



News Release

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Corporate Affairs

FOR IMMEDIATE RELEASE

FUNDING STATUS OF U.S. PENSION PLANS IMPROVED IN OCTOBER, ACCORDING TO MELLON FINANCIAL

PITTSBURGH, November 6, 2006 — The funded status of a typical U.S. pension plan improved 1.5 percent in October as the value of its assets rose 2.5 percent, which was faster than the one percent increase in liabilities, according to Mellon Financial Corporation. Mellon tracks the financial health of U.S. pension plans through its Mellon Pension Liability Indexes.

“A strong performance from global stock markets led to higher asset levels in typical U.S. pension plans during October,” said Peter Austin, executive director of Mellon Pension Services. “This more than offset the slight increase in liabilities caused by a small decline in long-term interest rates.”

Powered by a double-digit return in equities in 2006 and interest rate hikes during the first five months of the year, the funded status of a typical plan was 7.8 percent better at the end of October than it was at the beginning of the year. The assets of a typical plan were 9.3 percent higher at the end of October than they were at the beginning of the year, while liabilities were 1.5 percent higher.

Liabilities for pension plans usually fall when interest rates rise. Unexpected changes in a plan’s demographics, among other factors, also affect the size of the benefit liability. Mellon measures the performance of liabilities through its Mellon Pension Liability Indexes, which were launched in March 2006. These indexes are designed to track the market values and market returns of pension liabilities for young, average and mature pension plans. (See more about the indexes at http://www.melloninstitutional.com/public/library/documents/knowledge/pdfs/Liability_index.pdf .)

Mellon Pension Services, together with the investment subsidiaries of Mellon Asset Management and Mellon Asset Servicing, offers comprehensive solutions to a wide variety of plan sponsors’ goals and challenges.

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, payment solutions and investor services. Mellon has approximately \$5.3 trillion in assets under management, administration or custody, including \$918 billion under management. News and other information about Mellon is available at www.mellon.com.

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