

Press Release



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Mellon Capital Management Launches Long Bond Strategy To Help Pension Funds Protect Against Market Volatility

Strategy Launches with \$100 Million in Assets from Three Clients

SAN FRANCISCO, February 10, 2009 – Mellon Capital Management Corporation, part of BNY Mellon Asset Management, has launched its High Quality Long Corporate Bond Strategy with \$100 million in assets from three clients. The strategy, which was developed to help pension funds protect their assets against market volatility, primarily invests in high quality longer term corporate bonds that are rated at least single A and have a maturity of more than 20 years.

“We believe there will be significant demand for this product from pension plans as they look to implement liability driven investment (LDI) strategies,” said Charlie Jacklin, president and chief executive officer of Mellon Capital Management. “This strategy is attractive because the yields on high quality long corporate bonds are currently more than 300 basis points higher than typical LDI implementation vehicles, such as longer term Treasury bonds or interest rate swaps. Also, this strategy includes the types of securities that establish the discount rate for pension plan liabilities. That makes this strategy a much better liability match than other vehicles.”

LDI strategies aim to insulate plan sponsors from market volatility because they tend to move in tandem with typical pension plan liabilities. Typically, these liabilities rise when yields on bonds decline and decrease when bond yields increase.

“Our goal is to outperform the Barclays Capital U.S. Credit Corporate 20+ ex-Baa Index,” said Bill Hoskins, managing director and head of fixed income research for Mellon Capital Management. “We are calling this a high-quality fund because, typically, long term credit index funds have a much greater exposure to lower quality BBB bonds. In addition, such funds usually invest in shorter duration bonds with maturities as short as 10 years.”

This strategy is managed by a team led by Susan Kobayashi, director, fixed income, Mellon Capital Management.

Founded in 1983 by innovators in the investment management field, Mellon Capital specializes in global quantitative investment strategies. As of December 31, 2008, the firm had \$152.0 billion in assets under management, including assets managed by dual officers of Mellon Capital Management and The Bank of New York Mellon, and \$12.9 billion in overlay strategies. Additional information about Mellon Capital is available at www.mcm.com. It is part of BNY Mellon Asset Management, one of the world’s largest asset managers.

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 \$20.2 trillion in assets under custody and administration, \$928 billion in assets under management and services more than \$11 trillion in outstanding debt. Additional information is available at bnymellon.com.
