



MELLON FINANCIAL CORPORATION

BOARD POLICIES

I. BOARD OF DIRECTORS

A. Term and Composition

1. One of the three classes of Directors is elected at each annual meeting of shareholders, which is scheduled to be held on the third Tuesday of April in each year. After receiving the recommendations of the Corporate Governance and Nominating Committee, the Board is responsible for selecting the nominees for election to the class of Directors to be elected. Any vacancy in the Board for any reason, including an increase in the number of Directors, may be filled by action of the Board of Directors. Each Director shall hold office from the time of the Director's election and qualification and shall serve until the election and qualification of the Director's successor or until the Director's earlier death, resignation, disqualification or removal.
2. A Director who is also an officer of the Corporation or any of its subsidiaries should simultaneously submit his or her resignation as a Director at such time as the Director resigns his or her position as an officer of the Corporation or any of its subsidiaries.
3. The composition of the Board should balance the following goals:
 - a. While there is no fixed standard for the size of the Board, the size of the Board should facilitate substantive discussions of the whole Board in which each Director can participate meaningfully.
 - b. A majority of the Board shall consist of Directors whom the Board has determined have no material relationship with the Corporation and who are otherwise "independent" under the rules of the New York Stock Exchange, Inc. ("NYSE").
 - c. The Board should encompass a broad and diverse range of skills, expertise, background, viewpoints, experience and contacts relevant to the Corporation's business.
4. The Board does not believe it should establish term limits.

B. Eligibility

1. No potential candidate for membership on the Board will be denied consideration by reason of race, sex, religion, color or affiliation with some special constituency or group. Nor will any candidate be approached or selected solely because of any such reason.
2. Criteria for the nomination of Directors:
 - a. The Corporate Governance and Nominating Committee will consider for selection as Directors those persons:
 1. who have the proven ability and experience to bring informed, thoughtful and well-considered opinions to corporate management and the Board;
 2. who have the competence, maturity and integrity to monitor and evaluate the institution's management, performance and policies;
 3. who have the willingness and ability to devote the necessary time and effort required for service on the Board;
 4. who have the capacity to provide additional strength, diversity of view and new perceptions to the Board and its activities;
 5. who have the skills and personality to work with other Directors in building a Board that is effective, collegial and responsive to the needs of the Corporation;
 6. who have the necessary measure of self-confidence and articulateness to ensure ease of participation in Board discussions; and
 7. who hold or have held the position of Chief Executive Officer, Chief Operating Officer, Chief Administrative Officer, Chief Financial Officer or a senior position with a major business corporation or a position of senior leadership in an educational, medical, religious or other non-profit institution or foundation of national significance.
 - b. A Director is expected to retire from the Board effective as of the date of the Annual Meeting of Shareholders after the Director has attained the age of 70.

- c. No two persons who are employed by a particular business or other enterprise (other than the Corporation, directly or indirectly) should simultaneously serve as Directors.
 - d. Any Director who retires from, or otherwise discontinues his or her active employment or substantially changes his or her position or responsibilities with, the business or other enterprise with which the Director was primarily affiliated at the time of the Director's most recent election to the Board is expected to tender his or her resignation as a Director at the time such retirement, discontinuance or change becomes effective.
 - e. A Director who has been a director of a company which is merged into the Corporation, and who becomes a Director of the Corporation at the time of such merger, shall be deemed, for purposes of these Board Policies, to have become a Director of the Corporation at the time of the Director's initial election as a director of that company.
 - f. A Director who is also an officer of the Corporation or any of its subsidiaries, and who retires from active employment with the Corporation or any of its subsidiaries, shall not be eligible for reelection.
3. An invitation to join the Board should be extended by the Board itself through the Chairman of the Board and Chief Executive Officer.

C. Meetings

1. The Board is generally scheduled to meet on the third Tuesday of each month, except in March, August and November. The organization meeting is scheduled to be held on the third Tuesday in April.
2. It is planned that there will be presentations made to the Board on various aspects of the Corporation's business.
3. As a general rule (subject to justifiable exception), Directors will be advised of significant agenda items and will be furnished with appropriate supporting materials in advance of meetings of the Board and committees of the Board.
4. A special meeting of the Board may be called at any time by the Chief Executive Officer, the Chairman, the President or any three Directors by appropriate notice. Participation in the meeting may be by means of videoconference or conference telephone.

5. The Chair of the Corporate Governance and Nominating Committee of the Board shall be the Corporation's Lead Director. The Lead Director shall review and approve schedules and agendas for meetings of the Board (including matters to be covered and time allocated to the various matters), review with the Chairman of the Board the adequacy and appropriateness of information being distributed to the Board and perform such other duties and responsibilities as are set forth from time to time in these Board Policies.
6. To promote open discussion among non-management Directors, the non-management Directors will meet in executive session in January, May and September of each year with no members of management present. The Lead Director shall preside at these executive sessions. Any non-management Director may request an executive session at any other Board meeting, and the Lead Director shall preside. If any non-management Director is not independent under rules of the NYSE, independent directors should meet separately in executive session at least once per year.
7. In the event of the death or disability of the Chairman, a special meeting of the Board shall be held as soon as practical at a date and time to be determined by the Lead Director. The Lead Director shall preside at such meeting.

D. Responsibilities

1. The Directors shall have the power to manage the business and affairs of the Corporation as set forth in the By-Laws. The Board of Directors shall be deemed to stand in a fiduciary relation to the Corporation, and Directors shall discharge the duties of their positions in good faith, in a manner they reasonably believe to be in the best interests of the Corporation and with such care, including reasonable inquiry, skill and diligence as a person of ordinary prudence would use under similar circumstances.
2. All Directors are expected to attend meetings of shareholders, meetings of the Board and meetings of committees of which they are members.
3. Each Director should be sufficiently familiar with the business of the Corporation, including its financial statements and capital structure, and the risks and competition it faces, to facilitate active and effective participation in the deliberations of the Board and of each committee on which he or she serves. Upon request, management will make appropriate internal personnel and independent advisors available to answer any questions a Director may have about any aspect of the Corporation's business. Directors should also review the materials provided by management and advisors in advance of the meetings of the Board and its committees and should arrive prepared to discuss the issues presented.

4. In their roles as Directors, all Directors owe a duty of loyalty to the Corporation. This duty of loyalty mandates that the best interests of the Corporation take precedence over any interests possessed by a Director.
5. The Corporation values the experience Directors bring from other boards on which they serve but recognizes that those boards may also present demands on a Director's time and availability and may present conflicts or legal issues. Directors should advise the Chair of the Corporate Governance and Nominating Committee and the Chief Executive Officer before accepting membership on boards of directors of other publicly traded companies or other significant commitments involving affiliation with other businesses or governmental units.
6. All Directors are invited to contact the Chief Executive Officer at any time to discuss any aspect of the Corporation's business. Directors also have complete access to other members of management. The Board expects that there will be frequent opportunities for Directors to meet with the Chief Executive Officer and other members of senior management in Board and committee meetings and in other formal or informal settings.
7. It is important that the Corporation speak to employees and outside constituencies with a single voice and that management serve as the primary spokesperson.
8. The proceedings and deliberations of the Board and its committees are confidential. Each Director shall maintain the confidentiality of information received in connection with his or her service as a Director.

E. Committees

1. Committees of the Board, their membership and their responsibilities, are established at the April organization meeting of the Board. Members will be advised shortly thereafter of committee meetings scheduled for the ensuing period until the next organization meeting. Standing or temporary committees, consisting of two or more Directors, may be appointed by the Board from time to time. The Chair, Vice Chair and members of such committees shall be rotated from time to time in order to expose Directors to the many and varied aspects of the business of the Corporation. In the absence of the Chair, the Vice Chair shall serve as the Chair. In the event of the Chair's death, resignation, disqualification or removal prior to the next organization meeting, the Vice Chair shall automatically become the Chair for the remainder of the Board year. The Board may invest committees with such power and authority, subject to such conditions, as it may see fit. The responsibilities of the committees are summarized in their respective Charters.

2. The Corporation shall have at least the committees required by the rules of the NYSE. Currently, these are the Audit Committee, the Human Resources Committee and the Corporate Governance and Nominating Committee. Each of these three committees must have a written charter satisfying the rules of the NYSE. The Audit Committee must also satisfy the requirements of Securities and Exchange Commission (“SEC”) Rule 10A-3.
3. All Directors, whether members of a committee or not, are invited to make suggestions to a committee Chair for additions to the agenda of his or her committee or to request that an item from a committee agenda be considered by the Board. Each committee Chair will give a periodic report of his or her committee’s activities to the Board.
4. Each of the Corporate Governance and Nominating Committee, the Audit Committee and the Human Resources Committee shall be composed of at least three directors whom the Board has determined have no material relationship with the Corporation, who are otherwise “independent” under the rules of the NYSE and, in the case of the Audit Committee, who satisfy the additional eligibility requirements of SEC Rule 10A-3. Any other required qualifications for the members of each committee shall be set out in the respective committee’s charter. A Director may serve on more than one committee for which he or she qualifies.

F. Continuing Education

Directors are encouraged to periodically attend quality continuing education programs that will enhance their abilities and competencies as Directors.

G. Stock Ownership Guidelines

Whenever a member of the Board of Directors, on or after January 1, 2003, exercises in whole or in part a stock option granted to the Director as compensation for Board service, such Director shall hold for as long as the Director remains a member of the Board of Directors at least 75% of the net shares acquired upon such stock option exercise. Net shares means the number of shares for which the option is exercised less the number of shares, if any, sold by the Director (i) to pay the exercise price of the option and related taxes, (ii) to pay education expenses, (iii) to purchase a primary residence, (iv) the proceeds of which sale (or which shares) are donated to a charitable organization and (v) after having obtained the approval of the Corporate Governance and Nominating Committee, as part of such Director’s estate planning process. Any donee of a stock option shall be subject to these same provisions.

H. Management Succession Plan

The Board of Directors shall review a succession plan for the Chief Executive Officer and such other senior managers as it determines to be appropriate, based upon recommendations from the Corporation's Human Resources Committee. Such succession plan shall address the policies and principles for selecting a successor to the Chief Executive Officer, both in an emergency situation and in the ordinary course of business. The succession plan should include an assessment of the experience, performance, skills and development plan for possible successors to the Chief Executive Officer.

I. Self-Evaluation

1. The Board should conduct a self-evaluation at least annually to determine whether it is functioning effectively. The Corporate Governance and Nominating Committee should periodically consider the mix of skills and experience that Directors bring to the Board to assess whether the Board has the necessary tools to perform its oversight function effectively.
2. Each committee of the Board should conduct a self-evaluation at least annually and report the results to the Board.

J. Retention of Experts

The Board of Directors or any committee has the ability to retain, at the Corporation's expense, special legal, accounting or other consultants or experts as it deems necessary in the performance of its duties.

K. Compensation

The Board should conduct an annual review of the components and amount of Board compensation in relation to peer companies. Board compensation should be consistent with market practices but should not be set at a level that would call into question the Board's objectivity. The Board should review and consider substantial charitable contributions to organizations with which a Director is affiliated as well as any consulting contracts with or other indirect forms of compensation to a Director. Fee arrangements for each Board year are as set forth in the Compensation Schedule for Directors. A deferred compensation plan and a stock option plan are available to each outside Director.

L. Expenses

Directors will be reimbursed for ordinary, necessary and reasonable expenses incident to their service on the Board (including expenses and tuition in connection with continuing education programs, as set forth in Section I. F.)

and to their attendance at meetings of the Board, committees of the Board and shareholders.

Requests for reimbursement for expenses over \$25.00 must be accompanied by a receipt for such expenses. Directors are reimbursed for air travel expenses not exceeding the first-class commercial air travel rate. All such requests should be forwarded to the Secretary.

M. Director Orientation

Management will provide an orientation process for new Directors, including background material on the Corporation and meetings with the Chief Financial Officer and the Secretary.

N. Executive Compensation

1. The Human Resources Committee evaluates the performance of the Chief Executive Officer and approves the compensation level of the Chief Executive Officer.
2. The Board, acting through the Human Resources Committee, evaluates and approves the compensation levels of members of senior management.

O. Processing Communications to Directors

1. The Corporate Secretary or any member of the Corporate Secretarial Department is authorized to open and review any mail or other correspondence received by it or them that is addressed to the Board of Directors or any individual Director unless the item is marked “Confidential” or “Personal.” If so marked and addressed to the Board of Directors, it shall be delivered unopened directly to the Lead Director. If so marked and addressed to an individual Director, it shall be delivered directly to the addressee unopened.
2. If upon opening and reviewing mail or other correspondence, the Corporate Secretary or member of the Corporate Secretarial Department determines that the contents are a magazine or a solicitation or an advertisement, the contents may be discarded.
3. In all other cases, the contents shall be delivered directly to the addressee in the form received; provided, however, that communications that are not “security holder communications” as defined in rules of the Securities and Exchange Commission may in the discretion of the Corporate Secretary be forwarded to an appropriate member of management. A copy of mail or other correspondence addressed to the Board of Directors shall be given to each Director.

4. Security holder communications subject to this policy must be in writing and addressed to the Board of Directors or an individual Director at the address set forth in the Corporation's most recent annual proxy statement.

II. CHAIRMEN EMERITI

A former Chairman or Chief Executive Officer of the Corporation or its predecessors may be designated "Chairman Emeritus" at the April organization meeting of the Board or at such time as the Board of Directors shall determine. Such designation is intended to recognize the contributions of such former officers to the growth and development of the Corporation and its subsidiaries and may be separate from and additional to any responsibilities and compensation a person may have by virtue of his or her position as a Director. Chairmen Emeriti shall not be entitled to vote or take part in formal action by the Board but may be consulted on important matters affecting the Corporation and invited to participate in certain activities of the Board. The designation of Chairman Emeritus shall not entitle such former officer to receive compensation from the Corporation.

III. CORPORATE POLICY MATTERS

A. Laws and Regulations

It is and has been the continuing policy of the Corporation and its subsidiaries that all Directors, officers and employees shall comply fully with all laws and regulations of every jurisdiction that apply to their respective businesses. All employees, wherever they operate, have access to legal advice and are expected to obtain such advice whenever needed to ensure compliance with applicable laws and regulations.

B. Moral and Ethical Standards

1. The Board expects the affairs of the Corporation to be conducted in conformity with high moral and ethical standards. To promote this, the Board itself is dedicated to high standards.
2. The Code of Conduct of Mellon Financial Corporation (the "Code") has been prepared to establish acceptable standards of conduct to avoid action which may prove detrimental to the Corporation or employees. Such Code is hereby ratified and adopted.

C. Accounting

The Corporation and its subsidiaries will maintain a system of internal controls sufficient, among other things, to provide reasonable assurance that

transactions are properly authorized and recorded and to keep records which accurately and fairly reflect financial activities in reasonable detail.

D. Political Activities and Contributions

1. The Corporation encourages employees to take an active interest in political and governmental affairs and to keep themselves informed concerning political issues and candidates; however, the Corporation is prohibited by law from making contributions to political candidates.
2. Political action committees provide a vehicle to enable employees to make political contributions to a fund to be used for political purposes. The Corporation may establish and administer one or more political action committees in accordance with the Federal Election Campaign Act of 1971, as amended, and applicable state laws.

IV. MANAGEMENT AUTHORITY

- A. Management may exercise any and all authorities as set forth in the By-Laws.
- B. Management is authorized to implement plans, make expenditures, and acquire or dispose of assets consistent with the Operating Plan approved by the Board.

All expenditures for fixed assets (whether purchased or leased and whether to be paid directly by the Corporation itself or through any subsidiary) should be authorized in the capital budget portion of the Operating Plan approved by the Board. Any such expenditure which would, either individually or when aggregated in connection with related transactions, exceed an amount equal to one percent (1%) of the then total common shareholders' equity of the Corporation, shall be specifically reviewed with and approved by the Board.

All acquisitions and dispositions of assets (whether by the Corporation itself or through any subsidiary) other than (i) acquisitions and dispositions of assets in the normal course of business and (ii) acquisitions and dispositions of assets that are being or have been acquired through foreclosures or other proceedings on account of loans previously made, which would, either individually or when aggregated in connection with related transactions, exceed an amount equal to one percent (1%) of the then total common shareholders' equity of the Corporation, shall be approved by the Board.

- C. Management is authorized to acquire (either through the Corporation or any subsidiary) the stock or assets of other banks and companies and to make capital contributions to new or existing subsidiaries of the Corporation in accordance with standing resolutions adopted by the Board, which currently provide that any such acquisition or contribution requiring the payment of

consideration not to exceed an amount equal to one percent (1%) of the then total common shareholders' equity of the Corporation, may be accomplished without specific approval by the Board if approved by the Chief Executive Officer.

- D. Expenditures, consideration, payments and other amounts referred to in this Article IV include the total of payments to be made or received as well as the amount of the liabilities to be assumed directly or indirectly.
- E. Management may exercise any and all additional authorities as the Board may from time to time approve by resolutions duly adopted.

V. GENDER AND NUMBER

Any reference in these Board Policies to one gender, whether masculine, feminine or neuter, includes the other two, and the singular includes the plural and vice versa unless the context indicates otherwise.

MELLON FINANCIAL CORPORATION
COMPENSATION SCHEDULE FOR DIRECTORS

<u>Monthly Retainer</u>	<u>Per Meeting Fee*</u>	<u>Committee</u>	<u>Chair Annual Retainer</u>
\$3,750	\$1,500	Audit	\$12,500
		Community Responsibility	\$10,000
		Corporate Governance and Nominating	\$10,000
		Human Resources	\$12,500
		Risk	\$10,000
		Technology	\$10,000

- Directors who do not receive a salary from the Corporation or any subsidiary are compensated according to the above schedule.
- Compensation is paid by check by the end of each month, whether or not the Board or a committee meets during that month.
- A Director may elect to defer receipt of compensation until after termination of service, in accordance with the Mellon Financial Corporation Elective Deferred Compensation Plan for Directors and Members of the Advisory Board.

* The Meeting Fee will also be paid for each day's attendance at continuing education programs as set forth in Section I. F.

Effective January 1, 2003, an Orientation Fee of \$500 (plus reimbursement of related expenses) is payable for attendance at a formal meeting with one or more officers of the Corporation or any of its subsidiaries, which meeting has been scheduled by an officer of the Corporation in response to a Director request, to (i) any Director during the Director's first term as a Director for the purpose of enhancing the Director's knowledge of the Corporation, its business, operations or finances and (ii) any Director regardless of length of service who is assuming or has assumed new responsibilities as a Director for the purpose of enhancing the Director's ability to perform those new responsibilities.

As adopted April 19, 2005 and amended December 20, 2005 and January 17, 2006
Mfc0106