



News

Release

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Corporate Affairs

For Immediate Release

**MELLON CAPITAL LAUNCHES LIABILITY-DRIVEN INVESTMENT PRODUCT
WITH \$100 MILLION IN FUNDING**

San Francisco, August 8, 2006 -- Mellon Capital Management Corporation, one of the investment boutiques within Mellon Asset Management, has received \$100 million in funding for its Long Duration Alpha Plus strategy, which is designed to help pension funds hedge against the liabilities in their plans while seeking to achieve equity-like returns. This is the fourth portable alpha strategy launched by the firm this year.

Mellon Asset Management is the third-largest manager of Defined Benefits assets. The Long Duration Alpha Plus strategy adds to Mellon's broad capabilities in both asset management and asset servicing for the pension plan market.

The strategy combines exposure to the Lehman Brothers 20+Year Treasury Index with Mellon Capital's proprietary global alpha strategy, which takes long and short positions in global equity, sovereign bond and currency markets. It seeks to generate returns that consistently exceed the market-based bond benchmark through an investment approach with returns that have low correlation to traditional markets.

"An increasing number of clients are interested in strategies which help them immunize the liabilities that their pension plans face," said Charlie Jacklin, president and chief executive officer of Mellon Capital. "One way to do this is to invest in long-duration Treasury bonds, which tend to mirror the performance of a pension plan's liabilities."

Pension plan liabilities typically rise when interest rates fall and decline when interest rates rise, which is similar to the performance of longer-term Treasury bonds. Jacklin said, "In this Long Duration Alpha Plus strategy, we seek to enhance the portfolio's performance by directing a portion of its assets toward the global alpha strategy."

Founded in 1983 by innovators in the investment management field, Mellon Capital specializes in global quantitative investment strategies. As of June 30, 2006, the firm had \$148 billion in assets under management, including assets managed by dual officers and \$ 25.3 billion in overlay strategies. Additional information about Mellon Capital is available at www.mcm.com.

Mellon Asset Management is a leading global provider of investment management products and services that offer a broad range of equity, fixed-income, hedge and liquidity management products through individual asset management companies and multiple distribution channels.

Mellon Financial Corporation is a global financial services company. Headquartered in Pittsburgh, Mellon is one of the world's leading providers of financial services for institutions, corporations and high net

worth individuals, providing asset management, private wealth management, asset servicing, and payment solutions and investor services. Mellon has approximately \$5.1 trillion in assets under management, administration or custody, including \$870 billion under management. News and other information about Mellon is available at www.mellon.com.

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