualifying noncumulative perpetual preferred stock, (3) a limited amount of qualifying cumulative perpetual preferred stock and (4) minority interests in the equity accounts of consolidated subsidiaries (including trust-preferred securities), less goodwill and certain other intangible assets. Not more than 25% of qualifying Tier I capital may consist of trust-preferred securities. As discussed in Note 15 on pages 97 and 98 of the Corporation's 2003 Financial Annual Report to Shareholders, at Dec. 31, 2003 the Corporation deconsolidated the statutory business trusts which have issued trust-preferred securities. As a result, the junior subordinated debentures held by the trusts are now reported on the Corporation's consolidated balance sheet. These debentures continue to qualify as Tier I capital under interim guidance issued by the Federal Reserve Board. This note is incorporated herein by reference. "Tier II capital" consists of hybrid capital instruments, perpetual debt, mandatory convertible debt securities, a limited amount of subordinated debt, preferred stock that does not qualify as Tier I capital, a limited amount of the allowance for loan and lease losses and a limited amount of unrealized holding gains on equity securities. "Tier III capital" consists of qualifying unsecured subordinated debt. The sum of Tier II and Tier III capital may not exceed the amount of Tier I capital.

In January 2002, the U.S. federal bank regulators adopted rules, effective April 1, 2002, governing the regulatory capital treatment of equity investments in nonfinancial companies. The rules require a series of marginal capital charges on covered equity investments that increase with the level of those investments as a percentage of Tier I capital. With certain exceptions, including investments grandfathered under the rules, the rules require that the Corporation and its bank subsidiaries deduct from Tier I capital the appropriate percentage set out below:

<u>Aggregate Carrying Value of Covered Nonfinancial Equity Investments as a percentage of Tier I Capital</u>	<u>Required Deduction From Tier I Capital as a Percentage of the Carrying Value of the Investments</u>
<15%	8%
≥15% but <25%	12%
≥25%	25%

ITEM 1. BUSINESS (continued)

Supervision and Regulation (continued)

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

Under the Federal Reserve Board's risk-based capital guidelines for bank holding companies, the required minimum ratio of "Total capital" (the sum of Tier I, Tier II and Tier III capital) to risk-adjusted assets (including certain off-balance sheet items, such as standby letters of credit) is currently 8%. The required minimum ratio of Tier I capital to risk-adjusted assets is 4%. At Dec. 31, 2003, the Corporation's Total capital and Tier I capital to risk-adjusted assets ratios were 13.46% and 8.55%, respectively.

The U.S. federal bank regulatory agencies' risk-capital guidelines are based upon the 1988 capital accord of the Basel Committee on Banking Supervision (the "BIS"). The BIS is a committee of central banks and bank supervisors/regulators from the major industrialized countries that develops broad policy guidelines that each country's supervisors can use to determine the supervisory policies they apply. In January 2001, the BIS released a proposal to replace the 1988 capital accord with a new capital accord that would set capital requirements for operational risk and refine the existing capital requirements for credit risk and market risk exposures. Operational risk is defined to mean the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. The 1988 capital accord does not include separate capital requirements for operational risk. The BIS proposal outlines several alternatives for capital assessment of operational risks, including two standardized approaches (the "Basic Indicator Approach" and the "Standardized Approach") and an "advanced measurement approach" tailored to individual institutions' circumstances. The BIS has stated that its objective is to finalize a new capital accord by mid-year 2004 and for member countries to implement the new accord at year-end 2006. The ultimate timing for a new accord, and the specifics of capital assessments for addressing operational risk, are uncertain. However, the Corporation expects that a new capital accord addressing operational risk will eventually be adopted by the BIS and implemented by the U.S. federal bank regulatory agencies. Because of the uncertainty as to the final requirements for addressing this risk, the Corporation cannot, at this time, determine with certainty if future capital requirements will be higher or lower, but as presently proposed, the requirements would lead to an increase in required capital.

The Federal Reserve Board also requires bank holding companies to comply with minimum Leverage ratio guidelines. The Leverage ratio is the ratio of a bank holding company's Tier I capital to its total consolidated quarterly average assets (as defined for regulatory purposes), net of the loan loss reserve, goodwill and certain other intangible assets. The guidelines require a minimum Leverage ratio of 3% for bank holding companies that either have the highest supervisory rating or have implemented the Federal Reserve Board's risk-adjusted measure for market risk. All other bank holding companies are required to maintain a minimum Leverage ratio of 4%. The Federal Reserve Board has not advised the Corporation of any specific minimum Leverage ratio applicable to it. At Dec. 31, 2003, the Corporation's Leverage ratio was 7.92%.

The Federal Reserve Board's capital guidelines provide that banking organizations experiencing internal growth or making acquisitions are expected to maintain strong capital positions substantially above the minimum supervisory levels, without significant reliance on intangible assets. Also, the guidelines indicate

ITEM 1. BUSINESS (continued)

Supervision and Regulation (continued)

that the Federal Reserve Board will consider a “tangible Tier I leverage ratio” in evaluating proposals for expansion or new activities. The tangible Tier I leverage ratio is the ratio of a banking organization’s Tier I capital (excluding intangibles) to total assets (excluding intangibles).

Prompt Corrective Action

The FDI Act requires federal banking regulators to take prompt corrective action with respect to depository institutions that do not meet minimum capital requirements. The FDI Act identifies the following capital tiers for financial institutions: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized and critically undercapitalized.

Rules adopted by the federal banking agencies provide that an institution is deemed to be: “well capitalized” if the institution has a Total risk-based capital ratio of 10.0% or greater, a Tier I risk-based capital ratio of 6.0% or greater, and a Leverage ratio of 5.0% or greater, and the institution is not subject to an order, written agreement, capital directive, or prompt corrective action directive to meet and maintain a specific level for any capital measure; “adequately capitalized” if the institution has a Total risk-based capital ratio of 8.0% or greater, a Tier I risk-based capital ratio of 4.0% or greater, and a Leverage ratio of 4.0% or greater (or a Leverage ratio of 3.0% or greater if the institution is rated composite 1 in its most recent report of examination, subject to appropriate Federal banking agency guidelines), and the institution does not meet the definition of a well capitalized institution; “undercapitalized” if the institution has a Total risk-based capital ratio that is less than 8.0%, a Tier I risk-based capital ratio that is less than 4.0% or a Leverage ratio that is less than 4.0% (or a Leverage ratio that is less than 3.0% if the institution is rated composite 1 in its most recent report of examination, subject to appropriate Federal banking agency guidelines) and the institution does not meet the definition of a significantly undercapitalized or critically undercapitalized institution; “significantly undercapitalized” if the institution has a Total risk-based capital ratio that is less than 6.0%, a Tier I risk-based capital ratio that is less than 3.0%, or a Leverage ratio that is less than 3.0% and the institution does not meet the definition of a critically undercapitalized institution; and “critically undercapitalized” if the institution has a ratio of tangible equity to total assets that is equal to or less than 2.0%. The FDI Act imposes progressively more restrictive constraints on operations, management and capital distributions, depending on the capital category in which an institution is classified.

At Dec. 31, 2003, all of the Corporation’s bank subsidiaries were well capitalized based on the ratios and guidelines noted previously. A bank’s capital category, however, is determined solely for the purpose of applying the prompt corrective action rules and may not constitute an accurate representation of the bank’s overall financial condition or prospects.

The appropriate federal banking agency may, under certain circumstances, reclassify a well capitalized insured depository institution as adequately capitalized. The appropriate agency is also permitted to require an adequately capitalized or undercapitalized institution to comply with the supervisory provisions as if the institution were in the next lower category (but not treat a significantly undercapitalized institution as critically undercapitalized) based on supervisory information other than the capital levels of the institution.

The FDI Act provides that an institution may be reclassified if the appropriate federal banking agency determines (after notice and opportunity for hearing) that the institution is in an unsafe or unsound condition or deems the institution to be engaging in an unsafe or unsound practice.

ITEM 1. BUSINESS (continued)

Supervision and Regulation (continued)

USA PATRIOT Act

On Oct. 26, 2001, the President signed into law comprehensive anti-terrorism legislation known as the USA PATRIOT Act of 2001 (the “USA Patriot Act”). Title III of the USA PATRIOT Act substantially broadened the scope of the U.S. anti-money laundering laws and regulations by imposing significant new compliance and due diligence obligations, creating new crimes and penalties and expanding the extra-territorial jurisdiction of the United States. The U.S. Treasury Department (“Treasury”) has issued a number of implementing regulations which apply various requirements of the USA PATRIOT Act to financial institutions such as the Corporation’s bank and broker-dealer subsidiaries and mutual funds and private investment companies advised or sponsored by the Corporations’ subsidiaries. Those regulations impose new obligations on financial institutions to maintain appropriate policies, procedures and controls to detect, prevent and report money laundering and terrorist financing.

Failure of a financial institution to comply with the USA PATRIOT Act’s requirements could have serious legal and reputational consequences for the institution. The Corporation has adopted appropriate policies, procedures and controls to address compliance with the requirements of the USA PATRIOT Act under the existing regulations and will continue to revise and update its policies, procedures and controls to reflect changes required by the Act and the Treasury’s regulations.

Depositor Preference Statute

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

Privacy

The privacy provisions of the Gramm-Leach-Bliley Act generally prohibit financial institutions, including the Corporation, from disclosing nonpublic personal financial information of consumer customers to third parties for certain purposes (primarily marketing) unless customers have the opportunity to “opt out” of the disclosure. The Fair Credit Reporting Act restricts information sharing among affiliates and was amended in December 2003, to further restrict affiliate sharing of information for marketing purposes.

Community Reinvestment Act

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

Legislative Initiatives

Various legislative initiatives are from time to time introduced in Congress. The Corporation cannot determine the ultimate effect that any such potential legislation, if enacted, would have upon its financial condition or operations.

ITEM 1. BUSINESS (continued)

Competition

The Corporation and its subsidiaries continue to be subject to intense competition in all aspects and areas of their businesses. The Corporation's Asset Management Group experiences competition from asset management firms; mutual funds; investment banking companies; bank and financial holding companies; banks, including trust banks; brokerage firms and insurance companies. In its Corporate & Institutional Services Group, the Corporation competes with domestic and foreign banks offering institutional trust and custody products and cash management products, benefit consultants and a wide range of technologically capable service providers, such as data processing, shareholder services and outsourcing firms. Many of the Corporation's competitors, with the particular exception of bank and financial holding companies and banks, are not subject to regulation as extensive as that described under the "Supervision and Regulation" section and, as a result, may have a competitive advantage over the Corporation in certain respects.

As part of its business strategy, the Corporation seeks to distinguish itself from its competitors by the level of service delivered to its clients. The Corporation also believes that technological innovation is an important competitive factor and for this reason has made and continues to make substantial investments in this area. Since the events of Sept. 11, 2001, the ability to recover quickly from unexpected events is an increasing competitive factor, and the Corporation has devoted significant resources to this.

Employees

At Dec. 31, 2003, the Corporation and its subsidiaries employed approximately 20,900 persons.

Statistical Disclosure by Bank Holding Companies

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

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

Information required by this section of Guide 3 is presented in the Rate/Volume Variance Analysis on the following page. Required information is also presented in the Corporation's 2003 Financial Annual Report to Shareholders in the Consolidated Balance Sheet -- Average Balances and Interest Yields/Rates on pages 16 and 17, and in Net Interest Revenue, on page 15, which are incorporated herein by reference.

ITEM 1. BUSINESS (continued)

Statistical Disclosure by Bank Holding Companies (continued)

Rate/Volume Variance Analysis (in millions)	Year ended Dec. 31,					
	2003 over (under) 2002			2002 over (under) 2001		
	Due to change in Rate	Volume	Net change	Due to change in Rate	Volume	Net change
Increase (decrease) in interest revenue from interest-earning assets:						
Interest-bearing deposits with banks (primarily foreign)	\$ (14)	\$ 11	\$ (3)	\$ (12)	\$ (22)	\$ (34)
Federal funds sold and securities under resale agreements	(3)	3	-	(18)	(20)	(38)
Other money market investments	(1)	1	-	(3)	(2)	(5)
Trading account securities	6	-	6	(15)	7	(8)
Securities:						
U.S. Treasury and agency securities	(61)	93	32	(84)	(17)	(101)
Obligations of states and political subdivisions	-	9	9	1	9	10
Other	46	(86)	(40)	(11)	53	42
Loans (includes loan fees)	(58)	(76)	(134)	(181)	(26)	(207)
Funds allocated to discontinued operations	-	(4)	(4)	-	4	4
Total	(85)	(49)	(134)	(323)	(14)	(337)
Increase (decrease) in interest expense on interest-bearing liabilities:						
Deposits in domestic offices:						
Demand, money market and other savings accounts	(50)	18	(32)	(79)	19	(60)
Savings certificates	(1)	-	(1)	(2)	1	(1)
Other time deposits	(3)	(7)	(10)	(18)	(6)	(24)
Deposits in foreign offices	(27)	12	(15)	(57)	(2)	(59)
Federal funds purchased and securities under repurchase agreements	(10)	(4)	(14)	(46)	11	(35)
Other short-term borrowings	3	(3)	-	(35)	7	(28)
Notes and debentures (with original maturities over one year)	(7)	2	(5)	(78)	22	(56)
Trust-preferred securities (a)	(23)	2	(21)	(1)	1	-
Funds allocated from discontinued operations	-	-	-	-	(114)	(114)
Total	(118)	20	(98)	(316)	(61)	(377)
Increase (decrease) in net interest revenue	\$ 33	\$(69)	\$ (36)	\$ (7)	\$ 47	\$ 40

(a) Trust-preferred securities were deconsolidated at Dec. 31, 2003. See Note 15 in the Corporation's 2003 Financial Annual Report to Shareholders for a further discussion.

Note: Amounts are calculated on a taxable equivalent basis where applicable, at a tax rate approximating 35%. Amounts also exclude any adjustments to fair value required by FAS No. 115. Changes in interest revenue or interest expense arising from the combination of rate and volume variances are allocated proportionally to rate and volume based on their relative absolute magnitudes.

Percent of international related average assets and liabilities to total consolidated average amounts (a)	2003			2002		2001
Average total assets	11%	11%	10%			
Average total liabilities	16%	13%	10%			

(a) Prior to 2001, the level of foreign activities did not exceed the reporting threshold established by the Securities and Exchange Commission (SEC).

ITEM 1. BUSINESS (continued)

Statistical Disclosure by Bank Holding Companies (continued)

II. Securities Portfolio

A. Carrying values of securities

Information required by this section of Guide 3 is presented in the Corporation's 2003 Financial Annual Report to Shareholders in Note 6 on pages 85 through 88, which note is incorporated herein by reference.

B. Maturity Distribution of Securities

Information required by this section of Guide 3 is presented in the Corporation's 2003 Financial Annual Report to Shareholders in Note 6 on pages 85 through 88, which note is incorporated herein by reference.

III. Loan Portfolio

A. Types of Loans

Information required by this section of Guide 3 is presented below and on the following page. Further information is included in the Corporate Risk section of the Corporation's 2003 Financial Annual Report to Shareholders on pages 37 through 47, which portions are incorporated herein by reference.

Domestic and international loans and leases at year-end (a) <i>(in millions)</i>	2003	2002	2001
Domestic loans and leases	\$7,107	\$7,880	\$7,915
International loans and leases:			
Commercial and industrial	199	358	409
Financial institutions	28	34	57
Governments and official institutions	8	18	16
Other	125	148	143
Total international loans and leases	360	558	625
Total loans and leases	\$7,467 (b)	\$8,438	\$8,540

(a) Prior to 2001, the level of foreign activities did not exceed the reporting thresholds established by the SEC.

(b) Includes \$3.192 billion of loans to Private Wealth customers and \$949 million of loans to Mellon 1st Business Bank, National Association, customers.

ITEM 1. BUSINESS (continued)

Statistical Disclosure by Bank Holding Companies (continued)

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

Maturity distribution of loans at Dec. 31, 2003 <i>(in millions)</i>	Within 1 year <i>(a)</i>	1-5 years	Over 5 years	Total
Domestic <i>(b)</i> :				
Commercial and financial	\$1,830	\$ 848	\$ 79	\$2,757
Commercial real estate	1,078	829	224	2,131
Total domestic	2,908	1,677	303	4,888
International	152	126	82	360
Total	\$3,060	\$1,803	\$385	\$5,248

(a) Includes demand loans and loans with no stated maturity.

(b) Excludes personal credit and lease finance assets.

Note: Maturity distributions are based on remaining contractual maturities.

Sensitivity of loans at Dec. 31, 2003 to changes in interest rates <i>(in millions)</i>	Domestic operations <i>(a)</i>	International operations	Total
Loans due in one year or less <i>(b)</i>	\$2,908	\$152	\$3,060
Loans due after one year:			
Variable rates	1,533	86	1,619
Fixed rates	447	122	569
Total loans	\$4,888	\$360	\$5,248

(a) Excludes personal credit and lease finance assets.

(b) Includes demand loans and loans with no stated maturity.

Note: Maturity distributions are based on remaining contractual maturities.

C. Risk Elements

Information required by this section of Guide 3 is included in the Corporate Risk section of the Corporation's 2003 Financial Annual Report to Shareholders on pages 37 through 47, which portions are incorporated herein by reference.

ITEM 1. BUSINESS (continued)

Statistical Disclosure by Bank Holding Companies (continued)

IV. Summary of Loan Loss Experience

Information required by this section of Guide 3 is included in the Provision and Reserve for Credit Exposure section of the Corporation's 2003 Financial Annual Report to Shareholders on pages 44 through 47, which is incorporated herein by reference, and below.

When losses on specific loans are identified, management charges off the portion deemed uncollectible. The allocation of the Corporation's reserve for loan losses is presented below as required by Guide 3.

Loan loss reserve <i>(in millions)</i>	2003	2002	Dec. 31, 2001	2000	1999
Base reserve:					
Commercial and financial	\$ 48	\$ 81	\$59	\$104	\$128
Commercial real estate	13	8	9	58	60
Personal	6	6	5	16	45
Lease assets	12	5	9	7	7
Total domestic base reserve	79	100	82	185	240
International	9	4	2	4	5
Total base reserve	88	104	84	189	245
Impairment	2	2	3	48	6
Unallocated	13	21	9	17	20
Total loan loss reserve	\$103	\$127	\$96	\$254	\$271

Reserve for loan losses relating to international operations (a) <i>(in millions)</i>	2003	2002	2001
Reserve at the beginning of year	\$ 4	\$2	\$ 4
Credit losses	(2)	-	(15)
Recoveries	-	-	1
Transfer due to sale	-	-	(7)
Provision for loan losses	7	2	19
Reserve at the end of year	\$ 9	\$4	\$ 2

(a) Prior to 2001, the level of foreign activities did not exceed the reporting thresholds established by the SEC.

Further information on the Corporation's credit policies, the factors that influenced management's judgment in determining the level of the reserve for credit exposure, and the analyses of the reserve for credit exposure for the years 1999-2003 are set forth in the Corporation's 2003 Financial Annual Report to Shareholders in the Credit Risk section on pages 37 and 38, the Provision and Reserve for Credit Exposure section on pages 44 through 47, in Critical Accounting Policies on pages 62 and 63, in Note 1 under Reserve for Loan Losses and Reserve for Unfunded Commitments on page 77 and in Note 8 on page 91 which portions are incorporated herein by reference.

ITEM 1. BUSINESS (continued)

Statistical Disclosure by Bank Holding Companies (continued)

For each category on the previous page, the ratio of loans to consolidated total loans is as follows:

Ratio of loans to consolidated total loans	2003	2002	Dec. 31, 2001	2000	1999
Domestic loans and leases:					
Commercial and financial	37%	45%	42%	49%	55%
Commercial real estate	29	26	30	21	14
Personal	23	15	13	14	14
Lease finance assets	6	7	8	6	8
Total domestic loans and leases	95	93	93	90	91
International loans and leases	5	7	7	10	9
Total loans and leases	100%	100%	100%	100%	100%

V. Deposits

Maturity distribution of domestic time deposits at Dec. 31, 2003					
(in millions)	Within 3 months	4-6 months	7-12 months	Over 1 year	Total
Time certificates of deposit in denominations of \$100,000 or greater	\$ 245	\$21	\$64	\$ 97	\$ 427
Time certificates of deposit in denominations of less than \$100,000	37	15	15	41	108
Total time certificates of deposit	282	36	79	138	535
Other time deposits in denominations of \$100,000 or greater	828	-	-	-	828
Other time deposits in denominations of less than \$100,000	1	-	-	-	1
Total other time deposits	829	-	-	-	829
Total domestic time deposits	\$1,111	\$36	\$79	\$138	\$1,364

The majority of deposits in foreign offices of approximately \$5.4 billion at Dec. 31, 2003 were in amounts in excess of \$100,000, and were primarily overnight foreign demand deposits. Additional information required by this section of Guide 3 is set forth in the Corporation's 2003 Financial Annual Report to Shareholders in the Consolidated Balance Sheet -- Average Balances and Interest Yields/Rates on pages 16 and 17, which pages are incorporated herein by reference.

ITEM 1. BUSINESS (continued)

Statistical Disclosure by Bank Holding Companies (continued)

VI. Return on Equity and Assets

Return on equity and assets	Year ended Dec. 31,		
	2003	2002	2001
(1) Return on assets (a):			
Net income	2.07%	2.03%	2.90%
Income from continuing operations (b)	2.03	2.02	1.33
(2) Return on common shareholders' equity (a):			
Net income	19.90	20.34	35.28
Income from continuing operations	19.23	19.76	11.65
(3) Dividend payout ratio of common stock, based on diluted net income per share	34.97	31.21	29.45
(4) Equity to assets (a), based on common shareholders' equity	10.40	9.96	8.21

(a) Computed on a daily average basis. Returns for 2003 are before the cumulative effect of a change in accounting principle.

(b) Return on assets, on a continuing operations basis, was calculated excluding both the results and assets of the fixed income trading business even though the prior period balance sheet was not restated for discontinued operations.

VII. Short-Term Borrowings

Federal funds purchased and securities sold under agreements to repurchase represent funds acquired for securities transactions and other funding requirements. Federal funds purchased mature on the business day after execution. Selected balances and rates are as follows:

Federal funds purchased and securities sold under agreements to repurchase (dollar amounts in millions)	2003	2002
Maximum month-end balance	\$3,037	\$2,502
Average daily balance	\$1,716	\$1,985
Average rate during the year	0.95%	1.51%
Balance at Dec. 31	\$ 754	\$ 733
Average rate at Dec. 31	0.94%	1.16%

ITEM 2. PROPERTIES

The Corporation believes that its owned and leased facilities are suitable and adequate for its business needs. At a number of the locations described below, the Corporation is not currently occupying all of the space under its control. Where commercially reasonable and to the extent it is not needed for future expansion, the Corporation is seeking to lease or sublease this excess space. The following is a description of the Corporation's principal properties:

Pittsburgh properties

In 1983, the Corporation entered into a long-term lease of One Mellon Center, a 54-story office building in Pittsburgh, Pennsylvania. The current term of this lease is scheduled to expire in November 2008. At Dec. 31, 2003, the Corporation subleased approximately 20% of this building's approximately 1,525,000 square feet of rentable space to third parties.

ITEM 2. PROPERTIES (continued)

In 1984, the Corporation entered into a sale/leaseback arrangement pursuant to which the Corporation leases the eleven-story office building in Pittsburgh, Pennsylvania known as the Union Trust Building, or Two Mellon Center, while retaining title to the land thereunder. The term of this lease is scheduled to expire in May 2006. At Dec. 31, 2003, the Corporation subleased approximately 15% of this building's approximately 595,000 square feet of rentable space to third parties.

The Corporation owns the 41-story office building in Pittsburgh, Pennsylvania known as Three Mellon Center or 525 William Penn Place. At Dec. 31, 2003, the Corporation leased approximately 25% of this building's approximately 943,000 square feet of rentable space to third parties.

The Corporation owns the 14-story office building in Pittsburgh, Pennsylvania known as the Mellon Client Service Center. At Dec. 31, 2003, the Corporation did not lease any of this building's approximately 667,000 square feet of rentable space to third parties.

The Pittsburgh properties are utilized by each of the Corporation's six core business sectors.

Philadelphia properties

The Corporation leases a seven-story office building in Philadelphia, Pennsylvania known as Mellon Independence Center. The term of this lease is scheduled to expire in December 2015. At Dec. 31, 2003, the Corporation subleased approximately 70% of this building's approximately 807,000 square feet of rentable space to third parties.

The Corporation leases approximately 231,000 square feet of rentable space in a 53-story office building known as Mellon Center in Philadelphia, Pennsylvania. The current term of this lease is scheduled to expire in September 2015. At Dec. 31, 2003, the Corporation subleased approximately 30% of this space to third parties.

The Philadelphia properties are utilized by each of the Corporation's six core business sectors other than Institutional Asset Management.

Boston properties

The Corporation leases approximately 362,000 square feet of rentable space in a 41-story office building known as Mellon Financial Center in Boston, Massachusetts. The current term of this lease is scheduled to expire in December 2013. At Dec. 31, 2003, the Corporation did not sublease any of this space to third parties.

The Corporation leases a three-story office building located in Everett, Massachusetts. The current term of this lease is scheduled to expire in April 2019. At Dec. 31, 2003, the Corporation did not sublease any of this building's approximately 376,000 square feet of rentable space to third parties.

The Boston properties are utilized by each of the Corporation's six core business sectors other than Mutual Funds.

New York properties

The Corporation leases approximately 324,000 square feet of rentable space at 200 Park Avenue in New York City pursuant to five leases. The two leases covering approximately 91% of this space are scheduled to expire in March 2005. The other three leases covering the remaining approximately 9% of this space are scheduled to expire in January 2005, October 2008 and January 2009. At Dec. 31, 2003, the Corporation subleased approximately 5% of this space to a third party. The Corporation is currently in negotiations to extend its occupancy at this building beyond the current lease expiration dates.

ITEM 2. PROPERTIES (continued)

The Corporation leases approximately 169,000 square feet of rentable space in EAB Plaza in Uniondale, New York. The term of this lease is scheduled to expire in January 2005. At Dec. 31, 2003, the Corporation did not sublease any of this space to third parties. The Corporation is currently in negotiations to either extend its occupancy at this building beyond the current lease expiration date or relocate to another building on Long Island upon the expiration of this lease.

The New York properties are utilized by each of the Corporation's six core business sectors.

New Jersey properties

The Corporation leases an aggregate of approximately 288,000 square feet of rentable space in three buildings in Ridgefield Park, New Jersey located at 65 Challenger Road, 85 Challenger Road and 105 Challenger Road. The current terms of these three leases are scheduled to expire in January 2006, October 2005 and January 2006, respectively. At Dec. 31, 2003, the Corporation did not sublease any of this space to third parties.

The Corporation leases an aggregate of approximately 194,000 square feet of rentable space in two buildings in Ft. Lee, New Jersey located at 2100 North Central Road and One Bridge Plaza. The current terms of these leases are scheduled to expire in January 2012 and January 2006, respectively. At Dec. 31, 2003, the Corporation did not sublease any of this space to third parties.

The Corporation leases approximately 158,000 square feet of rentable space at 500 Plaza Drive, Secaucus, New Jersey. The current term of this lease is scheduled to expire in June 2006. At Dec. 31, 2003, the Corporation did not sublease any of this space to third parties.

The New Jersey properties are utilized by the Corporation's Human Resources & Investor Solutions business sector.

The Corporation is currently evaluating a number of possible sites into which it can consolidate its New Jersey operations.

Other properties

The Corporation also owns and leases additional space for its operations at locations both within and outside the United States. See "Description of Business" on pages 3 and 4 for information as to where certain of the Corporation's operations are conducted. In 2001, the Corporation entered into an agreement for lease covering approximately 232,000 square feet of space in a building under construction at 160-162 Queen Victoria Street in London which will be utilized as the Corporation's European headquarters when the building is completed and the Corporation relocates to it, currently expected to be in the first and second quarters of 2004.

For additional information on the Corporation's premises and equipment, see Note 9 on page 92 of the Corporation's 2003 Financial Annual Report to Shareholders, which note is incorporated herein by reference.

ITEM 3. LEGAL PROCEEDINGS

Various legal actions and proceedings are pending or are threatened against the Corporation and its subsidiaries, some of which seek relief or damages in amounts that are substantial. These actions and proceedings arise in the ordinary course of the Corporation's businesses and operations and include suits relating to its lending, collections, servicing, investment, mutual fund, advisory, trust, custody, benefits consulting, shareholder services, cash management and other activities and operations. Because of the complex nature of some of these actions and proceedings, it may be a number of years before such matters

ITEM 3. LEGAL PROCEEDINGS (continued)

ultimately are resolved. After consultation with legal counsel, management believes that the aggregate liability, if any, resulting from such pending and threatened actions and proceedings will not have a material adverse effect on the Corporation's financial condition, results of operations and cash flows.

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

No matters were submitted to security holders for vote during the fourth quarter of 2003.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The information required by this Item is set forth in the Corporation's 2003 Financial Annual Report to Shareholders in Liquidity and Dividends on pages 49 through 51, in Fourth Quarter 2003 Review on page 58, in Selected Quarterly Data on pages 59 through 61, in Note 25 on page 113 and in Corporate Information on the inside back cover of the report, which portions are incorporated herein by reference.

In October 1996, the board of directors declared a dividend, paid Oct. 31, 1996, of one right (a "Right") issued pursuant to the Shareholder Protection Rights Agreement, dated as of Oct. 15, 1996 (the "Rights Agreement"), for each outstanding share of the Corporation's Common Stock (the "Common Stock"). On Oct. 19, 1999, the Corporation amended and restated the Rights Agreement.

The Rights are not currently exercisable and trade only with the Common Stock (and are currently evidenced only in connection with the Common Stock). The Rights would separate from the Common Stock and become exercisable only when a person or group acquires 15% or more of the Common Stock or ten days after a person or group commences a tender offer that would result in ownership of 15% or more of the Common Stock. At that time, each Right would entitle the holder to purchase for \$135 (the "exercise price") one one-hundredth of a share of participating preferred stock, which is designed to have economic and voting rights generally equivalent to one share of common stock. Should a person or group actually acquire 15% or more of the Common Stock, each Right held by the acquiring person or group (or their transferees) would become void and each Right held by the Corporation's other shareholders would entitle those holders to purchase for the exercise price a number of shares of the Common Stock having a market value of twice the exercise price. Should the Corporation, at any time after a person or group has become a 15% beneficial owner and acquired control of the Corporation's board of directors, be involved in a merger or similar transaction with any person or group or sell assets to any person or group, each outstanding Right would then entitle its holder to purchase for the exercise price a number of shares of such other company having a market value of twice the exercise price. In addition, if any person or group acquires 15% or more of the Common Stock, the Corporation may, at its option and to the fullest extent permitted by law, exchange one share of Common Stock for each outstanding Right. The Rights are not exercisable until the above events occur and will expire on Oct. 31, 2006, unless earlier exchanged or redeemed by the Corporation. The Corporation may redeem the Rights for one cent per Right under certain circumstances.

The foregoing description is not intended to be complete and is qualified in its entirety by reference to the Amended and Restated Shareholder Protection Rights Agreement, which is an exhibit to this Report.

ITEM 6. SELECTED FINANCIAL DATA

The information required by this Item is set forth in the Corporation's 2003 Financial Annual Report to Shareholders in the Financial Summary table on page 2, in the Summary of Financial Results on pages 4 and 5, in the Consolidated Balance Sheet -- Average Balances and Interest Yields/Rates on pages 16 and 17, in Note 1 on pages 74 through 82, in Note 2 on pages 82 and 83 and in Note 4 on pages 84 and 85, which portions are incorporated herein by reference.

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

The information required by this Item is set forth in the Corporation's 2003 Financial Annual Report to Shareholders in the Financial Review on pages 3 through 67 and in Note 25 on page 113, which portions are incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information required by this Item is set forth in the Corporation's 2003 Financial Annual Report to Shareholders in the Interest Rate Sensitivity Analysis on pages 51 through 53, in Trading Activities on pages 53 and 54, in Note 1 under "Derivative instruments used for risk management purposes" and "Derivative instruments used for trading activities" on pages 79 through 81 and in Note 27 and Note 28 on pages 113 through 119, which portions are incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Reference is made to Item 15 on page 26 hereof for a detailed listing of the items under Financial Statements, Financial Statement Schedules, and Other Financial Data, which are incorporated herein by reference.

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

NONE.

ITEM 9A. CONTROLS AND PROCEDURES

The Corporation's management, with the participation of its principal executive officer and principal financial officer, has evaluated the effectiveness, as of Dec. 31, 2003, of the Corporation's "disclosure controls and procedures," as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based upon their evaluation, the principal executive officer and principal financial officer concluded that the Corporation's disclosure controls and procedures, as of Dec. 31, 2003, were effective to provide reasonable assurance that information required to be disclosed by the Corporation in the reports filed or submitted by it under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and to provide reasonable assurance that information required to be disclosed by the Corporation in such reports is accumulated and communicated to the Corporation's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

There was no change in the Corporation's "internal control over financial reporting" (as such term is defined in Rule 13a-15(f) under the Exchange Act) that occurred during the quarter ended Dec. 31, 2003, that has materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting.

ITEM 9A. CONTROLS AND PROCEDURES (continued)

In response to the requirements of Section 404 of the Sarbanes-Oxley Act of 2002, the Corporation has created a multi-disciplinary project team to oversee its compliance efforts. The Corporation's objective is to achieve compliance with the requirements of Section 404 for 2004 and will retain its independent public accountants to form an opinion on management's assessment of the effectiveness of the Corporation's internal control over financial reporting. The Corporation currently believes that when required by rules of the Securities and Exchange Commission it will be able to make the assertion that the Corporation's internal controls over financial reporting are effective.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by this Item is included in the Corporation's proxy statement for its 2004 Annual Meeting of Shareholders (the "2004 Proxy Statement") in the Election of Directors-Biographical Summaries of Nominees and Directors section on pages 3 through 6, in the Corporate Governance Matters section on pages 9 and 10, in the Executive Compensation - Employment Agreements with Named Executive Officers section on pages 20 through 23 and in the Section 16(a) Beneficial Ownership Reporting Compliance section on page 41, each of which sections is incorporated herein by reference, and in the following section "Executive Officers of the Registrant."

The Corporation has adopted a Code of Ethics for Senior Financial Officers which is applicable to the Chief Executive Officer, Senior Vice Chairman, Chief Financial Officer and Controller. It is available on the Corporation's website or from the Secretary of the Corporation as described in the first paragraph on page 1 of this Report, which is incorporated in this Item 10 by reference.

EXECUTIVE OFFICERS OF THE REGISTRANT

The name and age of, and the positions and offices held by, each executive officer of the Corporation as of March 1, 2004, together with the offices held by each such person during the last five years, are listed below and on the following pages. Messrs. McGuinn, Elliott, Canter, Lamere and O'Hanley have executed employment contracts with the Corporation. All other executive officers serve at the pleasure of their appointing authority. No executive officer has a family relationship to any other listed executive officer.

	<u>Age</u>	<u>Position</u>	<u>Year Elected</u>
Martin G. McGuinn	61	Chairman and Chief Executive Officer, Mellon Financial Corporation and Chairman, President and Chief Executive Officer, Mellon Bank, N.A.	1999 (1)
Steven G. Elliott	57	Senior Vice Chairman, Mellon Financial Corporation and Mellon Bank, N.A.	2001 (2)
James D. Aramanda	52	Vice Chairman, Mellon Financial Corporation and Mellon Bank, N.A.	2003 (3)
Stephen E. Canter	58	Vice Chairman, Mellon Financial Corporation and Mellon Bank, N.A.	2001 (4)

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT (continued)

	<u>Age</u>	<u>Position</u>	<u>Year Elected</u>
David F. Lamere	43	Vice Chairman, Mellon Financial Corporation and Mellon Bank, N.A.	2001 (5)
Jeffery L. Leininger	58	Vice Chairman, Mellon Financial Corporation and Mellon Bank, N.A.	1996
Ronald P. O'Hanley	47	Vice Chairman, Mellon Financial Corporation and Mellon Bank, N.A.	2001 (6)
James P. Palermo	48	Vice Chairman, Mellon Financial Corporation and Mellon Bank, N.A.	2002 (7)
Allan P. Woods	58	Vice Chairman and Chief Information Officer, Mellon Financial Corporation and Mellon Bank, N.A.	1999 (8)
John T. Chesko	54	Vice Chairman and Chief Compliance Officer, Mellon Financial Corporation and Mellon Bank, N.A.	2002 (9)
Michael A. Bryson	57	Chief Financial Officer, Mellon Financial Corporation and Executive Vice President and Chief Financial Officer, Mellon Bank, N.A.	2001 (10)
Timothy P. Robison	51	Chief Risk Officer, Mellon Financial Corporation and Executive Vice President and Chief Risk Officer, Mellon Bank, N.A.	2002 (11)
Michael K. Hughey	52	Senior Vice President and Controller of Mellon Financial Corporation and Senior Vice President, Director of Taxes and Controller, Mellon Bank, N.A.	1990
Leo Y. Au	54	Treasurer, Mellon Financial Corporation and Senior Vice President, Manager, Corporate Treasury Group, Mellon Bank, N.A.	2002 (12)

(1) From March 1998 through December 1998, Mr. McGuinn was Chairman and Chief Executive Officer, Mellon Bank, N.A. and Vice Chairman, Mellon Financial Corporation. In June 2001, he was appointed President of Mellon Bank, N.A.

(2) From March 1998 through December 1998, Mr. Elliott was Senior Vice Chairman and Chief Financial Officer of Mellon Bank, N.A. and Vice Chairman and Chief Financial Officer of Mellon Financial Corporation. From 1999 through December 2001, Mr. Elliott served as Senior Vice Chairman and Chief Financial Officer of Mellon Financial Corporation and Mellon Bank, N.A.

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT (continued)

- (3) From 1994 to 2001, Mr. Aramanda was Senior Vice President and Manager of Mellon Investor Services. From 2001 to 2003, he was Executive Vice President and Chief Executive Officer, Mellon Investor Services.
- (4) From 1995 to 1999, Mr. Canter was Vice Chairman and Chief Investment Officer of The Dreyfus Corporation. From 1999 to May 2001, Mr. Canter was President and Chief Operating Officer of The Dreyfus Corporation. In May 2001, Mr. Canter became Chairman and Chief Executive Officer of The Dreyfus Corporation.
- (5) From April 1998 to September 2001, Mr. Lamere was an Executive Vice President of Mellon Bank, N.A.
- (6) From February 1997 to June 2001, Mr. O’Hanley was a Senior Vice President of Mellon Bank, N.A.
- (7) From January 1998 to November 2002, Mr. Palermo served as Executive Vice President and Manager, Global Securities Services, Mellon Bank, N.A.
- (8) From 1993 through December 1998, Mr. Woods was Executive Vice President, Mellon Information Services Department, Mellon Bank, N.A.
- (9) From June 1997 through October 2002, Mr. Chesko was Vice Chairman and Chief Risk Officer of Mellon Financial Corporation and Mellon Bank, N.A.
- (10) In April 1998, Mr. Bryson became Executive Vice President of Mellon Bank, N.A. From May 1998 to January 2002, Mr. Bryson served as Treasurer of Mellon Financial Corporation.
- (11) From 1991 to 2001, Mr. Robison was Senior Vice President of Financial Planning and Management Accounting of Mellon Bank, N.A. From 2001 to 2002, Mr. Robison was Corporate Chief Auditor of Mellon Financial Corporation and Senior Vice President and Corporate Chief Auditor of Mellon Bank, N.A.
- (12) From 1995 to 2001, Mr. Au served as President and Chief Executive Officer of Mellon Financial Markets, LLC. In 2001, Mr. Au became Senior Vice President, Manager, Corporate Treasury Group of Mellon Bank, N.A.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is included in the 2004 Proxy Statement in the Directors' Compensation section on pages 8 and 9 and in the Executive Compensation section on pages 15 through 24, and is incorporated herein by reference. The Performance Graph on page 14 and the Compensation Committee Report on pages 33 through 35 are not incorporated herein by reference.

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

The information required by this Item is included in the 2004 Proxy Statement in the Equity Compensation Plan Information section on page 18 and in the Beneficial Ownership Of Stock section on pages 12 and 13 and in the Corporation’s 2003 Financial Annual Report to Shareholders in Note 24 under the caption “Stock Option Plan for Outside Directors” on pages 107 and 108 and under the caption “Broad-Based Employee Stock Options” on pages 109 and 110 and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this Item is included in the 2004 Proxy Statement in the Business Relationships and Related Transactions section on pages 10 and 11, and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item is included in the 2004 Proxy Statement in the Ratification of Independent Public Accountants section on page 40 and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) The financial statements and schedules required for the Annual Report of the Corporation on Form 10-K are included, attached or incorporated by reference as indicated in the following index. Page numbers refer to pages of the Corporation's 2003 Financial Annual Report to Shareholders.

<u>(i) Financial Statements</u>	<u>Page No.</u>
Consolidated Income Statement	68 and 69
Consolidated Balance Sheet	70
Consolidated Statement of Cash Flows	71 and 72
Consolidated Statement of Changes in Shareholders' Equity	73
Notes to Financial Statements	74 through 125
Independent Auditors' Report	126

(ii) Financial Statement Schedules

Financial Statement schedules are omitted either because they are not required or are not applicable, or because the required information is shown in the financial statements or notes thereto.

(iii) Other Financial Data

Fourth Quarter 2003 Review	58
Selected Quarterly Data	59 through 61

(b) During the fourth quarter of 2003, the Corporation filed or furnished the following Current Reports on Form 8-K:

- (1) A report dated Oct. 1, 2003, which included, under Items 5 and 7, the Corporation's press release, dated Oct. 1, 2003, announcing that effective immediately its integrated human resources and investor services business worldwide will operate as Mellon, with the new name Human Resources & Investor Solutions. The four businesses that constitute Human Resources & Investor Solutions were Buck Consultants, Mellon Investor Services, Mellon HR Solutions and Vinings Mellon.
- (2) A report dated Oct. 21, 2003, which included, under Items 7 and 12, the Corporation's press release, dated Oct. 21, 2003, announcing results of operations for the third quarter of 2003 and an increase in the quarterly common stock dividend.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K
(continued)

- (3) A report dated Nov. 3, 2003, which included, under Item 7, certain exhibits, dated Nov. 3, 2003, and Nov. 6, 2003, respectively, incorporated by reference into Registration Statement Nos. 333-107400, 333-107400-01, 333-107400-02, 333-107400-03, and 333-107400-04 pertaining to certain debt securities of Mellon Funding Corporation and the related guarantees of Mellon Financial Corporation.
- (4) A report dated Nov. 7, 2003, which included, under Item 7, the Corporation's business sectors financial information and financial trends through third quarter 2003.
- (5) A report dated Nov. 18, 2003, which included, under Items 5 and 7, the Corporation's press release, dated Nov. 18, 2003, announcing that The Dreyfus Corporation, a mutual fund company of the Corporation, and Bear Stearns Asset Management, Inc. have entered into a strategic arrangement with respect to certain Bear Stearns funds.
- (6) A report dated Dec. 16, 2003, which included, under Items 5 and 7, the Corporation's press release, dated Dec. 16, 2003, announcing the election of John P. Surma, president and chief operating officer of United States Steel Corporation, as an independent member of the Corporation's board of directors. His term began on Jan. 1, 2004.

(c) Exhibits

The exhibits listed on the Index to Exhibits on pages 29 through 35 hereof are incorporated by reference or filed herewith in response to this Item.

SIGNATURES

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

Mellon Financial Corporation

By: /s/ Martin G. McGuinn
Martin G. McGuinn
Chairman and Chief
Executive Officer

DATED: March 10, 2004

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

Signature

Capacities

By: /s/ Martin G. McGuinn
Martin G. McGuinn
Chairman and Chief
Executive Officer

Director and Principal
Executive Officer

By: /s/ Michael A. Bryson
Michael A. Bryson
Chief Financial Officer

Principal Financial Officer

By: /s/ Michael K. Hughey
Michael K. Hughey
Senior Vice President and
Controller

Principal Accounting Officer

Carol R. Brown; Ruth E. Bruch;
Jared L. Cohon; J. W. Connolly;
Steven G. Elliott; Ira J. Gumberg;
Edward J. McAniff; Robert Mehrabian;
Seward Prosser Mellon; Mark A. Nordenberg;
James F. Orr III; David S. Shapira;
William E. Strickland Jr.; John P. Surma;
and Wesley W. von Schack

Directors

By: /s/ Carl Krasik
Carl Krasik
Attorney-in-fact

DATED: March 10, 2004

Index to Exhibits

<u>Exhibit No.</u>	<u>Description</u>	<u>Method of Filing</u>
3.1	Restated Articles of Incorporation of Mellon Financial Corporation, as amended and restated as of Sept. 17, 1998, and as amended Oct. 18, 1999.	Previously filed as Exhibit 3.1 to Quarterly Report on Form 10-Q (File No. 1-7410) for the quarter ended Sept. 30, 1999, and incorporated herein by reference.
3.2	By-Laws of Mellon Financial Corporation, as amended, effective Oct. 19, 1999.	Previously filed as Exhibit 3.2 to Quarterly Report on Form 10-Q (File No. 1-7410) for the quarter ended Sept. 30, 1999, and incorporated herein by reference.
4.1	Instruments defining the rights of securities holders.	See Exhibits 3.1 and 3.2 above.
4.2	Shareholder Protection Rights Agreement, dated as of Oct. 15, 1996, between Mellon Financial Corporation and Mellon Bank, N.A., as Rights Agent, and as amended and restated as of Oct. 19, 1999.	Previously filed as Exhibit 1 to Form 8-A/A Registration Statement (File No. 1-7410) dated Oct. 19, 1999, and incorporated herein by reference.
4.3	Junior Subordinated Indenture, dated as of Dec. 3, 1996, between Mellon Financial Corporation and JPMorgan Chase Bank, as Debenture Trustee.	Previously filed as Exhibit 4.1 to Current Report on Form 8-K (File No. 1-7410) dated Dec. 3, 1996, and incorporated herein by reference.
4.4(a)	Certificate representing the 7.72% Junior Subordinated Deferrable Interest Debentures, Series A, of Mellon Financial Corporation.	Previously filed as Exhibit 4.2 to Current Report on Form 8-K (File No. 1-7410) dated Dec. 3, 1996, and incorporated herein by reference.
4.4(b)	Certificate representing the 7.995% Junior Subordinated Deferrable Interest Debentures, Series B, of Mellon Financial Corporation.	Previously filed as Exhibit 4.2 to Current Report on Form 8-K (File No. 1-7410) dated Dec. 20, 1996, and incorporated herein by reference.

Index to Exhibits (continued)

<u>Exhibit No.</u>	<u>Description</u>	<u>Method of Filing</u>
4.5(a)	Amended and Restated Trust Agreement, dated as of Dec. 3, 1996, of Mellon Capital I, among Mellon Financial Corporation, as Depositor, JPMorgan Chase Bank, as Property Trustee, Chase Manhattan Bank USA, National Association, as Delaware Trustee, and the Administrative Trustees named therein.	Previously filed as Exhibit 4.3 to Current Report on Form 8-K (File No. 1-7410) dated Dec. 3, 1996, and incorporated herein by reference.
4.5(b)	Amended and Restated Trust Agreement, dated as of Dec. 20, 1996, of Mellon Capital II, among Mellon Financial Corporation, as Depositor, JPMorgan Chase Bank, as Property Trustee, Chase Manhattan Bank USA, National Association, as Delaware Trustee, and the Administrative Trustees named therein.	Previously filed as Exhibit 4.3 to Current Report on Form 8-K (File No. 1-7410) dated Dec. 20, 1996, and incorporated herein by reference.
4.6(a)	Certificate representing the 7.72% Capital Securities, Series A, of Mellon Capital I.	Previously filed as Exhibit 4.4 to Current Report on Form 8-K (File No. 1-7410) dated Dec. 3, 1996, and incorporated herein by reference.
4.6(b)	Certificate representing the 7.995% Capital Securities, Series B, of Mellon Capital II.	Previously filed as Exhibit 4.4 to Current Report on Form 8-K (File No. 1-7410) dated Dec. 20, 1996, and incorporated herein by reference.
4.7(a)	Guarantee Agreement, dated as of Dec. 3, 1996, between Mellon Financial Corporation, as guarantor, and JPMorgan Chase Bank, as Guarantee Trustee.	Previously filed as Exhibit 4.5 to Current Report on Form 8-K (File No. 1-7410) dated Dec. 3, 1996, and incorporated herein by reference.
4.7(b)	Guarantee Agreement, dated as of Dec. 20, 1996, between Mellon Financial Corporation, as Guarantor, and JPMorgan Chase Bank, as Guarantee Trustee.	Previously filed as Exhibit 4.5 to Current Report on Form 8-K (File No. 1-7410) dated Dec. 20, 1996, and incorporated herein by reference.
10.1	Lease dated as of Feb. 1, 1983, between 500 Grant Street Associates Limited Partnership and Mellon Bank, N.A. with respect to One Mellon Center.	Previously filed as Exhibit 10.4 to Annual Report on Form 10-K (File No. 1-7410) for the year ended Dec. 31, 1992, and incorporated herein by reference.

Index to Exhibits (continued)

<u>Exhibit No.</u>	<u>Description</u>	<u>Method of Filing</u>
10.2	First Amendment to Lease Agreement dated as of Nov. 1, 1983, between 500 Grant Street Associates Limited Partnership and Mellon Bank, N.A.	Previously filed as Exhibit 10.1 to Registration Statement on Form S-15 (Registration No. 2-88266) and incorporated herein by reference.
10.3	Purchase of Assets and Liability Assumption Agreement by and between Mellon Financial Corporation and Citizens Financial Group, Inc., as of July 16, 2001.	Previously filed as Exhibit 10.1 to Quarterly Report on Form 10-Q (File No. 1-7410) for the quarter ended Sept. 30, 2001, and incorporated herein by reference.
10.4	Omnibus Side Letter dated Dec. 1, 2001, between Citizens Financial Group, Inc. and Mellon Financial Corporation.	Previously filed as Exhibit 2.2 to Current Report on Form 8-K (File No. 1-7410) dated Dec. 1, 2001, and incorporated herein by reference.
10.5	Amended and Restated Non-Compete Subsections dated Dec. 1, 2001, between Citizens Financial Group, Inc. and Mellon Financial Corporation.	Previously filed as Exhibit 2.3 to Current Report on Form 8-K (File No. 1-7410) dated Dec. 1, 2001, and incorporated herein by reference.
10.6*	Mellon Financial Corporation Profit Bonus Plan, as amended.	Previously filed as Exhibit 10.7 to Annual Report on Form 10-K (File No. 1-7410) for the year ended Dec. 31, 1990, and incorporated herein by reference.
10.7*	Mellon Financial Corporation Long-Term Profit Incentive Plan (1996), as amended, effective April 18, 2000.	Previously filed as Exhibit 10.1 to Quarterly Report on Form 10-Q (File No. 1-7410) for the quarter ended June 30, 2000, and incorporated herein by reference.
10.8*	Mellon Financial Corporation Stock Option Plan for Outside Directors (2001), effective Feb. 20, 2001.	Previously filed as Exhibit 10.1 to Quarterly Report on Form 10-Q (File No. 1-7410) for the quarter ended June 30, 2001, and incorporated herein by reference.

* Management contract or compensatory plan arrangement.

Index to Exhibits (continued)

<u>Exhibit No.</u>	<u>Description</u>	<u>Method of Filing</u>
10.9*	Mellon Financial Corporation 1990 Elective Deferred Compensation Plan for Directors and Members of the Advisory Board, as amended, effective Jan. 1, 2002.	Previously filed as Exhibit 10.9 to Annual Report on Form 10-K (File No. 1-7410) for the year ended Dec. 31, 2001, and incorporated herein by reference.
10.10*	Mellon Financial Corporation Elective Deferred Compensation Plan for Senior Officers, as amended, effective Jan. 1, 2003.	Previously filed as Exhibit 4.2 to the Registration Statement on Form S-8 (File No. 333-109103) dated Sept. 26, 2003, and incorporated herein by reference.
10.11*	Mellon Bank IRC Section 401(a)(17) Plan, as amended, effective Sept. 15, 1998.	Previously filed as Exhibit 10.2 to Quarterly Report on Form 10-Q (File No. 1-7410) for the quarter ended Sept. 30, 1998, and incorporated herein by reference.
10.12*	Mellon Bank Optional Life Insurance Plan, as amended, effective Jan. 15, 1999.	Previously filed as Exhibit 10.9 to Annual Report on Form 10-K (File No. 1-7410) for the year ended Dec. 31, 1998, and incorporated herein by reference.
10.13*	Mellon Bank Executive Life Insurance Plan, as amended, effective Jan. 15, 1999.	Previously filed as Exhibit 10.10 to Annual Report on Form 10-K (File No. 1-7410) for the year ended Dec. 31, 1998, and incorporated herein by reference.
10.14*	Mellon Bank Senior Executive Life Insurance Plan, as amended, effective Jan. 15, 1999.	Previously filed as Exhibit 10.11 to Annual Report on Form 10-K (File No. 1-7410) for the year ended Dec. 31, 1998, and incorporated herein by reference.
10.15*	Employment Agreement between Mellon Financial Corporation and Martin G. McGuinn, effective as of Feb. 1, 2004.	Filed herewith.
10.16*	Employment Agreement between Mellon Financial Corporation and Steven G. Elliott, effective as of Feb. 1, 2004.	Filed herewith.

* Management contract or compensatory plan arrangement.

Index to Exhibits (continued)

<u>Exhibit No.</u>	<u>Description</u>	<u>Method of Filing</u>
10.17*	Employment Agreement between Mellon Financial Corporation and Stephen E. Canter, effective as of Jan. 1, 2003.	Previously filed as Exhibit 10.17 to Annual Report on Form 10-K (File No. 1-7410) for the year ended Dec. 31, 2002, and incorporated herein by reference.
10.18*	Employment Agreement between Mellon Financial Corporation and David F. Lamere, effective as of Jan. 1, 2003.	Previously filed as Exhibit 10.18 to Annual Report on Form 10-K (File No. 1-7410) for the year ended Dec. 31, 2002, and incorporated herein by reference.
10.19*	Employment Agreement between Mellon Financial Corporation and Ronald P. O'Hanley, effective as of Jan. 1, 2003.	Previously filed as Exhibit 10.19 to Annual Report on Form 10-K (File No. 1-7410) for the year ended Dec. 31, 2002, and incorporated herein by reference.
10.20*	Form of Change in Control Severance Agreement between Mellon Financial Corporation and members of the Executive Management Group.	Previously filed as Exhibit 10.19 to Annual Report on Form 10-K (File No. 1-7410) for the year ended Dec. 31, 2000, and incorporated herein by reference.
10.21*	Form of Change in Control Severance Agreement between Mellon Financial Corporation and members of the Senior Management Committee.	Previously filed as Exhibit 10.20 to Annual Report on Form 10-K (File No. 1-7410) for the year ended Dec. 31, 2000, and incorporated herein by reference.
10.22**	Mellon Financial Corporation ShareSuccess Plan, as amended, effective May 21, 2002.	Previously filed as Exhibit 10.1 to Quarterly Report on Form 10-Q (File No. 1-7410) for the quarter ended June 30, 2002, and incorporated herein by reference.

* Management contract or compensatory plan arrangement.

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

Index to Exhibits (continued)

<u>Exhibit No.</u>	<u>Description</u>	<u>Method of Filing</u>
11.1	Computation of Basic and Diluted Net Income Per Common Share.	Filed herewith as part of Exhibit 13.1 listed below.
12.1	Computation of Ratio of Earnings to Fixed Charges (Parent Corporation).	Filed herewith.
12.2	Computation of Ratio of Earnings to Fixed Charges (Mellon Financial Corporation and its subsidiaries).	Filed herewith.
13.1	All portions of the Mellon Financial Corporation 2003 Financial Annual Report to Shareholders that are incorporated herein by reference. The remaining portions are furnished for the information of the Securities and Exchange Commission and are not “filed” as part of this filing.	Filed herewith.
21.1	Primary Subsidiaries of the Corporation.	Filed herewith.
23.1	Consent of Independent Accountants.	Filed herewith.
24.1	Powers of Attorney.	Filed herewith.
31.1	Rule 13a-14(a) Certification of Chief Executive Officer.	Filed herewith.
31.2	Rule 13a-14(a) Certification of Chief Financial Officer.	Filed herewith.
32.1	Section 1350 Certification of Chief Executive Officer.	Furnished herewith.
32.2	Section 1350 Certification of Chief Financial Officer.	Furnished herewith.

Index to Exhibits (continued)

<u>Exhibit No.</u>	<u>Description</u>	<u>Method of Filing</u>
99.1	Mellon Financial Corporation, Charter of the Audit Committee of the Board of Directors, as amended, effective as of Jan. 20, 2004.	Filed herewith.

Certain instruments, which define the rights of holders of long-term debt of the Corporation and its subsidiaries, are not filed herewith because the total amount of securities authorized under each of them does not exceed 10% of the total assets of the Corporation and its subsidiaries on a consolidated basis. The Corporation hereby agrees to furnish a copy of such instruments to the Securities and Exchange Commission upon request.

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

Mellon Financial Corporation (Parent Corporation) (a) <i>(dollar amounts in millions)</i>	Year ended Dec. 31,				
	2003	2002	2001	2000	1999
1. Income before income taxes and equity in undistributed net income of subsidiaries	\$577	\$ 831	\$645	\$ 845	\$707
2. Fixed charges: interest expense, one-third of rental expense net of income from subleases and amortization of debt issuance costs	151	194	236	237	224
3. Income before income taxes and equity in undistributed net income of subsidiaries, plus fixed charges (line 1 + line 2)	\$728	\$1,025	\$881	\$1,082	\$931
4. Ratio of earnings (as defined) to fixed charges (line 3 divided by line 2)	4.83	5.28	3.73	4.56	4.15
<i>(a) The parent corporation ratios include the accounts of Mellon Financial Corporation (the "Corporation") and Mellon Funding Corporation, a wholly owned subsidiary of the Corporation that functions as a financing entity for the Corporation and its subsidiaries by issuing commercial paper and other debt guaranteed by the Corporation; and MIPA, LLC, single member limited liability company wholly owned by the Corporation, created to hold and administer corporate owned life insurance. Because these ratios exclude from earnings the equity in undistributed net income (loss) of subsidiaries, these ratios vary with the payment of dividends by such subsidiaries.</i>					

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

Mellon Financial Corporation (and its subsidiaries) <i>(dollar amounts in millions)</i>	Year ended Dec. 31,				
	2003	2002	2001	2000	1999
1. Income from continuing operations before impact of accounting change	\$ 677	\$ 663	\$ 435	\$ 756	\$ 742
2. Provision for income taxes	311	323	239	427	431
3. Income from continuing operations before provision for income taxes and impact of accounting change (line 1 + line 2)	\$ 988	\$ 986	\$ 674	\$1,183	\$1,173
4. Fixed charges:					
a. Interest expense (excluding interest on deposits)	\$ 234	\$ 274	\$ 393	\$ 512	\$ 534
b. One-third of rental expense net of income from subleases and amortization of debt issuance costs	60	58	46	40	41
c. Total fixed charges (excluding interest on deposits) (line 4a + line 4b)	294	332	439	552	575
d. Interest on deposits	114	172	430	340	355
e. Total fixed charges (line 4c + line 4d)	\$ 408	\$ 504	\$ 869	\$ 892	\$ 930
5. Income from continuing operations before provision for income taxes and impact of accounting change, plus total fixed charges:					
a. Excluding interest on deposits (line 3 + line 4c)	\$1,282	\$1,318	\$1,113	\$1,735	\$1,748
b. Including interest on deposits (line 3 + line 4e)	\$1,396	\$1,490	\$1,543	\$2,075	\$2,103
6. Ratio of earnings (as defined) to combined fixed charges:					
a. Excluding interest on deposits (line 5a divided by line 4c)	4.36	3.97	2.54	3.14	3.04
b. Including interest on deposits (line 5b divided by line 4e)	3.42	2.96	1.78	2.33	2.26

MELLON FINANCIAL CORPORATION
PRIMARY SUBSIDIARIES OF THE CORPORATION (a)
DEC. 31, 2003

Mellon Trust of New England, National Association -- Incorporation: United States

The Boston Company, Inc. -- State of Incorporation: Massachusetts

Mellon Consultants, Inc. -- State of Incorporation: New York

Mellon Bank, N.A. -- Incorporation: United States

- Cornice Holding Company, Inc. -- State of Incorporation: Colorado
 - Founders Asset Management LLC -- State of Organization: Colorado
- The Dreyfus Corporation -- State of Incorporation: New York

Mellon 1st Business Bank, National Association -- Incorporation: United States

Mellon United National Bank -- Incorporation: United States

MBC Investments Corporation -- State of Incorporation: Delaware

- Neptune LLC -- State of Organization: Delaware
 - Mellon Europe Ltd. -- Incorporation: England
 - Mellon Global Investments Limited -- Incorporation: England
 - Newton Management Limited -- Incorporation: England
 - Newton Investment Management Limited -- Incorporation: England

Mellon Human Resources & Investor Solutions Inc. -- State of Incorporation: Pennsylvania

- Mellon Investor Services LLC -- State of Organization: New Jersey
- Mellon HR Solutions LLC -- State of Organization: Pennsylvania

Fixed Income (DE) Trust -- State of Organization: Delaware

- Fixed Income (MA) Trust -- State of Organization: Massachusetts
 - Standish Mellon Asset Management Company LLC -- State of Organization: Delaware

(a) This listing includes all significant subsidiaries as defined in Rule 1-02(w) of Regulation S-X, as well as other selected subsidiaries.

CERTIFICATION

I, Martin G. McGuinn, certify that:

1. I have reviewed this annual report on Form 10-K of Mellon Financial Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 10, 2004

/s/ Martin G. McGuinn

Name: Martin G. McGuinn

Title: Chief Executive Officer

CERTIFICATION

I, Michael A. Bryson, certify that:

1. I have reviewed this annual report on Form 10-K of Mellon Financial Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 10, 2004

/s/ Michael A. Bryson
Name: Michael A. Bryson
Title: Chief Financial Officer

Certification

Pursuant to 18 U.S.C. § 1350, the undersigned officer of Mellon Financial Corporation (the "Corporation"), hereby certifies that the Corporation's Annual Report on Form 10-K for the year ended December 31, 2003 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Dated: March 10, 2004

/s/ Martin G. McGuinn
Name: Martin G. McGuinn
Title: Chief Executive Officer

Certification

Pursuant to 18 U.S.C. § 1350, the undersigned officer of Mellon Financial Corporation (the "Corporation"), hereby certifies that the Corporation's Annual Report on Form 10-K for the year ended December 31, 2003 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Dated: March 10, 2004

/s/ Michael A. Bryson
Name: Michael A. Bryson
Title: Chief Financial Officer