

Press Release



Contact: Mike Dunn
+1 212-922-7859
dunn.mg@mellon.com

Funded Status of Typical U.S. Pension Plan Deteriorated Sharply in November, According to BNY Mellon Asset Management

Typical Plan Now is Worse Off than at Beginning of Year

PITTSBURGH, December 7, 2007 – Plunging global equity markets combined with declining yields of long-term Treasury bonds drove down the funded status of a typical U.S. pension plan by seven percent, according to BNY Mellon Asset Management, which tracks the health of the pension plans through its BNY Mellon Pension Liability Indexes. The funded status of the typical plan now has deteriorated by 2.7 percent for the year to date.

Assets of a moderate-risk pension portfolio decreased 1.9 percent in November, while the value of typical pension liabilities rose 5.1 percent. For the year to date, moderate-risk assets are up 7.1 percent while typical pension liabilities have increased 9.8 percent.

“The decline in equities pared the assets held by the typical U.S. pension plan,” said Peter Austin, executive director of BNY Mellon Pension Services. “At the same time, flight to quality, recession fears, and expectations of a Fed easing brought about a large decline in interest rates. The lower interest rates increase pension plan liabilities and the value of bonds.”

Austin noted that in November long-maturity Treasury bond yields dropped 35 basis points, while two-year yields fell 91 basis points. He added, “Corporate bonds did not fare well as worries over credit risk caused yield spreads to widen by more than 40 basis points.”

BNY Mellon Asset Management, one of the world’s largest global asset managers with more than US\$1 trillion in assets under management. The multi-boutique asset management model encompasses the investment skills of world class specialist asset managers who are amongst the most advanced and highly regarded names in money management. With investment expertise that spans the asset class spectrum, BNY Mellon Asset Management offers a comprehensive suite of beta-achieving and alpha-generating investment strategies to meet the unique needs of institutional investors.

The Bank of New York Mellon Corporation is a global financial services company focused on helping clients manage and service their financial assets, operating in 34 countries and serving more than 100 markets. The company is a leading provider of financial services for institutions, corporations and high-net-worth individuals, providing superior asset management and wealth management, asset servicing, issuer services, clearing services and treasury services through a worldwide client-focused team. It has more than \$20 trillion in assets under custody and administration, more than \$1.1 trillion in assets under management and services \$11 trillion in outstanding debt. Additional information is available at bnymellon.com.
