BANK OF MONTREAL /CAN/
Form 424B2
March 03, 2015

The information in this preliminary pricing supplement is not complete and may be changed. This preliminary pricing supplement is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Registration Statement No. 333-196387

Filed Pursuant to Rule 424(b)(2)

Subject to Completion, dated March 2, 2015

Pricing Supplement to the Prospectus dated June 27, 2014, the Prospectus Supplement dated June 27, 2014 and the Product Supplement dated June 30, 2014

US$

Senior Medium-Term Notes, Series C

Buffered Bullish Enhanced Return Notes due March 31, 2020

Linked to the iShares® MSCI EAFE ETF

- The notes are designed for investors who seek a 135.00% leveraged return based on any appreciation in the share price of the iShares® MSCI EAFE ETF (the "Underlying Asset"). Investors should be willing to forgo periodic interest, and be willing to lose 1.1765% of their principal amount for each 1% that the price of the Underlying Asset decreases by more than 15% from its price on the pricing date.

- An investor in the notes may lose up to 100% of the principal at maturity.

- Any payment at maturity is subject to the credit risk of Bank of Montreal. The notes will not be listed on any securities exchange.

- The notes will be issued in minimum denominations of $1,000 and integral multiples of $1,000.

- The offering is expected to price on or about March 26, 2015, and the notes are expected to settle through the facilities of The Depository Trust Company on or about March 31, 2015.

- The notes are scheduled to mature on March 31, 2020.

- The CUSIP number of the notes is 06366RC45.

- Our subsidiary, BMO Capital Markets Corp. ("BMOCM"), is the agent for this offering. See "Supplemental Plan of Distribution (Conflicts of Interest)" below.

Investing in the notes involves risks, including those described in the "Selected Risk Considerations" section beginning on page P-4 of this pricing supplement, the "Additional Risk Factors Relating to the Notes" section beginning on page PS-5 of the product supplement, and the "Risk Factors" section beginning on page S-1 of the prospectus supplement and on page 7 of the prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these notes or passed upon the accuracy of this pricing supplement, the product supplement, the prospectus supplement or the prospectus. Any representation to the contrary is a criminal offense.

The notes will be our unsecured obligations and will not be savings accounts or deposits that are insured by the United States Federal Deposit Insurance Corporation, the Bank Insurance Fund, the Canada Deposit Insurance Corporation or any other governmental agency or instrumentality or other entity.

On the date of this preliminary pricing supplement, based on the terms set forth above, the estimated initial value of the notes is $947.10 per $1,000 in principal amount. The estimated initial value of the notes on the pricing date may differ from this value but will not be less than $935.00 per $1,000 in principal amount. However, as discussed in more

detail in this pricing supplement, the actual value of the notes at any time will reflect many factors and cannot be predicted with accuracy.

	Price to Public(1)	Agent's Commission(1)(2)	Proceeds to Bank of Montreal
Per Note	US$1,000	US$2.50	US$997.50
Total	US$	US$	US$

(1) Certain dealers who purchase the notes for sale to certain fee-based advisory accounts may forego some or all of their selling concessions, fees or commissions. The public offering price for investors purchasing the notes in these accounts may be between $997.50 and $1,000 per $1,000 in principal amount.

(2) The actual agent's commission will be set forth in the final pricing supplement.

BMO CAPITAL MARKETS

Key Terms of the Notes:

Underlying Asset:	iShares® MSCI EAFE ETF (NYSE Arca symbol: EFA). See the section below entitled "The Underlying Asset" for additional information about the Underlying Asset.
Payment at Maturity:	If the Percentage Change is positive, then the amount that the investors will receive at maturity for each $1,000 in principal amount of the notes will be calculated as follows: Principal Amount + (Principal Amount × Percentage Change x Upside Leverage Factor) If the Percentage Change is between 0% and -15% inclusive, then the amount that the investors will receive at maturity will equal the principal amount of the notes. If the Percentage Change is less than -15%, then the payment at maturity will be calculated as follows: Principal Amount + [Principal Amount x (Percentage Change + Buffer Percentage) x Downside Leverage Factor] Accordingly, if the Percentage Change is less than -15%, you will lose 1.1765% of the principal amount of your notes for each 1% that the Final Level is less than the Buffer Level.
Upside Leverage Factor:	135.00%
Downside Leverage Factor:	117.65%
Initial Level:	The closing price of one share of the Underlying Asset on the pricing date.
Final Level:	The closing price of one share of the Underlying Asset on the valuation date.
Buffer Level:	85% of the Initial Level.
Buffer Percentage:	15%. Accordingly, you will receive the principal amount of your notes at maturity only if the price of the Underlying Asset does not decrease by more than 15% from the pricing date to the valuation date. If the Final Level is less than the Buffer Level, you will receive less than the principal amount of your notes at maturity, and you could lose up to 100% of the principal amount of your notes. Final Level – Initial Level, expressed as a percentage.

Percentage Change:	Initial Level
Pricing Date:	On or about March 26, 2015.
Settlement Date:	On or about March 31, 2015, as determined on the pricing date.
Valuation Date:	On or about March 26, 2020, as determined on the pricing date.
Maturity Date:	On or about March 31, 2020, as determined on the pricing date.
Automatic Redemption:	Not applicable
Calculation Agent:	BMOCM
Selling Agent:	BMOCM

The pricing date and settlement date are subject to change. The actual pricing date, settlement date, valuation date and maturity date will be set forth in the final pricing supplement.

We may use this pricing supplement in the initial sale of the notes. In addition, BMOCM or another of our affiliates may use this pricing supplement in market-making transactions in any notes after their initial sale. Unless our agent or we inform you otherwise in the confirmation of sale, this pricing supplement is being used in a market-making transaction.

Additional Terms of the Notes

You should read this pricing supplement together with the product supplement dated June 30, 2014, the prospectus supplement dated June 27, 2014 and the prospectus dated June 27, 2014. This pricing supplement, together with the documents listed below, contains the terms of the notes and supersedes all other prior or contemporaneous oral statements as well as any other written materials including preliminary or indicative pricing terms, correspondence, trade ideas, structures for implementation, sample structures, fact sheets, brochures or other educational materials of ours or the agent. You should carefully consider, among other things, the matters set forth in "Additional Risk Factors Relating to the Notes" in the product supplement, as the notes involve risks not associated with conventional debt securities. We urge you to consult your investment, legal, tax, accounting and other advisers before you invest in the notes.

You may access these documents on the SEC website at www.sec.gov as follows (or if such address has changed, by reviewing our filings for the relevant date on the SEC website):

- Product supplement dated June 30, 2014:
https://www.sec.gov/Archives/edgar/data/927971/000121465914004753/c627140424b5.htm

- Prospectus supplement dated June 27, 2014:
https://www.sec.gov/Archives/edgar/data/927971/000119312514254915/d750935d424b5.htm

- Prospectus dated June 27, 2014:
https://www.sec.gov/Archives/edgar/data/927971/000119312514254905/d749601d424b2.htm

Our Central Index Key, or CIK, on the SEC website is 927971. As used in this pricing supplement, the "Company," "we," "us" or "our" refers to Bank of Montreal.

Selected Risk Considerations

An investment in the notes involves significant risks. Investing in the notes is not equivalent to investing directly in the Underlying Asset. These risks are explained in more detail in the "Additional Risk Factors Relating to the Notes" section of the product supplement.

- Your investment in the notes may result in a loss. — You may lose some or all of your investment in the notes. The payment at maturity will be based on the Final Level, and whether the Final Level of the Underlying Asset on the valuation date has declined from the Initial Level to a level that is less than the Buffer Level. You will lose 1.1765% of the principal amount of your notes for each 1.00% that the Final Level is less than the Buffer Level. Accordingly, you could lose up to 100% of the principal amount of the notes.

- Your investment is subject to the credit risk of Bank of Montreal. — Our credit ratings and credit spreads may adversely affect the market value of the notes. Investors are dependent on our ability to pay the amount due at maturity, and therefore investors are subject to our credit risk and to changes in the market's view of our creditworthiness. Any decline in our credit ratings or increase in the credit spreads charged by the market for taking our credit risk is likely to adversely affect the value of the notes.

- Potential conflicts. — We and our affiliates play a variety of roles in connection with the issuance of the notes, including acting as calculation agent. In performing these duties, the economic interests of the calculation agent and other affiliates of ours are potentially adverse to your interests as an investor in the notes. We or one or more of our affiliates may also engage in trading of shares of the Underlying Asset or securities held by the Underlying Asset on a regular basis as part of our general broker-dealer and other businesses, for proprietary accounts, for other accounts under management or to facilitate transactions for our customers. Any of these activities could adversely affect the price of the Underlying Asset and, therefore, the market value of the notes. We or one or more of our affiliates may also issue or underwrite other securities or financial or derivative instruments with returns linked or related to changes in the performance of the Underlying Asset. By introducing competing products into the marketplace in this manner, we or one or more of our affiliates could adversely affect the market value of the notes.

- Our initial estimated value of the notes will be lower than the price to public. — Our initial estimated value of the notes is only an estimate, and is based on a number of factors. The price to public of the notes will exceed our initial estimated value, because costs associated with offering, structuring and hedging the notes are included in the price to public, but are not included in the estimated value. These costs include the agent's commission, the profits that we and our affiliates expect to realize for assuming the risks in hedging our obligations under the notes and the estimated cost of hedging these obligations. The initial estimated value of the notes may be as low as the amount indicated on the cover page of this pricing supplement.

- Our initial estimated value does not represent any future value of the notes, and may also differ from the estimated value of any other party. — Our initial estimated value of the notes as of the date of this preliminary pricing supplement is, and our estimated value as determined on the pricing date will be, derived using our internal pricing models. This value is based on market conditions and other relevant factors, which include volatility of the Underlying Asset, dividend rates and interest rates. Different pricing models and assumptions could provide values for the notes that are greater than or less than our initial estimated value. In addition, market conditions and other relevant factors after the pricing date are expected to change, possibly rapidly, and our assumptions may prove to be incorrect. After the pricing date, the value of the notes could change dramatically due to changes in market conditions, our creditworthiness, and the other factors set forth in this pricing supplement and the product supplement. These changes are likely to impact the price, if any, at which we or BMOCM would be willing to purchase the notes from you in any secondary market transactions. Our initial estimated value does not represent a minimum price at which we or our affiliates would be willing to buy your notes in any secondary market at any

time.

- The terms of the notes are not determined by reference to the credit spreads for our conventional fixed-rate debt. — To determine the terms of the notes, we will use an internal funding rate that represents a discount from the credit spreads for our conventional fixed-rate debt. As a result, the terms of the notes are less favorable to you than if we had used a higher funding rate.

- Certain costs are likely to adversely affect the value of the notes. — Absent any changes in market conditions, any secondary market prices of the notes will likely be lower than the price to public. This is because any secondary market prices will likely take into account our then-current market credit spreads, and because any secondary market prices are likely to exclude all or a portion of the agent's commission and the hedging profits and estimated hedging costs that are included in the price to public of the notes and that may be reflected on your account statements. In addition, any such price is also likely to reflect a discount to account for costs associated with establishing or unwinding any related hedge transaction, such as dealer discounts, mark-ups and other transaction costs. As a result, the price, if any, at which BMOCM or any other party may be willing to purchase the notes from you in secondary market transactions, if at all, will likely be lower than the price to public. Any sale that you make prior to the maturity date could result in a substantial loss to you.

- Owning the notes is not the same as owning shares of the Underlying Asset or a security directly linked to the Underlying Asset. — The return on your notes will not reflect the return you would realize if you actually owned shares of the Underlying Asset or a security directly linked to the performance of the Underlying Asset and held that investment for a similar period. Your notes may trade quite differently from the Underlying Asset. Changes in the price of the Underlying Asset may not result in comparable changes in the market value of your notes. Even if the price of the Underlying Asset increases during the term of the notes, the market value of the notes prior to maturity may not increase to the same extent. It is also possible for the market value of the notes to decrease while the price of the Underlying Asset increases. In addition, any dividends or other distributions paid on the Underlying Asset will not be reflected in the amount payable on the notes.

- You will not have any shareholder rights and will have no right to receive any shares of the Underlying Asset at maturity. — Investing in your notes will not make you a holder of any shares of the Underlying Asset or any securities held by the Underlying Asset. Neither you nor any other holder or owner of the notes will have any voting rights, any right to receive dividends or other distributions, or any other rights with respect to the Underlying Asset or such other securities.

- Changes that affect the Underlying Index will affect the market value of the notes and the amount you will receive at maturity. — The policies of MSCI Inc. (the "Index Sponsor" or "MSCI"), the sponsor of the MSCI EAFE (the "Underlying Index"), concerning the calculation of the Underlying Index, additions, deletions or substitutions of the components of the Underlying Index and the manner in which changes affecting those components, such as stock dividends, reorganizations or mergers, may be reflected in the Underlying Index and, therefore, could affect the share price of the Underlying Asset, the amount payable on the notes at maturity, and the market value of the notes prior to maturity. The amount payable on the notes and their market value could also be affected if the Index Sponsor changes these policies, for example, by changing the manner in which it calculates the Underlying Index, or if the Index Sponsor discontinues or suspends the calculation or publication of the Underlying Index.

- We have no affiliation with the Index Sponsor and will not be responsible for any actions taken by the Index Sponsor. — The Index Sponsor is not an affiliate of ours and will not be involved in the offering of the notes in any way. Consequently, we have no control over the actions of the Index Sponsor, including any actions of the type that would require the calculation agent to adjust the payment to you at maturity. The Index Sponsor has no obligation of any sort with respect to the notes. Thus, the Index Sponsor has no obligation to take your interests into consideration for any reason, including in taking any actions that might affect the value of the notes. None of our proceeds from the issuance of the notes will be delivered to the Index Sponsor.

- Adjustments to the Underlying Asset could adversely affect the notes. — BlackRock, Inc. (collectively with its affiliates "BlackRock"), as the sponsor and advisor of the Underlying Asset, is responsible for calculating and maintaining the Underlying Asset. BlackRock can add, delete or substitute the stocks comprising the Underlying Asset or make other methodological changes that could change the share price of the Underlying Asset at any time. If one or more of these events occurs, the calculation of the amount payable at maturity may be adjusted to reflect such event or events. Consequently, any of these actions could adversely affect the amount payable at maturity and/or the market value of the notes.

- We and our affiliates do not have any affiliation with the investment advisor of the Underlying Asset and are not responsible for its public disclosure of information. — The investment advisor of the Underlying Asset advises the Underlying Asset on various matters including matters relating to the policies, maintenance and calculation of the Underlying Asset. We and our affiliates are not affiliated with the investment advisor in any way and have no ability to control or predict its actions, including any errors in or discontinuance of disclosure regarding its methods or policies relating to the Underlying Asset. The investment advisor is not involved in the offering of the notes in any way and has no obligation to consider your interests as an owner of the notes in taking any actions relating to

the Underlying Asset that might affect the value of the notes. Neither we nor any of our affiliates has independently verified the adequacy or accuracy of the information about the investment advisor or the Underlying Asset contained in any public disclosure of information. You, as an investor in the notes, should make your own investigation into the Underlying Asset.

- The correlation between the performance of the Underlying Asset and the performance of the Underlying Index may be imperfect. — The performance of the Underlying Asset is linked principally to the performance of the Underlying Index. However, because of the potential discrepancies identified in more detail in the product supplement, the return on the Underlying Asset may correlate imperfectly with the return on the Underlying Index.

- The Underlying Asset is subject to management risks. — The Underlying Asset is subject to management risk, which is the risk that the investment advisor's investment strategy, the implementation of which is subject to a number of constraints, may not produce the intended results. For example, the investment advisor may invest a portion of the Underlying Asset's assets in securities not included in the relevant industry or sector but which the investment advisor believes will help the Underlying Asset track the relevant industry or sector.

- Lack of liquidity. — The notes will not be listed on any securities exchange. BMOCM may offer to purchase the notes in the secondary market, but is not required to do so. Even if there is a secondary market, it may not provide enough liquidity to allow you to trade or sell the notes easily. Because other dealers are not likely to make a secondary market for the notes, the price at which you may be able to trade the notes is likely to depend on the price, if any, at which BMOCM is willing to buy the notes.

- Hedging and trading activities. — We or any of our affiliates may carry out hedging activities related to the notes, including purchasing or selling shares of the Underlying Asset or securities held by the Underlying Asset, or futures or options relating to the Underlying Asset, or other derivative instruments with returns linked or related to changes in the performance of the Underlying Asset. We or our affiliates may also engage in trading of shares of the Underlying Asset or securities held by the Underlying Asset from time to time. Any of these hedging or trading activities on or prior to the pricing date and during the term of the notes could adversely affect our payment to you at maturity.

- Many economic and market factors will influence the value of the notes. — In addition to the price of the Underlying Asset and interest rates on any trading day, the value of the notes will be affected by a number of economic and market factors that may either offset or magnify each other, and which are described in more detail in the product supplement.

- You must rely on your own evaluation of the merits of an investment linked to the Underlying Asset. — In the ordinary course of their businesses, our affiliates from time to time may express views on expected movements in the price of the Underlying Asset or the prices of the securities held by the Underlying Asset. One or more of our affiliates have published, and in the future may publish, research reports that express views on the Underlying Asset or these securities. However, these views are subject to change from time to time. Moreover, other professionals who deal in the markets relating to the Underlying Asset at any time may have significantly different views from those of our affiliates. You are encouraged to derive information concerning the Underlying Asset from multiple sources, and you should not rely on the views expressed by our affiliates.

Neither the offering of the notes nor any views which our affiliates from time to time may express in the ordinary course of their businesses constitutes a recommendation as to the merits of an investment in the notes.

- Significant aspects of the tax treatment of the notes are uncertain. — The tax treatment of the notes is uncertain. We do not plan to request a ruling from the Internal Revenue Service or from any Canadian authorities regarding the tax treatment of the notes, and the Internal Revenue Service or a court may not agree with the tax treatment described in this pricing supplement.

The Internal Revenue Service has issued a notice indicating that it and the Treasury Department are actively considering whether, among other issues, a holder should be required to accrue interest over the term of an instrument such as the notes even though that holder will not receive any payments with respect to the notes until maturity and whether all or part of the gain a holder may recognize upon sale or maturity of an instrument such as the notes could be treated as ordinary income. The outcome of this process is uncertain and could apply on a retroactive basis.

Please read carefully the section entitled "U.S. Federal Tax Information" in this pricing supplement, the section entitled "Supplemental Tax Considerations—Supplemental U.S. Federal Income Tax Considerations" in the accompanying product supplement, the section "United States Federal Income Taxation" in the accompanying prospectus and the section entitled "Certain Income Tax Consequences" in the accompanying prospectus supplement. You should consult your tax advisor about your own tax situation.

Additional Risks Relating to the iShares® MSCI EAFE ETF

- An investment in the notes is subject to risks associated with foreign securities markets. —The Underlying Index tracks the value of certain foreign equity securities. You should be aware that investments in securities linked to the value of foreign equity securities involve particular risks. The foreign securities markets comprising the Underlying Index may have less liquidity and may be more volatile than U.S. or other securities markets and market developments may affect foreign markets differently from U.S. or other securities markets. Direct or indirect government intervention to stabilize these foreign securities markets, as well as cross-shareholdings in foreign companies, may affect trading prices and volumes in these markets. Also, there is generally less publicly available information about foreign companies than about those U.S. companies that are subject to the reporting requirements of the U.S. Securities and Exchange Commission, and foreign companies are subject to accounting, auditing and financial reporting standards and requirements that differ from those applicable to U.S. reporting companies.

Prices of securities in foreign countries are subject to political, economic, financial and social factors that apply in those geographical regions. These factors, which could negatively affect those securities markets, include the possibility of recent or future changes in a foreign government's economic and fiscal policies, the possible imposition of, or changes in, currency exchange laws or other laws or restrictions applicable to foreign companies or investments in foreign equity securities and the possibility of fluctuations in the rate of exchange between currencies, the possibility of outbreaks of hostility and political instability and the possibility of natural disaster or adverse public health developments in the region. Moreover, foreign economies may differ favorably or unfavorably from the U.S. economy in important respects such as growth of gross national product, rate of inflation, capital reinvestment, resources and self-sufficiency.

- An investment in the notes is subject to foreign currency exchange rate risk. — The share price of the Underlying Asset will fluctuate based upon its respective net asset value, which will in turn depend in part upon changes in the value of the currencies in which the stocks held by the Underlying Asset are traded. Accordingly, investors in the notes will be exposed to currency exchange rate risk with respect to each of the currencies in which the stocks held by the Underlying Asset are traded. An investor's net exposure will depend on the extent to which these currencies strengthen or weaken against the U.S. dollar. If the dollar strengthens against these currencies, the net asset value of the Underlying Asset will be adversely affected and the price of the Underlying Asset may decrease.

Hypothetical Return on the Notes at Maturity

The following table and examples illustrate the hypothetical return at maturity on a $1,000 investment in the notes. The "return," as used in this section is the number, expressed as a percentage, which results from comparing the payment at maturity per $1,000 in principal amount of the notes to $1,000. The hypothetical total returns set forth below are based on a hypothetical Initial Level of $100.00, a Buffer Percentage of 15% (the Buffer Level is 85% of the Initial Level), an Upside Leverage Factor of 135.00%, and a Downside Leverage Factor of 117.65%. The hypothetical returns set forth below are for illustrative purposes only and may not be the actual returns applicable to investors in the notes. The numbers appearing in the following table and in the examples below have been rounded for ease of analysis.

Hypothetical Final Level	Hypothetical Percentage Change	Hypothetical Payment at Maturity	Hypothetical Return on the Notes
$0.00	-100.00%	$0	0%
$20.00	-80.00%	$235.28	-76.47%
$50.00	-50.00%	$588.23	-41.18%
$80.00	-20.00%	$941.18	-5.88%
$85.00	-15.00%	$1,000.00	0.00%
$95.00	-5.00%	$1,000.00	0.00%
$100.00	0.00%	$1,000.00	0.00%
$105.00	5.00%	$1,067.50	6.75%
$110.00	10.00%	$1,135.00	13.50%
$120.00	20.00%	$1,270.00	27.00%
$125.00	25.00%	$1,337.50	33.75%
$130.00	30.00%	$1,405.00	40.50%
$150.00	50.00%	$1,675.00	67.50%
$200.00	100.00%	$2,350.00	135.00%

Hypothetical Examples of Amounts Payable at Maturity

The following examples illustrate how the returns set forth in the table above are calculated.

Example 1: The price of the Underlying Asset decreases from the hypothetical Initial Level of $100.00 to a hypothetical Final Level of $80.00, representing a Percentage Change of -20.00%. Because the Percentage Change is negative, and the hypothetical Final Level of $80.00 is less than the hypothetical Initial Level by more than the Buffer Percentage of 15%, the investor receives a payment at maturity of $941.18 per $1,000.00 in principal amount of the notes, calculated as follows:

$$\$1,000 + [\$1,000 \times (-20\% + 15\%) \times 117.65\%] = \$941.18$$

Example 2: The price of the Underlying Asset decreases from the hypothetical Initial Level of $100.00 to a hypothetical Final Level of $95.00, representing a Percentage Change of -5%. Although the Percentage Change is negative, because the hypothetical Final Level of $95.00 is less than the hypothetical Initial Level by not more than the Buffer Percentage of 15%, the investor receives a payment at maturity of $1,000.00 per $1,000.00 in principal amount of the notes.

Example 3: The price of the Underlying Asset increases from the hypothetical Initial Level of $100.00 to a hypothetical Final Level of $105.00, representing a Percentage Change of 5%. Because the hypothetical Final Level of $105.00 is greater than the hypothetical Initial Level, the investor receives a payment at maturity of $1,067.50 per

$1,000.00 in principal amount of the notes, calculated as follows:

$$\$1,000 + [\$1,000 \times (5\% \times 135.00\%)] = \$1,067.50$$

U.S. Federal Tax Information

By purchasing the notes, each holder agrees (in the absence of a change in law, an administrative determination or a judicial ruling to the contrary) to treat each note as a pre-paid cash-settled derivative contract for U.S. federal income tax purposes. However, the U.S. federal income tax consequences of your investment in the notes are uncertain and the Internal Revenue Service could assert that the notes should be taxed in a manner that is different from that described in the preceding sentence. Please see the discussion (including the opinion of our counsel Morrison & Foerster LLP) in the product supplement under "Supplemental Tax Considerations—Supplemental U.S. Federal Income Tax Considerations," which applies to the notes.

Supplemental Plan of Distribution (Conflicts of Interest)

BMOCM will purchase the notes from us at a purchase price reflecting the commission set forth on the cover page of this pricing supplement. BMOCM has informed us that, as part of its distribution of the notes, it will reoffer the notes to other dealers who will sell them. Each such dealer, or additional dealer engaged by a dealer to whom BMOCM reoffers the notes, will purchase the notes at an agreed discount to the initial price to public.

Certain dealers who purchase the notes for sale to certain fee-based advisory accounts may forego some or all of their selling concessions, fees or commissions. The public offering price for investors purchasing the notes in these accounts may be less than 100% of the principal amount, as set forth on the cover page of this document. Investors that hold their notes in these accounts may be charged fees by the investment advisor or manager of that account based on the amount of assets held in those accounts, including the notes.

We own, directly or indirectly, all of the outstanding equity securities of BMOCM, the agent for this offering. In accordance with FINRA Rule 5121, BMOCM may not make sales in this offering to any of its discretionary accounts without the prior written approval of the customer.

We reserve the right to withdraw, cancel or modify the offering of the notes and to reject orders in whole or in part. You may cancel any order for the notes prior to its acceptance.

You should not construe the offering of the notes as a recommendation of the merits of acquiring an investment linked to the Underlying Asset or as to the suitability of an investment in the notes.

(4) if the dealers so selected by the Calculation Agent are not quoting as mentioned in clause (3), the CD Rate in effect on the particular Interest Determination Date.

LIBOR Notes. LIBOR means:

(1) the arithmetic mean of the offered rates, calculated by the Calculation Agent, or the offered rate, if the LIBOR Page by its terms provides only for a single rate, for deposits in the LIBOR Currency having the particular Index Maturity, commencing on the related Interest Reset Date, that appear or appears, as the case may be, on the LIBOR Page as of 11:00 A.M., London time, on the particular Interest Determination Date, or

(2) if no rate appears, on the particular Interest Determination Date on the LIBOR Page as specified in clause (1) the rate calculated by the Calculation Agent of at least two offered quotations obtained by the Calculation Agent after requesting the principal London offices of each of four major reference banks (which may include affiliates of the Agents), in the London interbank market to provide the Calculation Agent with its offered quotation for deposits in the LIBOR Currency for the period of the particular Index Maturity, commencing on the related Interest Reset Date, to prime banks in the London interbank market at approximately 11:00 A.M., London time, on that Interest Determination Date and in a principal amount that is representative for a single transaction in the LIBOR Currency in that market at that time, or

(3) if fewer than two offered quotations referred to in clause (2) are provided as requested, the rate calculated by the Calculation Agent as the arithmetic mean of the rates quoted at approximately 11:00 A.M., in the applicable Principal Financial Center (as defined below), on the

particular Interest Determination Date by three major banks (which may include affiliates of the Agents), in that Principal Financial Center selected by the Calculation Agent for loans in the LIBOR Currency to leading European banks, having the particular Index Maturity and in a principal amount that is representative for a single transaction in the LIBOR Currency in that market at that time, or

(4) if the banks so selected by the Calculation Agent are not quoting as mentioned in clause (3), LIBOR in effect on the particular Interest Determination Date.

LIBOR Currency means the currency specified in the applicable pricing supplement as to which LIBOR shall be calculated or, if no currency is specified in the applicable pricing supplement, U. S. dollars.

LIBOR Page means the display on the Reuters Monitor Money Rates Service (or any successor service) on the page specified in the applicable pricing supplement (or any other page as may replace that page on that service) for the purpose of displaying the London interbank rates of major banks for the LIBOR Currency.

Table of Contents

Principal Financial Center means, as applicable:

the capital city of the country issuing the Specified Currency;

the capital city of the country to which the LIBOR Currency relates; or

London if the LIBOR Currency is the Euro;

provided, however, that with respect to U. S. dollars, Australian dollars, Canadian dollars, South African rand and Swiss francs, the Principal Financial Center shall be The City of New York, Sydney and (solely in the case of the Specified Currency) Melbourne, Toronto, Johannesburg and Zurich, respectively.

Federal Funds Rate Notes. Federal Funds Rate means:

(1) the rate as of the particular Interest Determination Date for U. S. dollar federal funds as published in H.15(519) under the caption Federal Funds (Effective) and displayed on Reuters Monitor Money Rates Service (or any successor service) on page FEDFUNDS 1 (or any other page as may replace the specified page on that service) (Reuters Page FEDFUNDS 1), or

(2) if the rate referred to in clause (1) does not so appear on Reuters Page FEDFUNDS 1 or is not so published by 3:00 P.M., New York City time, on the related Calculation Date, the rate as of the particular Interest Determination Date for U. S. dollar federal funds as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying the applicable rate, under the caption Federal Funds (Effective) , or

(3) if the rate referred to in clause (2) is not so published by 3:00 P.M., New York City time, on the related Calculation Date, the rate with respect to the particular Interest Determination Date calculated by the Calculation Agent as the arithmetic mean of the rates for the last transaction in overnight U. S. dollar federal funds arranged by three leading brokers of U. S. dollar federal funds transactions in The City of New York (which may include the Agents or their affiliates), selected by the Calculation Agent prior to 9:00 A.M., New York City time, on the Business Day following that Interest Determination Date, or

(4) if the brokers so selected by the Calculation Agent are not quoting as mentioned in clause (3), the Federal Funds Rate in effect on the particular Interest Determination Date.

Prime Rate Notes. Prime Rate means:

(1) the rate on the particular Interest Determination Date as published in H.15(519) under the caption Bank Prime Loan , or

(2) if the rate referred to in clause (1) is not so published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on the particular Interest Determination Date as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying the applicable rate, under the caption Bank Prime Loan , or

(3) if the rate referred to in clause (2) is not so published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on the particular Interest Determination Date calculated by the Calculation Agent as the arithmetic mean of the rates of interest publicly announced by each bank that appears on the Reuters Screen US PRIME 1 Page (as defined below) as the applicable bank s prime rate or base lending rate as of 11:00 A.M., New York City time, on that Interest Determination Date, or

(4) if fewer than four rates referred to in clause (3) are so published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on the particular Interest Determination Date calculated by the Calculation Agent as the arithmetic mean of the prime rates or base lending rates quoted on the basis of the actual number of days in the year divided by a 360-day year as of the close of business on that Interest Determination Date by three major banks (which may include affiliates of the Agents) in The City of New York selected by the Calculation Agent, or

Table of Contents

(5) if the banks so selected by the Calculation Agent are not quoting as mentioned in clause (4), the Prime Rate in effect on the particular Interest Determination Date.

Reuters Screen US PRIME 1 Page means the display on the Reuters Monitor Money Rates Service (or any successor service) on the US PRIME 1 page (or any other page as may replace that page on that service) for the purpose of displaying prime rates or base lending rates of major United States banks.

Treasury Rate Notes. Treasury Rate means:

(1) the rate from the auction held on the Treasury Rate Note Interest Determination Date (the Auction) of direct obligations of the United States (Treasury Bills) having the Index Maturity specified in the applicable pricing supplement under the caption INVESTMENT RATE on the display on Reuters Monitor Money Rates Service (or any successor service) on page US Auction 10/11 (or any other page as may replace that page on that service), or

(2) if the rate referred to in clause (1) is not so published by 3:00 P.M., New York City time, on the related Calculation Date, the Bond Equivalent Yield (as defined below) of the rate for the applicable Treasury Bills as published in H.15 Daily Update, or another recognized electronic source used for the purpose of displaying the applicable rate, under the caption U.S. Government Securities/Treasury Bills/Auction High , or

(3) if the rate referred to in clause (2) is not so published by 3:00 P.M., New York City time, on the related Calculation Date, the Bond Equivalent Yield of the auction rate of the applicable Treasury Bills as announced by the United States Department of the Treasury, or

(4) if the rate referred to in clause (3) is not so announced by the United States Department of the Treasury, or if the Auction is not held, the Bond Equivalent Yield of the rate on the particular Interest Determination Date of the applicable Treasury Bills as published in H.15(519) under the caption U.S. Government Securities/Treasury Bills/Secondary Market , or

(5) if the rate referred to in clause (4) not so published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on the particular Interest Determination Date of the applicable Treasury Bills as published in H.15 Daily Update, or another recognized electronic source used for the purpose of displaying the applicable rate, under the caption U.S. Government Securities/Treasury Bills/Secondary Market , or

(6) if the rate referred to in clause (5) is not so published by 3:00 P.M., New York City time, on the related Calculation Date, the rate on the particular Interest Determination Date calculated by the Calculation Agent as the Bond Equivalent Yield of the arithmetic mean of the secondary market bid rates, as of approximately 3:30 P.M., New York City time, on that Interest Determination Date, of three primary United States government securities dealers (which may include the Agents or their affiliates) selected by the Calculation Agent, for the issue of Treasury bills with a remaining maturity closest to the Index Maturity specified in the applicable pricing supplement, or

(7) if the dealers so selected by the Calculation Agent are not quoting as mentioned in clause (6), the Treasury Rate in effect on the particular Interest Determination Date.

Bond Equivalent Yield means a yield (expressed as a percentage) calculated in accordance with the following formula:

$$\text{Bond Equivalent Yield} = \frac{D \times N}{360 - (D \times M)} \times 100$$

where D refers to the applicable per annum rate for Treasury Bills quoted on a bank discount basis and expressed as a decimal, N refers to 365 or 366, as the case may be, and M refers to the actual number of days in the applicable Interest Reset Period.

Table of Contents

CMT Rate Notes. CMT Rate means:

(1) if CMT Reuters Page FRBCMT is specified in the applicable pricing supplement:

(a) the percentage equal to the yield for United States Treasury securities at constant maturity having the Index Maturity specified in the applicable pricing supplement as published in H.15(519) under the caption Treasury Constant Maturities , as the yield is displayed on Reuters Monitor Money Rates Service (or any successor service) on page FRBCMT (or any other page as may replace the specified page on that service) (Reuters Page FRBCMT), for the particular Interest Determination Date, or

(b) if the rate referred to in clause (a) does not so appear on Reuters Page FRBCMT, the percentage equal to the yield for United States Treasury securities at constant maturity having the particular Index Maturity and for the particular Interest Determination Date as published in H.15(519) under the caption Treasury Constant Maturities , or

(c) if the rate referred to in clause (b) does not so appear in H.15(519), the rate on the particular Interest Determination Date for the period of the particular Index Maturity as may then be published by either the Federal Reserve System Board of Governors or the United States Department of the Treasury that the Calculation Agent determines to be comparable to the rate which would otherwise have been published in H.15(519), or

(d) if the rate referred to in clause (c) is not so published, the rate on the particular Interest Determination Date calculated by the Calculation Agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 P.M., New York City time, on that Interest Determination Date of three leading primary United States government securities dealers in The City of New York (which may include the Agents or their affiliates) (each, a Reference Dealer), selected by the Calculation Agent from five Reference Dealers selected by the Calculation Agent and eliminating the highest quotation, or, in the event of equality, one of the highest, and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity equal to the particular Index Maturity, a remaining term to maturity no more than 1 year shorter than that Index Maturity and in a principal amount of at least $100,000,000, or

(e) if fewer than five but more than two of the prices referred to in clause (d) are provided as requested, the rate on the particular Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of the quotations shall be eliminated, or

(f) if fewer than three prices referred to in clause (d) are provided as requested, the rate on the particular Interest Determination Date calculated by the Calculation Agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 P.M., New York City time, on that Interest Determination Date of three Reference Dealers selected by the Calculation Agent from five Reference Dealers selected by the Calculation Agent and eliminating the highest quotation or, in the event of equality, one of the highest and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity greater than the particular Index Maturity, a remaining term to maturity closest to that Index Maturity and in a principal amount of at least $100,000,000, or

(g) if fewer than five but more than two prices referred to in clause (f) are provided as requested, the rate on the particular Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of the quotations will be eliminated, or

(h) if fewer than three prices referred to in clause (f) are provided as requested, the CMT Rate in effect on the particular Interest Determination Date.

Table of Contents

(2) if CMT Reuters Page FEDCMT is specified in the applicable pricing supplement:

(a) the percentage equal to the one-week or one-month, as specified in the applicable pricing supplement, average yield for United States Treasury securities at constant maturity having the Index Maturity specified in the applicable pricing supplement as published in H.15(519) opposite the caption Treasury Constant Maturities , as the yield is displayed on Reuters Monitor Money Rates Service (or any successor service) (on page FEDCMT or any other page as may replace the specified page on that service) (Reuters Page FEDCMT), for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which the particular Interest Determination Date falls, or

(b) if the rate referred to in clause (a) does not so appear on Reuters Page FEDCMT, the percentage equal to the one-week or one-month, as specified in the applicable pricing supplement, average yield for United States Treasury securities at constant maturity having the particular Index Maturity and for the week or month, as applicable, preceding the particular Interest Determination Date as published in H.15(519) opposite the caption Treasury Constant Maturities, or

(c) if the rate referred to in clause (b) does not so appear in H.15(519), the one-week or one-month, as specified in the applicable pricing supplement, average yield for United States Treasury securities at constant maturity having the particular Index Maturity as otherwise announced by the Federal Reserve Bank of New York for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which the particular Interest Determination Date falls, or

(d) if the rate referred to in clause (c) is not so published, the rate on the particular Interest Determination Date calculated by the Calculation Agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 P.M., New York City time, on that Interest Determination Date of three Reference Dealers selected by the Calculation Agent from five Reference Dealers selected by the Calculation Agent and eliminating the highest quotation, or, in the event of equality, one of the highest, and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity equal to the particular Index Maturity, a remaining term to maturity no more than 1 year shorter than that Index Maturity and in a principal amount of at least $100,000,000, or

(e) if fewer than five but more than two of the prices referred to in clause (d) are provided as requested, the rate on the particular Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of the quotations shall be eliminated, or

(f) if fewer than three prices referred to in clause (d) are provided as requested, the rate on the particular Interest Determination Date calculated by the Calculation Agent as a yield to maturity based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 P.M., New York City time, on that Interest Determination Date of three Reference Dealers selected by the Calculation Agent from five Reference Dealers selected by the Calculation Agent and eliminating the highest quotation or, in the event of equality, one of the highest and the lowest quotation or, in the event of equality, one of the lowest, for United States Treasury securities with an original maturity greater than the particular Index Maturity, a remaining term to maturity closest to that Index Maturity and in a principal amount of at least $100,000,000, or

(g) if fewer than five but more than two prices referred to in clause (f) are provided as requested, the rate on the particular Interest Determination Date calculated by the Calculation Agent based on the arithmetic mean of the bid prices obtained and neither the highest or the lowest of the quotations will be eliminated, or

(h) if fewer than three prices referred to in clause (f) are provided as requested, the CMT Rate in effect on that Interest Determination Date.

Table of Contents

If two United States Treasury securities with an original maturity greater than the Index Maturity specified in the applicable pricing supplement have remaining terms to maturity equally close to the particular Index Maturity, the quotes for the United States Treasury security with the shorter original remaining term to maturity will be used.

Eleventh District Cost of Funds Rate.

Eleventh District Cost of Funds Rate means:

(1) the rate equal to the monthly weighted average cost of funds for the calendar month immediately preceding the month in which the particular Interest Determination Date falls as set forth under the caption 11th District on the display on Reuters Monitor Money Rates Service (or any successor service) on page FHLBCOFI11 (or any other page as may replace the specified page on that service) (Reuters Page FHLBCOFI11) as of 11:00 A.M., San Francisco time, on that Interest Determination Date, or

(2) if the rate referred to in clause (1) does not so appear on Reuters Page FHLBCOFI11, the monthly weighted average cost of funds paid by member institutions of the Eleventh Federal Home Loan Bank District that was most recently announced (the Index) by the Federal Home Loan Bank of San Francisco as the cost of funds for the calendar month immediately preceding that Interest Determination Date, or

(3) if the Federal Home Loan Bank of San Francisco fails to announce the Index on or prior to the particular Interest Determination Date for the calendar month immediately preceding that Interest Determination Date, the Eleventh District Cost of Funds Rate in effect on the particular Interest Determination Date.

Renewable Notes

We may from time to time offer Notes that will mature on an Interest Payment Date as specified in the applicable pricing supplement unless the maturity of all (or, if so indicated in such pricing supplement, a portion of) the principal amount of such Note is renewed in accordance with the procedures described below (a Renewable Note). Renewable Notes will be issued in book-entry form only. If we issue any such Renewable Note, the following procedures will apply, unless otherwise specified in the applicable pricing supplement.

On the dates specified in the applicable pricing supplement (each such date, a Renewal Date), the maturity of such Renewable Note will be automatically extended to the next maturity date (each, a New Maturity Date) specified in that pricing supplement. However, the holder of a Renewable Note may elect to terminate this automatic maturity renewal by delivering a notice to such effect to the applicable Trustee (or a duly appointed Paying Agent) not less than 15 nor more than 30 calendar days prior to the Renewal Date. If specified in the applicable pricing supplement, a holder of a Renewable Note may elect to terminate this automatic extension with respect to less than the entire principal amount of such Renewable Note. If the applicable pricing supplement allows for a partial termination, then such termination can only occur in such a principal amount, or integral multiple in excess thereof, as is specified in that pricing supplement. Notwithstanding the foregoing, the maturity of any Renewable Note may not be extended beyond the final maturity date (the Final Maturity Date) specified in the applicable pricing supplement. If a holder elects to terminate the automatic extension of the maturity of any portion of the principal amount of a Renewable Note, then such portion will become due and payable on the stated maturity date or New Maturity Date then in effect with respect to such Note, as the case may be. An election to terminate the automatic extension of the maturity of a Renewable Note is irrevocable and binding on each holder of the Note. The renewal of the maturity of a Renewable Note will not affect the interest rate applicable to such Renewable Note.

Because Renewable Notes will be issued in book-entry form only, DTC or its nominee will be the holder of such Notes and therefore will be the only entity that can exercise a right to terminate the automatic extension of a

Table of Contents

Note. In order to ensure that DTC or its nominee will timely exercise a right to terminate the automatic extension with respect to a particular Note, the beneficial owner of such Note must instruct the broker or other DTC participant or indirect participant that holds its interest in such Note to notify DTC of its desire to terminate the automatic extension of such Note. Different firms have different cut-off times for accepting instructions from their customers and, accordingly, each beneficial owner should consult the broker or other DTC participant or indirect participant through which it holds an interest in a Note to ascertain the cut-off time for receipt of such an instruction.

Extendible Notes

The Company may from time to time offer Notes and retain the option of extending the stated maturity date (an Extendible Note). The extension period can be for one or more whole year periods (each an Extension Period) but the extension period may not extend beyond the Final Maturity Date stated in the applicable pricing supplement. If the Company issues any such Extendible Notes, the following procedures will apply, unless otherwise specified in the applicable pricing supplement.

To exercise the option to extend the maturity date, we must notify the applicable Trustee (or any duly appointed Paying Agent) at least 45 but not more than 60 calendar days prior to the stated maturity date originally in effect with respect to such Note or, if the stated maturity date of such Note has already been extended, prior to the stated maturity date then in effect (an Extended Maturity Date). Then, at least 40 calendar days prior to the initial maturity date or an Extended Maturity Date the applicable Trustee (or any duly appointed Paying Agent) will mail to the registered holder of such Extendible Note a notice (the Extension Notice) relating to such Extension Period, first class mail, postage prepaid. The Extension Notice will state the following:

- our election to extend the maturity of such Note
- the Extended Maturity Date
- in the case of a Fixed Rate Note, the new interest rate applicable to such Extension Period and in the case of a Floating Rate Note, the Spread or Spread Multiplier applicable to such Extension Period and
- the provisions, if any, for redemption during such Extension Period.

The maturity date on such Note will be extended upon the mailing of the Extension Notice by the applicable Trustee (or any duly appointed Paying Agent).

Notwithstanding the foregoing, no later than 20 calendar days before the Maturity Date for an Extendible Note (or, if such date is not a Business Day, on the immediately succeeding Business Day), we may choose to revoke the interest rate (for a Fixed Rate Note) or the Spread/Spread Multiplier (for a Floating Rate Note) stated in the Extension Notice and establish a higher interest rate or Spread/Spread Multiplier for the Extension Period. We will notify the applicable Trustee by mail of such higher interest rate or Spread/Spread Multiplier. Then notice of the higher interest rate or Spread/Spread Multiplier will be mailed to the holder of such Note by first class mail, postage pre-paid. This notice is irrevocable.

If we elect to extend the maturity of an Extendible Note, the holder may choose to have the Note repaid on the Maturity Date then in effect. The holder will receive repayment at a price equal to the principal amount of the Note plus any accrued and unpaid interest on the Note. If the holder of the Extendible Note elects to have the Note repaid, then such holder must send notice to us at least 15 calendar days (but no more than 30 calendar days) before the Maturity Date then in effect. We must receive this notice and:

- the Note with the completed Option to Elect Repayment form on the back of the Note or

a telegram, telefax, facsimile transmission or a letter from a member of a national securities exchange or the National Association of Securities Dealers, Inc. (the NASD) or a commercial bank or trust company in the United States stating:

the name of the holder of the Note

Table of Contents

the principal amount of the Note

the principal amount of the Note to be repaid

the certificate number or a description of the tenor and terms of the Note

a statement that the option to elect repayment is being exercised and

a guarantee that the Note to be repaid, together with a completed Option to Elect Repayment form will be received by the applicable Trustee no later than the 5th Business Day after the date of such telegram, telefax, facsimile transmission or letter. This telegram, telefax, facsimile transmission or letter will only be effective if the Note and Option to Elect Repayment form are received by the applicable Trustee by the 5th Business Day. The holder of an Extendible Note may elect to have less than the aggregate principal amount of the Note repaid so long as the principal amount of the Note remaining outstanding is an authorized denomination.

Because Extendible Notes will be issued in book-entry form only, DTC or its nominee will be the holder of such Notes and therefore will be the only entity that can exercise the right of repayment. In order to ensure that DTC or its nominee will timely exercise a right to terminate the automatic extension with respect to a particular Note, the beneficial owner of such Note must instruct the broker or other DTC participant or indirect participant that holds its interest in such Note to notify DTC of its desire to terminate the automatic extension of such Note. Different firms have different cut-off times for accepting instructions from their customers and, accordingly, each beneficial owner should consult the broker or other DTC participant or indirect participant through which it holds an interest in a Note to ascertain the cut-off time for such an instruction.

Amortizing Notes

We may from time to time offer Notes (Amortizing Notes) with the amount of principal thereof and interest thereon payable in installments over the term of such Notes. Interest on each Amortizing Note will be computed on the basis of a 360-day year of twelve 30-day months. Payments with respect to Amortizing Notes will be applied first to interest due and payable thereon and then to the reduction of the unpaid principal amount thereof. Further information concerning additional terms and provisions of Amortizing Notes will be specified in the applicable pricing supplement, including a table setting forth repayment information for such Amortizing Notes.

Other Provisions; Addendum

Any provisions with respect to the Notes, including, but not limited to, the specification and determination of the Base Rate or Rates, the calculation of the interest rate applicable to a Floating Rate Note, the Interest Payment Dates or any other matter relating to the Notes, may be modified or supplemented as specified under Other Provisions on the face thereof or in an Addendum relating thereto, if so specified on the face of such Note and described in the applicable pricing supplement.

Governing Law

The Indentures and the Notes will be governed by, and construed in accordance with, the laws of the State of New York.

Table of Contents

UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following is a discussion of the material United States federal income and estate tax consequences of the purchase, ownership and disposition of Notes. This discussion is based on laws, regulations, rulings and decisions now in effect, all of which are subject to change (possibly with retroactive effect) or possible differing interpretations. This discussion deals only with Notes held as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the Code), and does not purport to deal with persons in special tax situations, such as financial institutions, insurance companies, regulated investment companies, dealers in securities or currencies, former citizens or long-term residents of the United States, persons holding Notes as a hedge against currency risks or as a position in a straddle, hedge, constructive sale transaction or conversion transaction for tax purposes, or persons whose functional currency is not the U. S. dollar. It also does not deal with holders other than original purchasers except where otherwise specifically noted. If you are considering purchasing Notes you should consult your own tax advisor concerning the application of the United States federal tax laws to you in light of your particular situation, as well as any consequences to you of purchasing, owning and disposing of Notes under the laws of any other taxing jurisdiction.

For purposes of this discussion, the term U.S. holder means a beneficial owner of a Note that is, for United States federal income tax purposes,

- an individual citizen or resident of the United States,
- a corporation, or other entity treated as a corporation for United States federal income tax purposes, created or organized in or under the laws of the United States, any state thereof or the District of Columbia,
- a trust (i) subject to the control of one or more United States persons and the primary supervision of a court in the United States or (ii) that has a valid election in effect to be treated as a U.S. person, or
- an estate the income of which is subject to United States federal income taxation regardless of its source.

If a partnership holds Notes, the United States federal income tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. Partners of partnerships holding Notes should consult their own tax advisors. The term non-U.S. holder means a beneficial owner of a Note that is not a U.S. holder.

U.S. Holders

Payments of Interest. Payments of interest on a Note generally will be taxable to a U.S. holder as ordinary interest income at the time they are accrued or received, in accordance with the U.S. holder s regular method of tax accounting.

Original Issue Discount. The following is a general discussion of the United States federal income tax consequences to U.S. holders of the purchase, ownership and disposition of Notes issued with original issue discount, or OID. Notes issued with OID are referred to in this discussion as OID Notes.

In general, a Note is an OID Note for United States federal income tax purposes if its stated redemption price at maturity exceeds its issue price by an amount that equals or exceeds 0.25% of the stated redemption price at maturity multiplied by the number of complete years to its maturity (OID less than this amount, de minimis OID). A Note s stated redemption price at maturity is the sum of all payments on the Note other than payments of qualified stated interest. Qualified stated interest generally means stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate, provided that the rate appropriately takes into account the length of intervals between payments, or at certain variable rates of interest or certain combinations. The issue price of each Note in an issuance of Notes

Table of Contents

is the first price at which a substantial amount of the Notes in that issuance has been sold for cash, excluding sales to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers.

A U.S. holder of an OID Note that matures more than one year from the date of issuance must include OID in income as ordinary interest for United States federal income tax purposes as it accrues under a constant yield method in advance of the receipt of cash payments attributable to such income, regardless of the U.S. holder s regular method of tax accounting. In general, other than as reduced by acquisition premium as discussed below, the amount of OID included in income by a U.S. holder is the sum of the daily portions of OID with respect to the Note for each day during the taxable year (or portion of the taxable year) on which the U.S. holder held the Note. The daily portion of OID on an OID Note is determined by allocating to each day in any accrual period a ratable portion of the OID allocable to that accrual period. An accrual period may be of any length and accrual periods may vary in length over the term of the Note, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs either on the first or final day of an accrual period. The amount of OID allocable to each accrual period is generally equal to the difference between

- the product of the OID Note s adjusted issue price at the beginning of the accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and appropriately adjusted to take into account the length of the particular accrual period), and
- the amount of any qualified stated interest payments allocable to such accrual period.

The adjusted issue price of an OID Note at the beginning of any accrual period is the sum of the issue price of the OID Note plus the amount of OID allocable to all prior accrual periods, minus the amount of any prior payments on the OID Note other than payments of qualified stated interest. Under these rules, U.S. holders generally will have to include in income increasingly greater amounts of OID in successive accrual periods.

Floating Rate Notes are subject to special rules. Under those rules, a Floating Rate Note will qualify as a variable rate debt instrument if its issue price does not exceed the total noncontingent principal payments due under the Floating Rate Note by more than a specified de minimis amount, and it provides for stated interest, paid or compounded at least annually, at current values of

- one or more qualified floating rates,
- a single fixed rate and one or more qualified floating rates,
- a single objective rate, or
- a single fixed rate and a single objective rate that is a qualified inverse floating rate.

A qualified floating rate is any variable rate where variations in the value of such rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Floating Rate Note is denominated. Although a multiple of a qualified floating rate will generally not itself constitute a qualified floating rate, a variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35 will constitute a qualified floating rate. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, under applicable Treasury regulations, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Floating Rate Note (*e.g.*, two or more qualified floating rates with values within 25 basis points of each other as determined on the Floating Rate Note s issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to a cap, floor or governor will fail to be treated as a qualified floating rate unless such device

is fixed throughout the term of the Note, or

is not reasonably expected as of the issue date to cause the yield of the Note to be significantly less or more, as the case may be, than the expected yield determined without such device.

Table of Contents

An objective rate is a rate that is not itself a qualified floating rate but is determined using a single fixed formula and is based upon objective financial or economic information outside of the issuer s control. This would include, for example,

- one or more qualified floating rates, or
- the yield of actively traded personal property other than stock or debt of the issuer or a related party.

Despite the foregoing, a variable rate of interest on a Floating Rate Note will not constitute an objective rate if it is reasonably expected that the average value of such rate during the first half of the Floating Rate Note s term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Floating Rate Note s term. Applicable Treasury regulations also provide that other variable interest rates may be treated as objective rates if so designated by the IRS in the future.

A qualified inverse floating rate is any objective rate where the rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate.

The regulations also provide that if a Floating Rate Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate, and if the variable rate on the Floating Rate Note s issue date is intended to approximate the fixed rate, then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be. The regulations establish a conclusive presumption that the variable rate on the Floating Rate Note s issue date is intended to approximate the fixed rate if the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points.

If a Floating Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout its term qualifies as a variable rate debt instrument under applicable Treasury regulations, then any stated interest on the Note that is unconditionally payable in cash or property, other than debt instruments of the issuer, at least annually during the term of the Note will constitute qualified stated interest and will be taxed accordingly. Thus, a Floating Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout its term, and that qualifies as a variable rate debt instrument under the regulations, will generally not be treated as having been issued with OID unless the Floating Rate Note is issued at a true discount (*i.e.*, at a price such that the Note has more than de minimis OID. OID on such a Floating Rate Note arising from true discount is allocated to an accrual period using the constant yield method described above by assuming that the variable rate is a fixed rate equal to,

- in the case of a qualified floating rate or qualified inverse floating rate, the value as of the issue date of the qualified floating rate or qualified inverse floating rate, or
- in the case of an objective rate other than a qualified inverse floating rate, a fixed rate that reflects the yield that is reasonably expected for the Floating Rate Note.

In general, any other Floating Rate Note that qualifies as a variable rate debt instrument will be converted into an equivalent fixed rate debt instrument for purposes of determining the amount and accrual of OID and qualified stated interest on the Floating Rate Note. Applicable regulations generally require that such a Floating Rate Note be converted into an equivalent fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Floating Rate Note with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the Floating Rate Note s issue date. Any objective rate, other than a qualified inverse floating rate, provided for under the terms of the Floating Rate Note is converted into a fixed rate that reflects the yield that is reasonably expected for the Floating Rate Note. In the case of a Floating Rate Note that qualifies as a variable rate debt instrument and provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate or a qualified inverse

Table of Contents

floating rate, as the case may be. Under those circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Floating Rate Note as of the Floating Rate Note s issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. After converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Floating Rate Note is then converted into an equivalent fixed rate debt instrument in the manner described above.

Once the Floating Rate Note is converted into an equivalent fixed rate debt instrument under the rules described above, the amount of OID and qualified stated interest, if any, are determined for the equivalent fixed rate debt instrument by applying the general OID rules to the equivalent fixed rate debt instrument. A U.S. holder of the Floating Rate Note will account for the OID and qualified stated interest as if the U.S. holder held the equivalent fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated interest or OID assumed to have been accrued or paid with respect to the equivalent fixed rate debt instrument in the event that these amounts differ from the actual amount of interest accrued or paid on the Floating Rate Note during the accrual period.

If a Floating Rate Note does not qualify as a variable rate debt instrument under the regulations, then it will be treated as a contingent payment debt instrument. The regulations contain special rules for determining the timing and amount of OID to be accrued in respect of contingent payment debt instruments. Under applicable Treasury regulations, a U.S. holder generally is required to take contingent interest payments into income on a constant yield to maturity basis in accordance with a schedule of projected payments provided by the issuer and is required to make annual adjustments to income to account for the difference between actual payments received and projected payment amounts accrued. Additional disclosure will be provided in the applicable pricing supplement in connection with any offering of Notes that are contingent payment debt instruments. You should consult your own tax advisor regarding the consequences of acquiring, owning and disposing of a contingent payment debt instrument.

In certain cases, we may have the option to redeem Notes prior to their stated maturity or holders may have the option to require us to repay Notes prior to their stated maturity. Notes containing such features may be subject to rules that differ from the general rules discussed above. If you intend to purchase Notes with such features, you should consult your own tax advisor, since the OID consequences will depend, in part, on the particular terms and features of the purchased Notes.

Election to Treat All Interest as OID. Subject to certain limitations, a U.S. holder may elect to include in income all interest on a Note using a constant yield method. For this purpose, interest includes stated interest, unstated interest, OID, de minimis OID, and acquisition discount, market discount and de minimis market discount (each as described below), as adjusted by any amortizable bond premium or acquisition premium (each as described below). This election is made for the taxable year in which the U.S. holder acquired the Note, and may not be revoked without the consent of the IRS. U.S. holders should consult their tax advisors concerning the propriety and consequences of this election.

Short-Term Notes. Notes that have a fixed maturity of one year or less short-term notes will be treated as having been issued with OID. Absent an election, however, an individual or other cash method U.S. holder of a short-term note generally is not required to accrue OID on short-term notes. If the election is not made, any gain recognized by such a U.S. holder on the sale, exchange or maturity of the short-term note will be ordinary income to the extent of the accrued OID, and a portion of the deductions otherwise allowable to the U.S. holder for interest on borrowings allocable to the short-term note will be deferred until a corresponding amount of income is recognized. U.S. holders who report income for United States federal income tax purposes under the accrual method, and certain other holders, including banks and dealers in securities, are required to accrue OID on a short-term note on a straight-line basis or, if they so elect, under a constant yield method. Such holders will not be subject to the rule regarding the deferral of interest deductions described above. A U.S. holder (whether

Table of Contents

cash or accrual basis) of a short-term Note can elect to accrue acquisition discount, if any, with respect to the Note on a current basis. If such an election is made, the OID rules will not apply to the Note. Acquisition discount is the stated redemption price at maturity of the Note over the purchase price at the time of acquisition of the Note. Acquisition discount will be treated as accruing ratably or, at the election of the United States holder, under a constant-yield method based on daily compounding.

Market Discount. If a U.S. holder purchases a Note, other than an OID Note, for an amount that is less than its stated redemption price at maturity or, in the case of an OID Note, for an amount that is less than its adjusted issue price as of the purchase date, the U.S. holder will be treated as having purchased the Note at a market discount, unless the market discount is less than a specified de minimis amount (de minimis market discount), determined in the same manner as de minimis OID, using the number of complete years to maturity at the time of acquisition of the Note.

Under the market discount rules, a U.S. holder will be required to treat any partial principal payment (or, in the case of an OID Note, any payment that does not constitute qualified stated interest) on, or any gain realized on the sale, exchange, retirement or other disposition of, a Note as ordinary income to the extent of the lesser of

- the amount of the payment or the realized gain, or
- the market discount that has not previously been included in income and is treated as having accrued on the Note at the time of the payment or disposition.

Market discount will be considered to accrue ratably during the period from the date of acquisition to the maturity date of the Note, unless the U.S. holder elects to accrue market discount under a constant yield method. A U.S. holder may be required to defer the deduction of all or a portion of the interest paid or accrued on any indebtedness incurred or maintained to purchase or carry a Note with market discount until the maturity of the Note or certain earlier dispositions. A U.S. holder may elect to include market discount in income currently as it accrues, either ratably or under a constant yield method, in which case the rules described above regarding the treatment as ordinary income of gain upon the disposition of the Note and upon the receipt of certain cash payments and regarding the deferral of interest deductions will not apply. Currently included market discount generally is treated as ordinary interest for United States federal income tax purposes. The election will apply to all debt instruments acquired by the U.S. holder on or after the first day of the taxable year to which the election applies and may be revoked only with the consent of the IRS.

Acquisition Premium. A U.S. holder that purchases an OID Note for an amount that is greater than its adjusted issue price as of the purchase date and less than or equal to the Note s stated redemption price at maturity will be considered to have purchased the OID Note at an acquisition premium. Under the acquisition premium rules, the amount of OID that the U.S. holder must include in its gross income with respect to the OID Note for any taxable year, or the portion of any taxable year during which the U.S. holder holds the OID Note, will be reduced (but not below zero) by the portion of the acquisition premium properly allocable to the period.

Amortization Bond Premium. A U.S. holder that purchases a Note for an amount that is greater than the Note s stated redemption price at maturity, will be considered to have purchased the Note with amortizable bond premium equal to the excess. A U.S. holder may elect to amortize this premium under a constant yield method over the remaining term of the Note and may offset interest otherwise required to be included in respect of the Note during any taxable year by the amortized amount of such premium for the taxable year. However, if the Note may be redeemed at a price that is greater than its stated redemption price at maturity, special rules would apply that could result in a deferral of the amortization of a portion of the bond premium until later in the term of the Note. Any election to amortize bond premium applies to all taxable debt obligations then owned and thereafter acquired by the U.S. holder and may be revoked only with the consent of the IRS.

Disposition of a Note. Except as discussed above, upon the sale, exchange or retirement of a Note, a U.S. holder generally will recognize taxable gain or loss equal to the difference between the amount realized on the

Table of Contents

sale, exchange or retirement (excluding amounts representing accrued and unpaid interest, which will be treated as ordinary income) and the U.S. holder s adjusted tax basis in the Note. A U.S. holder s adjusted tax basis in a Note generally will equal the U.S. holder s initial investment in the Note increased by any OID included in income (and accrued market discount, if any, that the U.S. holder has included in income) and decreased by the amount of any payments received, other than qualified stated interest payments, and amortizable bond premium taken with respect to such Note. Except as described above under Market Discount gain or loss generally will be long-term capital gain or loss if the Note was held for more than one year. Generally, for U.S. holders who are individuals, long-term capital gains are subject to a preferential rate of United States federal income tax. The distinction between capital gain or loss and ordinary income or loss is also important in other contexts; for example, for purposes of the limitations on a U.S. holder s ability to offset capital losses against ordinary income.

Foreign Currency Denominated Notes. The tax treatment of Notes the interest or principal on which may be determined by reference to one or more foreign currencies will depend on the application of special rules to the particular terms of the Notes. The tax considerations relevant to such Notes will be described in an applicable pricing supplement, and each prospective purchaser should consult its tax advisor about such matters.

Renewable Notes, Extendible Notes, Amortizing Notes, etc. The tax considerations relevant to Renewable Notes, Extendible Notes, Amortizing Notes and other Notes with special terms will be described in an applicable pricing supplement, and each prospective purchaser should consult its tax advisor about such matters.

Non-U.S. Holders

A non-U.S. holder will not be subject to United States federal income taxes on payments of principal, premium (if any) or interest (including OID, if any) on a Note provided that

- income on the Note is not effectively connected with the conduct by the non-U.S. holder of a trade or business within the United States,
- the non-U.S. holder is not a controlled foreign corporation related to the Company through stock ownership,
- in the case of interest income, the recipient is not a bank receiving interest described in Section 881(c)(3) of the Code,
- the non-U.S. holder does not own (actually or constructively) 10% or more of the total combined voting power of all classes of stock of the Company, and
- the non-U.S. holder provides a statement signed under penalties of perjury that includes its name and address and certifies that it is a non-U.S. holder in compliance with applicable requirements, or satisfies documentary evidence requirements for establishing that it is a non-U.S. holder.

A non-U.S. holder that is not exempt from tax under these rules generally will be subject to United States federal income tax withholding at a rate of 30% unless

- the income is effectively connected with the conduct of a United States trade or business, in which case the interest will be subject to United States federal income tax at graduated tax rates on a net income basis as applicable to U.S. holders generally (unless an applicable income tax treaty provides otherwise), or
- an applicable income tax treaty provides for a lower rate of, or exemption from, withholding tax.

In the case of a non-U.S. holder that is a corporation and that receives income that is effectively connected with the conduct of a United States trade or business, such income may also be subject to a branch profits tax (which is generally imposed on a foreign corporation on the actual or deemed repatriation from the United States

Table of Contents

of earnings and profits attributable to a United States trade or business) at a 30% rate. The branch profits tax may not apply (or may apply at a reduced rate) if a recipient is a qualified resident of a country with which the United States has an income tax treaty.

To claim the benefit of an income tax treaty or to claim exemption from withholding because income is effectively connected with a United States trade or business, the non-U.S. holder must timely provide the appropriate, properly executed IRS forms. These forms may be required to be periodically updated. Also, a non-U.S. holder who is claiming the benefits of a treaty may be required to obtain a United States taxpayer identification number and to provide certain documentary evidence issued by foreign governmental authorities to prove residence in the foreign country.

Generally, a non-U.S. holder will not be subject to United States federal income or withholding taxes on any amount that constitutes capital gain upon retirement or disposition of a Note, provided the gain is not effectively connected with the conduct of a trade or business in the United States by the non-U.S. holder. Certain other exceptions may be applicable, and a non-U.S. holder should consult its tax advisor in this regard.

The Notes will not be includible in the estate of an individual who is not a citizen or resident (as specially defined for estate tax purposes) of the United States at the date of death unless the individual is a direct or indirect 10% or greater stockholder of the Company or, at the time of such individual s death, payments in respect of the Notes would have been effectively connected with the conduct by such individual of a United States trade or business.

Information Reporting and Backup Withholding

A U.S. holder (other than an exempt recipient, including a corporation and certain other persons who, when required, demonstrate their exempt status) may be subject to backup withholding at the applicable rate on, and to information reporting requirements with respect to, payments of principal or interest on, and to proceeds from the sale, exchange or retirement of, Notes. In general, if a non-corporate U.S. holder subject to information reporting fails to furnish a correct taxpayer identification number or otherwise fails to comply with applicable backup withholding requirements, backup withholding at the applicable rate may apply. Payments of interest to a non-U.S. holder generally will be reported to the IRS and to the non-U.S. holder. Copies of applicable IRS information returns may be made available under the provisions of a specific tax treaty or agreement to the tax authorities of the country in which the non-U.S. holder resides. Non-U.S. holders generally are exempt from backup withholding and additional information reporting provided, if necessary, they demonstrate their qualification for exemption.

Holders should consult their tax advisors regarding the qualification for an exemption from backup withholding and information reporting and the procedures for obtaining such an exemption, if applicable. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner generally would be allowed as a refund or a credit against such beneficial owner s United States federal income tax provided the required information is furnished to the IRS.

Table of Contents

PLAN OF DISTRIBUTION OF MEDIUM-TERM NOTES

We are offering the Notes on a continuous basis for sale by us to or through Banc of America Securities LLC, Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC, Goldman, Sachs & Co., Lehman Brothers Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. Incorporated, UBS Securities LLC, BNY Capital Markets, Inc., Barclays Capital Inc., Bear, Stearns & Co. Inc., Deutsche Bank Securities Inc., HSBC Securities (USA) Inc., J.P. Morgan Securities Inc., Wachovia Capital Markets, LLC or one or more other broker-dealers appointed by us from time to time pursuant to the terms of the distribution agreement relating to the offering of the Notes (the Agents). If we agree, an Agent will be allowed to use its best efforts, on an agency basis, to solicit offers to purchase the Notes at 100% of the principal amount thereof, unless otherwise specified in the applicable pricing supplement. Commissions and discounts in respect of the Notes will be negotiated between the applicable Agent and us prior to the time of sale of such Notes and set forth in the applicable pricing supplement. We may also sell Notes directly to investors and other purchasers on our own behalf in those jurisdictions where we are permitted to do so.

Any Note sold to an Agent as principal will be purchased by such Agent from the Company at a price equal to 100% of the principal amount thereof less a percentage of the principal amount equal to the commission applicable to an agency sale for a Note of an identical maturity. An Agent may resell the Notes it has purchased from us as principal to other dealers for resale to investors less a concession equal to all or any portion of the discount it received in connection with such purchase. After the initial public offering of Notes, the public offering price (in the case of Notes to be resold on a fixed public offering price basis), concession and discount may be changed.

We reserve the right to withdraw, cancel or modify any offer to sell Notes without notice and may reject orders in whole or in part (whether placed directly with us or through the Agents). Each Agent will have the right, in its discretion, reasonably exercised, to reject in whole or in part any offer to purchase Notes received by it on an agency basis.

Unless otherwise provided in the applicable pricing supplement, payment of the purchase price of the Notes will be required to be made in immediately available funds in The City of New York on the date of settlement.

Upon issuance, the Notes will not have an established trading market. The Notes will not be listed on any securities exchange. Each of the Agents may from time to time purchase and sell Notes in the secondary market, but no Agent is obligated to do so, and there can be no assurance that there will be a secondary market for the Notes or liquidity in the secondary market if one develops. From time to time, the Agents may make a market in the Notes, but no Agent is obligated to do so and may discontinue any market making at any time.

Each Agent, whether acting as agent or principal, may be deemed to be an underwriter within the meaning of the Securities Act of 1933, as amended. We have agreed to indemnify the Agents against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or to contribute to payments that the Agents may be required to make in respect thereof. The Agents may engage in transactions with, or perform services for, us in the ordinary course of business.

In connection with an offering of Notes purchased by one or more Agents as principal on a fixed price basis, each such Agent will be permitted to engage in certain transactions that stabilize the prices of such Notes. Such transactions may consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of such Notes. If an agent creates a short position in such Notes (*i.e.* if it sells Notes in an aggregate principal amount exceeding that set forth in the applicable pricing supplement), such Agent may reduce that short position by purchasing Notes in the open market.

In general, purchases of Notes for the purpose of stabilization or to reduce a short position could cause the price of Notes to be higher than it might be in the absence of such purchases.

Table of Contents

Neither the Company nor any of the Agents makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, neither the Company nor any of the Agents makes any representation that the Agents will engage in any such transactions or that such transactions once commenced will not be discontinued without notice.

We estimate that our expenses that will be incurred in connection with the offering and sale of the Notes, including reimbursement of certain of the Agents expenses, will total approximately $350,000.

In the ordinary course of its business, the Agents and their affiliates have engaged, and may in the future engage, in investment and commercial banking transactions with us and certain of our affiliates. An affiliate of Deutsche Bank Securities Inc., one of the Agents, is the trustee under the Senior Indenture. BNY Capital Markets, Inc., one of the Agents, is an affiliate of ours. Accordingly, offerings of the Notes in which BNY Capital Markets, Inc. participates will conform with the requirements set forth in Rule 2720 of the Conduct Rules of the National Association of Securities Dealers, Inc.

From time to time, we may sell other securities referred to in the accompanying prospectus, and the amount of Notes offered hereby may be reduced as a result of these sales.

LEGAL MATTERS

The validity of the Notes is being passed upon for us by Arlie R. Nogay, Esq., our Chief Securities Counsel, and on behalf of the Agents by Cleary Gottlieb Steen & Hamilton LLP, New York, New York. Cleary Gottlieb Steen & Hamilton LLP regularly performs legal services for us and our affiliates.

Table of Contents

PROSPECTUS

The Bank of New York Mellon Corporation

Senior Debt Securities

Senior Subordinated Debt Securities

Junior Subordinated Debt Securities

Preferred Stock

Common Stock

Depositary Shares

Stock Purchase Contracts

Stock Purchase Units

Warrants

BNY Capital VI
BNY Capital VII
BNY Capital VIII
BNY Capital IX
BNY Capital X
Mellon Capital V

Trust Preferred Securities

(fully and unconditionally guaranteed on a subordinated basis,

as described herein, by The Bank of New York Mellon Corporation)

Mellon Funding Corporation

Debt Securities

Unconditionally Guaranteed by The Bank of New York Mellon Corporation

The Bank of New York Mellon Corporation, a Delaware corporation (also referred to as the Company or we), and each of BNY Capital VI, BNY Capital VII, BNY Capital VIII, BNY Capital IX and BNY Capital X (each a BNY Trust), Mellon Capital V (Mellon Trust) and Mellon Funding Corporation, a Pennsylvania corporation (Mellon Funding), referred to above may offer and sell from time to time, in one or more series, the securities listed above. Any selling shareholder named in a prospectus supplement may offer and sell from time to time shares of the Common Stock, par value $0.01 per share, of the Company that it acquires or acquired in transactions that were not, or will not be, registered under the Securities Act of 1933, as amended. The Company will not receive any proceeds from the sale of shares by a selling shareholder.

The Common Stock of the Company is listed on the New York Stock Exchange under the symbol BK. Unless otherwise indicated in the applicable prospectus supplement, the other securities offered hereby will not be listed on a national securities exchange.

This prospectus contains a general description of the securities which may be offered. The specific terms of the securities will be contained in one or more supplements to this prospectus. Read this prospectus and any supplement carefully before you invest. The supplement may also add

to, update or change information contained in this prospectus.

To read about certain important factors you should consider in making an investment decision, see Risk Factors on page 4 of this prospectus.

THE SECURITIES WILL BE EQUITY SECURITIES IN OR UNSECURED OBLIGATIONS OF THE COMPANY, ANY BNY TRUST, MELLON TRUST OR MELLON FUNDING AND WILL NOT BE SAVINGS ACCOUNTS, DEPOSITS OR OTHER OBLIGATIONS OF ANY BANK OR NONBANK SUBSIDIARY OF THE COMPANY AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE BANK INSURANCE FUND OR ANY OTHER GOVERNMENT AGENCY.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION, THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM NOR ANY OTHER REGULATORY BODY HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This prospectus and the applicable prospectus supplement may be used in the initial sale of the securities. In addition, the Company, BNY Capital Markets, Inc., Mellon Financial Markets, LLC or any other affiliate controlled by the Company may use this prospectus and applicable prospectus supplement in a market-making transaction involving the securities after the initial sale. These transactions may be executed at negotiated prices that are related to market prices at the time of purchase or sale, or at other prices. The Company and its affiliates may act as principal or agent in these transactions.

The date of this prospectus is July 2, 2007.

Table of Contents

TABLE OF CONTENTS

Table of Contents

ABOUT THIS PROSPECTUS

This document is called a prospectus. This summary highlights selected information from this prospectus and may not contain all of the information that is important to you. To understand the terms of the securities, you should carefully read this prospectus and any accompanying prospectus supplement. This prospectus and the prospectus supplement together give the specific terms of the securities being offered. You should also read the documents referred to under the heading Where You Can Find More Information for information on the Company, The Bank of New York Company, Inc. (Bank of New York) and Mellon Financial Corporation (Mellon Financial), and their respective financial statements. The Company has its principal offices at One Wall Street, New York, New York 10286 (telephone: 212-495-1784). Certain capitalized terms used in this summary are defined elsewhere in this prospectus.

The Company, BNY Capital VI, BNY Capital VII, BNY Capital VIII, BNY Capital IX and BNY Capital X (each a BNY Trust and, together, the BNY Trusts) and Mellon Capital V (the Mellon Trust), all statutory trusts formed under the laws of the State of Delaware, and Mellon Funding Corporation (Mellon Funding), a financing subsidiary of the Company, have filed a registration statement with the Securities and Exchange Commission (the SEC) under a shelf registration procedure. Under this procedure the Company, the BNY Trusts, the Mellon Trust and Mellon Funding may offer and sell from time to time, in one or more series, any one or a combination of the following securities:

unsecured Debt Securities of the Company,

unsecured Debt Securities of Mellon Funding,

Guarantees of the Company of the Debt Securities of Mellon Funding,

shares of Preferred Stock, $0.01 par value per share, of the Company (Preferred Stock),

depositary shares representing Preferred Stock,

shares of Common Stock, $0.01 par value per share, of the Company,

Trust Preferred Securities of a BNY Trust,

Trust Preferred Securities of the Mellon Trust,

Guarantees of the Company relating to the Trust Preferred Securities,

Stock Purchase Contracts of the Company,

Stock Purchase Units of the Company, and

Warrants of the Company.

The securities may be sold for U.S. dollars, foreign denominated currency or currency units, including the euro. Amounts payable with respect to any such securities may be payable in U.S. dollars or foreign denominated currency or currency units.

This prospectus provides you with a general description of the securities we may offer. Each time we offer securities, we will provide you with a prospectus supplement that will describe the specific amounts, prices and terms of the securities being offered. The prospectus supplement may also add, update or change information contained in this prospectus.

Any of the securities described in this prospectus and in a prospectus supplement may be convertible or exchangeable into other securities that are described in this prospectus or will be described in a prospectus supplement or may be issued separately, together or as part of a unit consisting of two or more securities, which may or may not be separate from one another. These securities may include new or hybrid securities developed in the future that combine features of any of the securities described in this prospectus.

Table of Contents

The prospectus supplement may also contain information about certain United States federal income tax considerations relating to the securities covered by the prospectus supplement.

The Company, each BNY Trust, the Mellon Trust and Mellon Funding may sell securities to underwriters who will sell the securities to the public on terms fixed at the time of sale. In addition, the securities may be sold by the Company, each BNY Trust, the Mellon Trust and Mellon Funding directly or through dealers or agents designated from time to time, who may be affiliates of the Company, each BNY Trust, the Mellon Trust and Mellon Funding. If the Company, a BNY Trust, the Mellon Trust or Mellon Funding directly or through agents, solicits offers to purchase the securities, the Company, such BNY Trust, the Mellon Trust or Mellon Funding reserves the sole right to accept and, together with its agents, to reject, in whole or in part, any such offer.

For the securities being sold, the prospectus supplement will also include the names of the underwriters, dealers or agents, if any, their compensation, the terms of offering, and the net proceeds to the Company, each BNY Trust, the Mellon Trust and Mellon Funding.

Any underwriters, dealers or agents participating in the offering may be deemed underwriters within the meaning of the Securities Act of 1933, as amended (the Securities Act).

Additionally, shares of Common Stock may be offered and sold from time to time by any selling shareholder named in a prospectus supplement who has acquired, or will acquire, Common Stock from the Company in transactions that were not, or will not be, registered under the Securities Act, as described under Plan of Distribution. Specific information with respect to any offer and sale by any selling shareholder will be set forth in the prospectus supplement relating to that transaction.

THE COMPANY

The Company was formed on February 9, 2007. The Company began operations on July 2, 2007, when Bank of New York and Mellon Financial merged with and into the Company (the merger). The Company is headquartered in New York, New York. The businesses formerly conducted by Bank of New York and Mellon Financial are described below. Unaudited pro forma financial information of the Company for the period ended March 31, 2007 can be found in Form 8-K filings made by each of Bank of New York and Mellon Financial on May 11 and May 10, 2007, respectively. Additional information about the Company can be found in our Joint Proxy Statement/Prospectus dated April 17, 2007 filed with the SEC and incorporated herein by reference.

The Company is a financial holding company registered with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956, as amended. As such, the Company and its subsidiaries are subject to the supervision, examination and reporting requirements of the Bank Holding Company Act and the regulations of the Federal Reserve.

Bank of New York

Bank of New York s businesses provide a broad array of banking and other financial services worldwide through its core competencies: securities servicing, treasury management and asset and wealth management. Bank of New York s extensive global client base includes a broad range of leading financial institutions, corporations, government entities, endowments and foundations. Bank of New York s principal wholly owned banking subsidiary, which was founded in 1784, was New York s first bank and is the nation s oldest bank. At March 31, 2007, Bank of New York had total assets of $100 billion, shareholders equity of $11.5 billion, assets under management of approximately $200 billion and assets under custody of $14 trillion.

Table of Contents

Mellon Financial

Mellon Financial s businesses provide financial services for institutions, corporations and governmental bodies, as well as entities sponsored by them; and high net worth individuals and families, family offices and charitable endowments, consisting of asset management, wealth management, asset servicing, issuer services and treasury services. At March 31, 2007, Mellon Financial had total assets of $40 billion, shareholders equity of $4.9 billion and assets under management, administration or custody of approximately $5.8 trillion, including $1.03 trillion under management. Mellon Financial was originally formed as a holding company for Mellon Bank, N.A., which has its executive offices in Pittsburgh, Pennsylvania. With its predecessors, Mellon Bank, N.A. has been in business since 1869.

MELLON FUNDING CORPORATION

Mellon Funding, a wholly owned subsidiary of the Company, is incorporated in Pennsylvania. It functioned as a financing entity for Mellon Financial and its subsidiaries prior to the merger by issuing commercial paper and other debt guaranteed by Mellon Financial and may continue to be used as a financing entity for the Company and its subsidiaries.

THE CAPITAL TRUSTS

The BNY Trusts

Each BNY Trust is a statutory trust created under Delaware law pursuant to:

- a trust agreement executed by Bank of New York, as Depositor of the BNY Trust, and the Delaware Trustee of such BNY Trust, and
- a certificate of trust filed with the Delaware Secretary of State.

Each trust agreement was assumed by operation of law in the merger by the Company. Each such trust agreement will be amended and restated in its entirety (each, as so amended and restated, a Trust Agreement) substantially in the form filed as an exhibit to the registration statement of which this prospectus forms a part prior to the issuance of securities by the trust. Each Trust Agreement will be qualified as an indenture under the Trust Indenture Act of 1939, as amended (the Trust Indenture Act). The principal executive office of each BNY Trust is One Wall Street, New York, New York 10286, and its telephone number is (212) 495-1784.

The Mellon Trust

The Mellon Trust is a statutory trust formed under Delaware law pursuant to a trust agreement between Mellon Financial, as depositor of the trust, and the Delaware trustee of the trust, and the filing of a certificate of trust with the Delaware Secretary of State. The trust agreement was assumed by operation of law in the merger by the Company. The trust agreement of the trust will be amended and restated in its entirety, substantially in the form of the Trust Agreement filed as an exhibit to the registration statement of which this prospectus is a part, prior to the issuance of securities by the trust. The Trust Agreement will be qualified as an indenture under the Trust Indenture Act. The principal executive office of the trust is One Mellon Center, 500 Grant Street, Pittsburgh, Pennsylvania 15258, Attention: Secretary, and its telephone number is (412) 234-5000.

The Trusts

Each BNY Trust and the Mellon Trust, each referred to as a Capital Trust and collectively, the Capital Trusts, may offer to the public, from time to time, preferred securities (the Trust Preferred Securities) representing preferred beneficial interests in the applicable Capital Trust. In addition to Trust Preferred Securities

Table of Contents

offered to the public, each Capital Trust will sell to the Company common securities representing common ownership interests in such Capital Trust (the Trust Common Securities). All of the Trust Common Securities of each Capital Trust will be owned by the Company. The Trust Common Securities and the Trust Preferred Securities together are also referred to as the Trust Securities.

The prospectus supplement relating to any Trust Preferred Securities will describe the terms of such securities and of any securities issued to, or agreements entered into with, the Capital Trust issuing the Trust Preferred Securities.

RISK FACTORS

Bank of New York and Mellon Financial have included discussions of cautionary factors describing risks relating to their respective businesses and an investment in their securities in their Annual Reports on Form 10-K and updates to such discussions in their Quarterly Reports on Form 10-Q filed with the SEC. These reports are incorporated by reference into this prospectus. See Where You Can Find More Information for an explanation of how to get a copy of any of these reports. The Company has also included risk factors relating to the merger and post-merger conditions in its Joint Proxy Statement/Prospectus dated April 17, 2007 filed with the SEC. Additional risks related to our securities may also be described in a prospectus supplement. Before purchasing our securities, you should carefully consider the risk factors we describe in those reports, the Joint Proxy Statement/Prospectus and in any prospectus supplement. Although we discuss key risks in those risk factor descriptions, additional risks not currently known to us or that we currently deem immaterial also may impair our business. Our subsequent filings with the SEC may contain amended and updated discussions of significant risks. We cannot predict future risks or estimate the extent to which they may affect our financial performance.

CERTAIN REGULATORY CONSIDERATIONS

General

As a bank holding company and a financial holding company, the Company is subject to the regulation, supervision and examination of the Federal Reserve Board under the Bank Holding Company Act of 1956 (the BHC Act). As a financial holding company, the Company may engage in a broader range of activities and is entitled to use a more streamlined regulatory approval framework than bank holding companies that are not financial holding companies. In order to continue its financial holding company status, the Company must remain well capitalized and well managed and must maintain at least a satisfactory rating under the Community Reinvestment Act, all as determined by the Federal Reserve Board.

For a discussion of the material elements of the regulatory framework applicable to financial holding companies and their subsidiaries and specific information relevant to the Company, please refer to each of Bank of New York s and Mellon Financial s Quarterly Report on Form 10-Q for the period ended March 31, 2007 and Annual Report on Form 10-K for the year ended December 31, 2006 and any subsequent reports filed with the SEC by the Company, which are incorporated by reference in this prospectus. This regulatory framework is intended primarily for the protection of depositors and the federal deposit insurance funds and not for the protection of investors.

The Company s earnings are affected by the legislative and governmental actions of various regulatory authorities, including the Federal Reserve Board. In addition, there are numerous governmental requirements and regulations which affect the Company s business activities. A change in the applicable statutes, regulations or regulatory policy may have a material effect on the Company s business. Depository institutions, such as our subsidiaries, The Bank of New York (the Bank) and Mellon Bank, N.A. (Mellon Bank), are also affected by

Table of Contents

various state and federal laws, including those related to consumer protection, privacy, anti-money laundering and similar matters.

The Bank and Mellon Bank are the major subsidiary depository institutions of the Company. The Bank is a New York chartered banking corporation, a member of the Federal Reserve and subject to regulation, supervision and examination by the Federal Reserve Board, the New York State Banking Department and the Federal Deposit Insurance Corporation, which insures, up to applicable limits, the deposits of the Bank, Mellon Bank and the Company s other insured bank subsidiaries. Mellon Bank is a national bank, a regulated entity permitted to engage only in banking and activities incidental to banking. Mellon Bank is primarily regulated by the Office of the Comptroller of the Currency, or OCC, which also examines its loan portfolios and reviews the sufficiency of its loan loss reserves. The OCC has the authority under the Financial Institutions Supervisory Act to prohibit national banks, such as Mellon Bank, from engaging in any act which, in the OCC s opinion, constitutes an unsafe or unsound practice.

The Company also has other financial service subsidiaries that are subject to regulation, supervision and examination by the Federal Reserve Board, as well as other applicable state and federal regulatory agencies and self regulatory organizations. For example, the Company s brokerage subsidiaries are subject to supervision and regulation by the SEC, the National Association of Securities Dealers, the New York Stock Exchange and state securities regulators.

Restrictions on Payment of Dividends

The Company is a legal entity separate and distinct from its subsidiaries (including the Bank and Mellon Bank). The Company relies primarily on dividends from such subsidiaries to meet its obligations and to declare and pay dividends on its Preferred Stock and Common Stock. There are various legal and regulatory limitations on the extent to which the Bank and Mellon Bank can finance or otherwise supply funds (by dividend or otherwise) to the Company and certain of its other affiliates.

The Bank is subject to dividend limitations under the Federal Reserve Act and the New York Banking Law. Under these statutes, prior regulatory approval is required for dividends in any year that would exceed the net income of the Bank for such year combined with retained net income for the prior two years. Also, the Bank is prohibited from paying a dividend in an amount greater than undivided profits then on hand. Under the first and currently most restrictive of these two standards, at March 31, 2007 the Bank could declare dividends of $888 million.

In addition to these statutory tests, the Bank s primary federal regulator (the Federal Reserve Board) could prohibit a dividend if it determined that the payment would constitute an unsafe or unsound banking practice. The Federal Reserve Board has indicated that, generally, dividends should be paid by banks only to the extent of earnings from continuing operations.

Mellon Bank is a national bank. A national bank must obtain the prior approval of the OCC to pay a dividend if the total of all dividends declared by the national bank in any calendar year exceeds the bank s net profits for that year, combined with its retained net profits for the preceding two calendar years. Additionally, such bank may not declare dividends in excess of net profits on hand after deducting the amount by which the principal amount of all loans on which interest is past due for a period of six months or more exceeds the reserve for credit losses.

Under the first and currently most restrictive of the foregoing federal dividend limitations, Mellon Financial s national bank subsidiaries could, without prior regulatory approval, declare dividends subsequent to March 31, 2007 of approximately $180 million of their retained earnings of approximately $1.8 billion at

Table of Contents

March 31, 2007, less any dividends declared, plus or minus net profits or losses earned between April 1, 2007 and the date of any such dividend declaration.

The payment of dividends is also limited by minimum capital requirements imposed on banks. As of March 31, 2007, all bank subsidiaries now owned by the Company exceeded these requirements.

Consistent with its policy regarding bank holding companies serving as a source of financial strength for their subsidiary banks, the Federal Reserve Board has indicated that, as a matter of prudent banking, a bank holding company generally should not maintain a rate of cash dividends unless its net income available to common shareholders has been sufficient to fully fund the dividends, and the prospective rate of earnings retention appears consistent with the bank holding company s capital needs, asset quality and overall financial condition.

Transactions with Affiliates

The Federal Reserve Act limits and requires collateral for extensions of credit by the Company s insured subsidiary banks to the Company and, with certain exceptions, its non-bank affiliates. Also, there are restrictions on the amounts of investments by such banks in stock and other securities of the Company and such affiliates, and restrictions on the acceptance of their securities as collateral for loans by such banks. Extensions of credit by the banks to each of the Company and such affiliates are limited to 10% of such bank s regulatory capital, and in the aggregate for the Company and all such affiliates to 20%, and collateral must be between 100% and 130% of the amount of the credit, depending on the type of collateral.

Table of Contents

CONSOLIDATED RATIOS OF EARNINGS TO FIXED CHARGES AND EARNINGS TO COMBINED F IXED CHARGES AND PREFERRED STOCK DIVIDEND REQUIREMENTS

For the three months ended March 31, 2007 and 2006 and for the five years ended December 31, 2006, the consolidated ratios of earnings to fixed charges of Bank of New York and Mellon Financial computed as set forth below, were as follows:

	Three Months Ended March 31,		Year Ended December 31,				
	2007	2006	2006	2005	2004	2003	2002
Bank of New York Earnings to Fixed Charges(1):							
Excluding interest on deposits	4.06	3.76	3.50	4.60	6.86	6.61	4.12
Including interest on deposits	2.06	2.09	1.94	2.42	3.35	3.11	2.21
Mellon Financial (Parent Corporation)(2)	2.38	3.20	3.24	4.34	3.83	4.83	5.28
Mellon Financial and its subsidiaries:							
Excluding interest on deposits	4.21	4.26	4.25	5.24	6.13	5.66	4.94
Including interest on deposits	2.24	2.37	2.21	2.92	3.85	3.97	3.37

(1) For purposes of computing the ratios of earnings to fixed charges, earnings represent continuing operations income (loss) before extraordinary items plus applicable income taxes and fixed charges. Fixed charges, excluding interest on deposits, include interest expense (other than on deposits) and the proportion deemed representative of the interest factor of rent expense, net of income from subleases. Fixed charges, including interest on deposits, include all interest expense and the proportion deemed representative of the interest factor of rent expense, net of income from subleases. For the periods presented, Bank of New York had an immaterial amount of preferred stock outstanding. Accordingly, the consolidated ratios of earnings to combined fixed charges and preferred stock dividend requirements are identical to the consolidated ratios of earnings to fixed charges for the periods presented.

(2) Mellon Financial (Parent Corporation) ratios include the accounts of Mellon Financial, Mellon Funding, a wholly owned subsidiary of Mellon Financial that functions as a financing entity for Mellon and its subsidiaries by issuing commercial paper and other debt guaranteed by Mellon Financial; and MIPA, LLC, a single member limited liability company wholly owned by Mellon Financial, created to hold and administer corporate owned life insurance. Here, earnings represent income before taxes from continuing operations, plus the fixed charges from operations of Mellon Financial, but exclude equity in undistributed net income (loss) of subsidiaries. Consequently, these ratios vary with the payment of dividends by such subsidiaries. In the ratios for Mellon Financial and its subsidiaries, earnings represent continuing operations income before taxes and the cumulative effect of changes in accounting principles plus fixed charges from continuing operations. Fixed charges represent interest expense, one-third (the proportion deemed representative of the interest factor) of net rental expense and amortization of debt issuance costs. These ratios are presented both including and excluding interest on deposits in fixed charges from continuing operations. For the periods presented, Mellon Financial had no preferred stock outstanding. Accordingly, the consolidated ratios of earnings to combined fixed charges and preferred stock dividend requirements are identical to the consolidated ratios of earnings to fixed charges for the periods presented.

Table of Contents

WHERE YOU CAN FIND MORE INFORMATION

The Company, the Capital Trusts and Mellon Funding have filed a registration statement with the SEC. This prospectus is part of the registration statement, but the registration statement also contains additional information and exhibits. Bank of New York and Mellon Financial have filed, and the Company has filed or will file, proxy statements, annual, quarterly and special reports, and other information with the SEC. You may read and copy the registration statement and any reports, proxy statements and other information at the public reference room maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. You can call the SEC for further information about its public reference room at 1-800-732-0330. Such material is also available at the SEC s website at http://www.sec.gov.

The Company s Common Stock ($0.01 par value) is listed on the New York Stock Exchange under the symbol BK . Reports and other information concerning the Company, Bank of New York and Mellon Financial can be inspected at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

The SEC allows the Company to incorporate documents by reference in this prospectus. This means that if we list or refer to a document which we, Bank of New York or Mellon Financial have filed with the SEC in this prospectus, that document is considered to be a part of this prospectus and should be read with the same care. Documents that we file with the SEC in the future will automatically update and supersede information incorporated by reference in this prospectus.

The documents listed below are incorporated by reference into this prospectus:

Joint Proxy Statement/Prospectus of Mellon Financial and Bank of New York dated April 17, 2007 (forming part of the Company s Registration Statement on Form S-4 (No. 333-140863));

Bank of New York s Annual Report on Form 10-K for the year ended December 31, 2006 (SEC File No. 001-06152);

Mellon Financial s Annual Report on Form 10-K for the year ended December 31, 2006 (SEC File No. 1-7410);

Bank of New York s Quarterly Report on Form 10-Q for the quarter ended March 31, 2007 (SEC File No. 001-06152);

Mellon Financial s Quarterly Report on Form 10-Q for the quarter ended March 31, 2007 (SEC File No. 1-7410);

Bank of New York s Current Reports on Form 8-K, filed January 16, 2007, January 18, 2007, February 28, 2007, April 5, 2007, April 17, 2007, April 18, 2007, May 11, 2007, May 17, 2007, May 24, 2007, June 20, 2007 and June 22, 2007 (SEC File No. 001-06152) (other than, in each case, information that is deemed not to have been filed in accordance with SEC rules);

Mellon Financial s Current Reports on Form 8-K, filed January 3, 2007 (2 filings), January 17, 2007, January 23, 2007, January 30, 2007, February 26, 2007, February 28, 2007, April 5, 2007, April 9, 2007, April 18, 2007, April 23, 2007 (2 filings), May 9, 2007, May 10, 2007, May 21, 2007, May 24, 2007, June 12, 2007, June 20, 2007 and June 29, 2007 (SEC File No. 1-7410) (other than, in each case, information that is deemed not to have been filed in accordance with SEC rules);

The Company s Current Report on Form 8-K, filed July 2, 2007; and

Any documents filed by the Company pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), on or after the date of this prospectus and before the termination of the offering of the securities.

You may request a free copy of any or all of these filings by writing or telephoning us at the following address:

The Bank of New York Mellon Corporation

One Wall Street

New York, New York 10286

Attention: Corporate Secretary

Telephone: (212) 635-1787

Table of Contents

No separate financial statements of any Capital Trust are included in this prospectus. The Company and the Capital Trusts do not consider that such financial statements would be material to holders of the Trust Preferred Securities because each Capital Trust is a special purpose entity, has no operating history or independent operations and is not engaged in and does not propose to engage in any activity other than holding as trust assets the corresponding Junior Subordinated Debt Securities of the Company and issuing the Trust Securities. Furthermore, taken together, the Company s obligations under each series of corresponding Junior Subordinated Debt Securities, the Junior Indenture pursuant to which the corresponding Junior Subordinated Debt Securities will be issued, the related Trust Agreement, the related Expense Agreement and the related Guarantee provide, in the aggregate, a full, irrevocable and unconditional guarantee of payments of Distributions and other amounts due on the related Trust Preferred Securities of a Capital Trust. In addition, the Company does not expect that the Capital Trusts will be filing reports under the Exchange Act with the SEC. No separate financial statements of Mellon Funding are included in this prospectus because the Company and Mellon Funding do not consider that such financial statements would be material to holders of the Debt Securities because Mellon Funding is a subsidiary that only issues Senior and Senior Subordinated Debt Securities fully and unconditionally guaranteed by the Company.

You should only rely on the information contained in this prospectus or any prospectus supplement or incorporated by reference. Neither the Company nor any Capital Trust or Mellon Funding has authorized anyone to provide you with different information. Neither the Company nor any Capital Trust or Mellon Funding is making an offer of its securities in any state or country where the offer is not permitted. You should not assume that the information in this prospectus or any prospectus supplement is accurate as of a later date than the date of this prospectus or such prospectus supplement. The financial condition, results of operations or business prospects of the Company may have changed since those dates.

USE OF PROCEEDS

Except as may be set forth in a prospectus supplement, the Company will use the net proceeds from the sale of the securities offered hereby for general corporate purposes, including refinancing of existing debt, financing acquisitions or business expansion, investments in, or extensions of credit to, our bank subsidiaries and, to a lesser extent, other existing or future subsidiaries. Pending such use, the net proceeds may be temporarily invested in short-term obligations. The precise amounts and timing of the application of proceeds used for general corporate purposes will depend upon funding requirements of the Company and its subsidiaries and the availability of other funds. The Company expects, on a recurring basis, to engage in additional financing of a character and amount to be determined as the need arises.

Except as may be set forth in a prospectus supplement, each Capital Trust will invest all proceeds received from any sale of its Trust Securities in corresponding Junior Subordinated Debt Securities to be issued by the Company in connection with any issuance of Trust Securities. Except as may be set forth in a prospectus supplement, the Company will use the net proceeds from the sale of the corresponding Junior Subordinated Debt Securities to each Capital Trust or Mellon Trust for the purposes described above.

The Company will not receive any proceeds from the sale of any shares of Common Stock by any selling shareholder.

DESCRIPTION OF SENIOR DEBT SECURITIES AND

SENIOR SUBORDINATED DEBT SECURITIES

Summary

The following description of the terms of the Senior Debt Securities and the Senior Subordinated Debt Securities to be issued by the Company or Mellon Funding, as applicable, (sometimes referred to as the Debt

Table of Contents

Securities in this Description of Senior Debt Securities and Senior Subordinated Debt Securities only) sets forth certain general terms and provisions. The particular terms of any series of Debt Securities will be contained in a prospectus supplement. The prospectus supplement will describe the following terms of the Debt Securities:

the title of the series of Debt Securities;

whether the series of Debt Securities are Senior Debt Securities or Senior Subordinated Debt Securities;

any limit on the aggregate principal amount of the series of Debt Securities;

the price (expressed as a percentage of the aggregate principal amount thereof) at which the series of the Debt Securities will be issued;

the Person to whom any interest on a Debt Security of the series will be payable, if other than the Person in whose name that Debt Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest;

the date or dates on which the principal of the series of Debt Securities will be payable;

the rate or rates per annum at which the series of Debt Securities will bear interest, if any (or the formula pursuant to which such rate or rates will be determined);

if Debt Securities are sold bearing no interest or below market interest, known as original issue discount securities, the amount payable upon acceleration and special tax, accounting and other considerations;

the date or dates from which any such interest will accrue and the dates on which such payment of any such interest will be payable and the Regular Record Dates for such interest payment dates;

the place or places where the principal of (and premium, if any) and interest on the series of Debt Securities will be payable;

the period or periods within which, the price or prices at which, and the terms and conditions upon which, Debt Securities of the series may be redeemed, in whole or in part, at the option of the Company;

the obligation, if any, of the Company to redeem, repay or purchase Debt Securities of the series pursuant to any sinking fund or analogous provision or at the option of a holder thereof and the period or periods within which, the price or prices at which, and the terms and conditions upon which, such Debt Securities will be redeemed, repaid or purchased, in whole or in part, pursuant to such obligation;

the denominations in which the series of Debt Securities will be issuable, if other than denominations of $1,000 and any integral multiple thereof;

the currency or currencies in which payment of principal and premium, if any, and interest on the series of Debt Securities will be payable, if other than U. S. dollars;

if the principal of (and premium, if any) or interest, if any, on Debt Securities of the series is to be payable, at the election of the Company or a holder thereof, in a currency or currencies other than that in which such series of Debt Securities are stated to be payable, the currency or currencies in which payment of the principal of (and premium, if any) or interest, if any, on such Debt Securities as to which such election is made will be payable, and the period or periods within which, and the terms and conditions upon which, such election may be made;

the index, formula or other method, if any, with reference to which the amount of any payment of principal of (and premium, if any) or interest on the series of Debt Securities will be determined;

whether, and the terms and conditions relating to when, the Company may satisfy all or a part of its obligations with regard to payment upon maturity or any redemption or required repurchase or in connection with any exchange provisions by delivering to the holders of the Debt Securities, other securities, which may or may not be issued by or be obligations of the Company, or a combination of cash, other securities and/or property (Maturity Consideration);

Table of Contents

the portion of the principal amount of the series of Debt Securities that will be payable upon declaration of acceleration of the maturity thereof, if other than the principal amount thereof;

the terms, if any, upon which the Debt Securities of the series are convertible into Common Stock or other securities of the Company and the terms and conditions upon which any conversion may be effected, including the initial conversion price or rate, the conversion period and any other provisions in addition to or instead of those described in this Prospectus;

any additional Events of Default or, in the case of Senior Subordinated Debt Securities, Defaults, solely with respect to the series of Debt Securities;

whether either or both of the provisions of the Applicable Indenture (as defined below) described under Legal Defeasance and Covenant Defeasance will be applicable to the series of Debt Securities;

if Debt Securities are sold for one or more foreign currencies or foreign currency units, or principal, interest or premium are payable in foreign currencies or foreign currency units, the restrictions, elections, tax consequences and other information regarding the issue and currency or currency units;

if the series of Debt Securities are Senior Subordinated Debt Securities, whether the subordination provisions summarized below or other subordination provisions will be applicable to such Senior Subordinated Debt Securities; and

any additional restrictive covenants included for the benefit of the series of Debt Securities; and

any additional material terms of the series of Debt Securities not inconsistent with the provisions of the Applicable Indenture.

Unless otherwise stated in a prospectus supplement, each series of Debt Securities will be represented by fully registered global certificates issued as global Debt Securities to be deposited with a depositary with respect to that series, instead of paper certificates issued to each individual owner. The depositary arrangements that will apply, including the manner in which principal of and premium, if any, and interest on any series of Debt Securities and other payments will be payable are discussed in more detail under the heading Book-Entry Issuance.

The Senior Debt Securities may be issued in one or more series under the Senior Indenture, dated as of July 18, 1991, between The Bank of New York Mellon Corporation (successor to The Bank of New York Company, Inc.) and Deutsche Bank Trust Company Americas (f/k/a Bankers Trust Company), as Trustee, as supplemented by the First Supplemental Indenture dated as of June 29, 2007, as further supplemented from time to time (the BNY Senior Indenture). The Senior Debt Securities issued by Mellon Funding and related Guarantees of the Company may be issued under an Indenture, dated as of May 2, 1988, among The Bank of New York Mellon Corporation (successor to Mellon Financial Corporation), Mellon Funding Corporation, and Manufacturers and Traders Trust Company (successor to The Bank of New York, as successor to JPMorgan Chase Bank, National Association, as successor to The Chase Manhattan Bank, National Association), as Trustee, as supplemented by the First Supplemental Indenture dated as of November 29, 1990, the Second Supplemental Indenture dated as of June 12, 2000 and the Third Supplemental Indenture dated as of June 29, 2007, as further supplemented form time to time (the Mellon Senior Indenture).

The Senior Subordinated Debt Securities may be issued in one or more series under an Indenture, dated as of October 1, 1993, between The Bank of New York Mellon Corporation (successor to The Bank of New York Company, Inc.) and Manufacturers and Traders Trust Company (successor to J.P. Morgan Trust Company, National Association, as successor by merger to Chase Manhattan Trust Company, National Association), as Trustee, as supplemented by the First Supplemental Indenture dated as of June 29, 2007, as further supplemented from time to time (the BNY Senior Subordinated Indenture). The Senior Subordinated Debt Securities issued by Mellon Funding and related Guarantees of the Company may be issued under an Indenture, dated as of June 12, 2000, among The Bank of New York Mellon Corporation (successor to Mellon Financial Corporation),

11

Table of Contents

Mellon Funding Corporation and Union Bank of California, National Association (successor to J.P.Morgan Trust Company, N.A. formerly known as Bank One Trust Company, N.A.), as Trustee, as supplemented by the First Supplemental Indenture dated as of April 30, 2001, the Second Supplemental Indenture dated as of March 5, 2004 and the Third Supplemental Indenture dated as of June 29, 2007, as further supplemented form time to time (the Mellon Senior Subordinated Indenture).

The BNY Senior Indenture and the BNY Senior Subordinated Indenture are sometimes referred to collectively as the BNY Indentures. The Mellon Senior Indenture and the Mellon Senior Subordinated Indenture are sometimes referred to collectively as the Mellon Indentures. The BNY Indentures and the Mellon Indentures are sometimes referred to collectively as the Indentures. The Indentures are qualified under the Trust Indenture Act. Each series of Debt Securities will be established under the applicable Indenture pursuant to a supplemental indenture, resolution of the Company s Board of Directors or a committee thereof or officers certificate. The Trustee on the applicable Indenture is referred to as the Trustee.

The Indentures do not limit the aggregate principal amount of the Debt Securities or of any particular series of Debt Securities that may be issued thereunder and provide that Debt Securities may be issued from time to time in series. In addition, a series of Debt Securities may be reopened in order to issue additional Debt Securities of that series in the future without the consent of the holders of Debt Securities of that series.

The following summaries of certain provisions of the Senior Debt Securities, the Senior Subordinated Debt Securities and the Indentures are not complete. For a complete description of these Debt Securities you should read the Indenture applicable to a particular series of Debt Securities (the Applicable Indenture), including the definitions therein of certain terms. Each Indenture is incorporated by reference as an exhibit to the registration statement of which this prospectus is a part by reference to Bank of New York s or Mellon Financial s previous filings with the SEC.

Debt Securities Issued by the Company under the BNY Senior Indenture or the BNY Senior Subordinated Indenture

Wherever we refer to particular sections, articles or defined terms of the Applicable Indenture we are incorporating those sections, articles or defined terms into this prospectus by reference. Capitalized terms not otherwise defined herein shall have the meaning given to them in the Applicable Indenture.

General

The Senior Debt Securities issued by the Company will be unsecured obligations of the Company and will rank equally with all other unsecured and unsubordinated indebtedness of the Company. Indebtedness of the Company that would have ranked equally with the Senior Debt Securities totaled approximately $6.0 billion as of May 31, 2007, based on the Bank of New York and Mellon amounts outstanding as of that date. The Senior Subordinated Debt Securities issued by the Company will be unsecured subordinated obligations of the Company.

Because the Company is a holding company, its rights and the rights of its creditors, including the holders of the Debt Securities, to a share of the assets of any subsidiary upon the liquidation or recapitalization of the subsidiary will be subject to the prior claims of the subsidiary s creditors (including, in the case of bank subsidiaries, their depositors), except to the extent that the Company may itself be a creditor with recognized claims against the subsidiary. Accordingly, the Debt Securities will be effectively subordinated to all existing and future liabilities of the Company s subsidiaries, and holders of Debt Securities should look only to the assets of the Company for payments on the Debt Securities.

Table of Contents

Unless otherwise provided in the prospectus supplement:

- principal of (and premium, if any) or Maturity Consideration and interest on the Debt Securities issued by the Company will be payable, and the Debt Securities will be exchangeable and transfers thereof will be registerable, at the office or agency of The Bank of New York in the Borough of Manhattan, The City of New York, except that, at the option of the Company, interest may be paid by mailing a check to the address of the Person entitled thereto as it appears in the Security Register (Sections 202, 305 and 1002); and

- the Debt Securities will be issued only in registered form without coupons and in denominations of $1,000 and integral multiples thereof (Section 302).

No service charge will be made for any registration of transfer or exchange of the Debt Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. (Section 305).

Debt Securities may be issued as Original Issue Discount Debt Securities to be sold at a substantial discount below their principal amount. Special Federal income tax, accounting and other considerations applicable thereto will be described in the prospectus supplement relating thereto. Original Issue Discount Debt Security means any security that provides for an amount less than the principal amount thereof to be due and payable upon the declaration of acceleration of the maturity thereof upon the occurrence and continuance of an Event of Default. (Section 101).

If any index or formula is used to determine the amount of payments of principal of, premium, if any, or interest on any series of Debt Securities, special United States Federal income tax, accounting and other considerations applicable thereto will be described in the prospectus supplement relating thereto.

If the Debt Securities are denominated in whole or in part in any currency other than United States dollars, if the principal of (and premium, if any) or interest, if any, on the Debt Securities are to be payable at the election of the Company or a holder thereof, in a currency or currencies other than that in which such Debt Securities are to be payable, or if any index is used to determine the amount of payments of principal of, premium, if any, or interest on any series of the Debt Securities, special Federal income tax, accounting and other considerations applicable thereto will be described in the prospectus supplement relating thereto.

The BNY Indentures do not contain any provisions that would provide protection to holders of the Debt Securities against a sudden and dramatic decline in credit quality of the Company resulting from any highly leveraged transaction, takeover, merger, recapitalization or similar restructuring or change in control.

The BNY Indentures allow us to merge or consolidate with another company, or to sell all or substantially all of our assets to another company, provided that certain conditions are satisfied. If these events occur, the other company will be required to assume our responsibilities relating to the Debt Securities, and we will be released from all liabilities and obligations. See Consolidation, Merger and Sale of Assets for a more detailed discussion.

The BNY Indentures provide that holders of a majority of the total principal amount of outstanding Debt Securities of any series may vote to change certain of our obligations or certain of your rights concerning the Debt Securities of that series. However, to change the amount or timing of principal, interest or other payments under the Debt Securities, every holder in the series must consent. See Modification of the BNY Indentures for a more detailed discussion.

Subordination of Senior Subordinated Debt Securities

The payment of the principal of (and premium, if any) and interest on the Senior Subordinated Debt Securities will, to the extent set forth in the BNY Senior Subordinated Indenture, be subordinated in right of

Table of Contents

payment to the prior payment in full of all Senior Indebtedness (as defined in the BNY Senior Subordinated Indenture). In certain events of insolvency, the payment of the principal of (and premium, if any) and interest on the Senior Subordinated Debt Securities will, to the extent set forth in the BNY Senior Subordinated Indenture, also be effectively subordinated in right of payment to the prior payment in full of all Other Financial Obligations (as defined below). Upon any payment or distribution of assets to creditors upon any liquidation, dissolution, winding up, reorganization, assignment for the benefit of creditors, marshaling of assets or any bankruptcy, insolvency or similar proceedings of the Company, the holders of all Senior Indebtedness will first be entitled to receive payment in full of all amounts due or to become due thereon before the holders of the Senior Subordinated Debt Securities will be entitled to receive any payment in respect of the principal of (or premium, if any) or interest on the Senior Subordinated Debt Securities. If, upon any such payment or distribution of assets to creditors, after giving effect to such subordination provisions in favor of the holders of Senior Indebtedness, there remain any amounts of cash, property or securities available for payment or distribution in respect of Senior Subordinated Debt Securities (as defined in the BNY Senior Subordinated Indenture, Excess Proceeds) and if, at such time, any Entitled Persons in respect of Other Financial Obligations have not received payment in full of all amounts due or to become due on or in respect of such Other Financial Obligations, then such Excess Proceeds shall first be applied to pay or provide for the payment in full of such Other Financial Obligations before any payment or distribution may be made in respect of the Senior Subordinated Debt Securities. In the event of the acceleration of the maturity of any Senior Subordinated Debt Securities, the holders of all Senior Indebtedness will first be entitled to receive payment in full of all amounts due thereon before the holders of the Senior Subordinated Debt Securities will be entitled to receive any payment upon the principal of (or premium, if any) or interest on the Senior Subordinated Debt Securities. No payments on account of principal of (or premium, if any) or interest on the Senior Subordinated Debt Securities or on account of the purchase or acquisition of Senior Subordinated Debt Securities may be made if there shall have occurred and be continuing a default in any payment with respect to Senior Indebtedness, or if any judicial proceeding shall be pending with respect to any such default. (Article Thirteen of the BNY Senior Subordinated Indenture).

By reason of such subordination in favor of the holders of Senior Indebtedness, in the event of insolvency, creditors of the Company who are not holders of Senior Indebtedness or of the Senior Subordinated Debt Securities may recover less, ratably, than holders of Senior Indebtedness and may recover more, ratably, than the holders of the Senior Subordinated Debt Securities. By reason of the obligation of the holders of Senior Subordinated Debt Securities to pay over any Excess Proceeds to Entitled Persons in respect of Other Financial Obligations, in the event of insolvency, holders of Senior Subordinated Debt Securities may recover less, ratably, than Entitled Persons in respect of Other Financial Obligations.

Unless otherwise specified in the prospectus supplement relating to the particular series of Senior Subordinated Debt Securities offered thereby, Senior Indebtedness is defined in the BNY Senior Subordinated Indenture as the principal of (and premium, if any) and interest on (a) all of the Company s indebtedness for money borrowed, whether outstanding on the date of execution of the BNY Senior Subordinated Indenture or thereafter created, assumed or incurred, except (i) such indebtedness as is by its terms expressly stated to be junior in right of payment to the Senior Subordinated Debt Securities and (ii) such indebtedness as is by its terms expressly stated to rank equally with the Senior Subordinated Debt Securities and (b) any deferrals, renewals or extensions of any such Senior Indebtedness. (Section 101 of the BNY Senior Subordinated Indenture). The term indebtedness for money borrowed when used with respect to the Company is defined to mean any obligation of, or any obligation guaranteed by, the Company for the repayment of borrowed money, whether or not evidenced by bonds, debentures, notes or other written instruments, and any deferred obligation of, or any such obligation guaranteed by, the Company for the payment of the purchase price of property or assets. (Section 101 of the BNY Senior Subordinated Indenture).

Unless otherwise specified in the prospectus supplement, the term Other Financial Obligations means all obligations of the Company to make payment pursuant to the terms of financial instruments, such as:

securities contracts and foreign currency exchange contracts,

Table of Contents

derivative instruments, such as swap agreements (including interest rate and foreign exchange rate swap agreements), cap agreements, floor agreements, collar agreements, interest rate agreements, foreign exchange rate agreements, options, commodity futures contracts, commodity option contracts and

in the case of both items above, similar financial instruments, other than (A) obligations on account of Senior Indebtedness and (B) obligations on account of indebtedness for money borrowed ranking on a parity with or subordinate to the Senior Subordinated Debt Securities. Unless otherwise specified in the prospectus supplement relating to the particular series of Senior Subordinated Debt Securities offered thereby, Entitled Persons means any person who is entitled to payment pursuant to the terms of Other Financial Obligations. (Section 101 of the BNY Senior Subordinated Indenture).

The Company s obligations under the Senior Subordinated Debt Securities shall rank equally in right of payment with each other, subject to the obligations of the holders of Senior Subordinated Debt Securities to pay over any Excess Proceeds to Entitled Persons in respect of Other Financial Obligations as provided in the BNY Senior Subordinated Indenture.

Indebtedness of the Company that would have been senior to the Senior Subordinated Debt Securities totaled approximately $6.0 billion as of May 31, 2007, based on the Bank of New York and Mellon amounts outstanding as of that date.

The BNY Senior Subordinated Indenture does not limit or prohibit the incurrence of additional Senior Indebtedness, which may include indebtedness that is senior to the Senior Subordinated Debt Securities but subordinate to other obligations of the Company, including obligations of the Company in respect of Other Financial Obligations. When issued, the Senior Debt Securities will constitute Senior Indebtedness. Junior Subordinated Debt Securities issued by the Company pursuant to the junior subordinated indenture will be subordinate in right of payment to the Senior Subordinated Debt Securities.

The prospectus supplement may further describe the provisions, if any, applicable to the subordination of the Senior Subordinated Debt Securities of a particular series.

Conversion or Exchange

If and to the extent indicated in the applicable prospectus supplement, the Debt Securities of any series may be convertible or exchangeable into Common Stock or into other securities of the Company. The specific terms on which Debt Securities of any series may be so converted or exchanged will be set forth in the applicable prospectus supplement. Such terms may include provisions for conversion or exchange, either mandatory, at the option of the holder, or at the option of the Company, in which case the number or principal amount of such other securities to be received by the holders of Debt Securities would be calculated as of a time and in the manner stated in the applicable prospectus supplement.

Special Terms Relating to Convertible Debt Securities

The following provisions will apply to Debt Securities that will be convertible into Common Stock unless otherwise provided in the prospectus supplement relating to the specific issue of Debt Securities.

The holder of any convertible Debt Securities not previously redeemed will have the right, exercisable at any time during the time period specified in the applicable prospectus supplement to convert convertible Debt Securities into shares of Common Stock as specified in the applicable prospectus supplement, at the conversion rate per principal amount of convertible Debt Securities set forth in the applicable prospectus supplement. In the case of convertible Debt Securities called for redemption, conversion rights will expire at the close of business on the date fixed for the redemption specified in the applicable prospectus supplement, except that, in the case of redemption at the option of the holder, if applicable, the conversion right will terminate upon receipt of written notice of the exercise of the option.

Table of Contents

For each series of convertible Debt Securities, the conversion price or rate will be subject to adjustment as contemplated in the Applicable Indenture. Unless otherwise provided in the applicable prospectus supplement, these adjustments may occur as a result of:

- the issuance of shares of Common Stock as a dividend;
- subdivisions and combinations of Common Stock;
- the issuance to all holders of Common Stock of rights or warrants entitling holders to subscribe for or purchase shares of Common Stock at a price per share less than the current market price per share; and
- the distribution to all holders of Common Stock of:
  - shares of Company capital stock other than Common Stock;
  - evidences of indebtedness of the Company or assets other than cash dividends paid from retained earnings and dividends payable in Common Stock referred to above; or
  - subscription rights or warrants other than those referred to above.

In any case, no adjustment of the conversion price or rate will be required unless an adjustment would require a cumulative increase or decrease of at least 1% in such price or rate. The Company will not issue any fractional shares of Common Stock upon conversion, but, instead, the Company will pay a cash adjustment. If indicated in the applicable prospectus supplement, convertible Debt Securities convertible into Common Stock which are surrendered for conversion between the record date for an interest payment, if any, and the interest payment date, other than convertible Debt Securities called for redemption on a redemption date during that period, must be accompanied by payment of an amount equal to interest which the registered holder is entitled to receive.

The Company will determine the adjustment provisions for convertible Debt Securities at the time of issuance of each series of convertible Debt Securities. These adjustment provisions will be described in the applicable prospectus supplement.

Except as set forth in the applicable prospectus supplement, any convertible Debt Securities called for redemption, unless surrendered for conversion on or before the close of business on the redemption date, are subject to being purchased from the holder of the convertible Debt Securities by one or more investment banking firms or other purchasers who may agree with the Company to purchase convertible Debt Securities and convert them into Common Stock.

Legal Defeasance and Covenant Defeasance

If the Debt Securities of a series may be subject to legal defeasance or covenant defeasance or either type of defeasance under the Applicable Indenture, the prospectus supplement relating to that series will so indicate.

If applicable to the Debt Securities of a series, legal defeasance means that the Company elects to defease and be discharged from any and all obligations with respect to such Debt Securities (including, in the case of Senior Subordinated Debt Securities, the provisions described under Subordination of Senior Subordinated Debt Securities), except for the obligations to register the transfer or exchange of such Debt Securities, to replace temporary or mutilated, destroyed, lost or stolen Debt Securities, to maintain an office or agency in respect of the Debt Securities and to hold moneys for payment in trust.

If applicable to the Debt Securities of a series, covenant defeasance means that the Company elects to be released from its obligations with respect to such Debt Securities under Section 1005 and Section 1006 of the BNY Senior Indenture and Section 1005 of the BNY Senior

Subordinated Indenture (and any other sections applicable to such Debt Securities that are specified pursuant to the Applicable Indenture to be subject to covenant defeasance) and the consequences of the occurrence of an event of default specified in, in the case of

Table of Contents

Senior Debt Securities, Section 501(4) of the BNY Senior Indenture, and in the case of Senior Subordinated Debt Securities, Section 503(C) of the BNY Senior Subordinated Indenture (with respect to Section 1005 and Section 1006 of the BNY Senior Indenture and Section 1005 of the BNY Senior Subordinated Indenture and any other sections applicable to such Debt Securities that are specified pursuant to the Applicable Indenture to be subject to covenant defeasance), or, in the case of Senior Debt Securities, Section 501(5) of the BNY Senior Indenture, and in the case of Senior Subordinated Debt Securities, Section 503(D) of the BNY Senior Subordinated Indenture (with respect to Section 1005 of the BNY Indentures containing the covenant to pay taxes and other claims, Section 1006 of the BNY Senior Indenture containing the restrictions described under Limitation on Disposition of Stock of the Bank) and Sections 501(4) and 501(5) of the BNY Senior Indenture and Sections 503(C) and 503(D) of the BNY Senior Subordinated Indenture containing the provisions described under Defaults relating to covenant defaults and cross-defaults, respectively, and, in the case of Subordinated Debt Securities, the provisions described under Subordination of Senior Subordinated Debt Securities.

Legal defeasance or covenant defeasance, as applicable, will only occur upon the deposit with the applicable Trustee (or other qualifying trustee), in trust for such purpose, of money and/or U.S. Government Obligations that, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the applicable trustee, through the payment of principal and interest in accordance with their terms will provide money, in an amount sufficient, without reinvestment, to pay (a) the principal of (and premium, if any) and interest on such Debt Securities to maturity or redemption, as the case may be, and (b) any mandatory sinking fund or analogous payments thereon. As a condition to legal defeasance or covenant defeasance, the Company must deliver to the applicable Trustee an Opinion of Counsel (as specified in the Applicable Indenture) to the effect that the holders of such Debt Securities will not recognize income, gain or loss for Federal income tax purposes as a result of such legal defeasance or covenant defeasance and will be subject to Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such legal defeasance or covenant defeasance had not occurred. In the case of legal defeasance, such opinion must refer to and be based upon a ruling of the Internal Revenue Service issued to the Company or published as a revenue ruling or upon a change in applicable Federal income tax law, in any such case after the date of the Applicable Indenture.

Under current Federal income tax law, legal defeasance would likely be treated as a taxable exchange of such Debt Securities for interests in the defeasance trust. As a consequence a holder would recognize gain or loss equal to the difference between the holder s cost or other tax basis for such Debt Securities and the value of the holder s proportionate interest in the defeasance trust, and thereafter would be required to include in income a proportionate share of the income, gain and loss of the defeasance trust. Under current Federal income tax law, covenant defeasance would ordinarily not be treated as a taxable exchange of such Debt Securities. Purchasers of such Debt Securities should consult their own advisors with respect to the tax consequences to them of such legal defeasance and covenant defeasance, including the applicability and effect of tax laws other than the Federal income tax law.

The Company may exercise its legal defeasance option with respect to such Debt Securities notwithstanding its prior exercise of its covenant defeasance option. If the Company exercises its legal defeasance option, payment of such Debt Securities may not be accelerated because of an Event of Default. If the Company exercises its covenant defeasance option, payment of such Debt Securities may not be accelerated by reference to the covenants noted in the description of covenant defeasance. However, if such an acceleration were to occur, the realizable value at the acceleration date of the money and U.S. Government Obligations in the defeasance trust could be less than the principal and interest then due on such Debt Securities, in that the required deposit in the defeasance trust is based upon scheduled cash flows rather than market value, which will vary depending upon interest rates and other factors. (Article 13 of the BNY Senior Indenture and Article 14 of the BNY Senior Subordinated Indenture).

The prospectus supplement may further describe the provisions, if any, applicable to legal defeasance or covenant defeasance with respect to the Debt Securities of a particular series.

Table of Contents

Limitation on Disposition of Stock of the Bank

The BNY Senior Indenture contains a covenant by the Company that, so long as any of the Senior Debt Securities are outstanding, but subject to the rights of the Company in connection with its consolidation with or merger into another Person or a sale of the Company s assets, neither the Company nor any Intermediate Subsidiary will sell, assign, transfer, grant a security interest in or otherwise dispose of any shares of, or securities convertible into, or options, warrants or rights to subscribe for or purchase shares of, Voting Stock of the Bank (except to the Company or an Intermediate Subsidiary) nor will the Company or any Intermediate Subsidiary permit the Bank to issue any shares of, or securities convertible into, or options, warrants or rights to subscribe for or purchase shares of, Voting Stock of the Bank, unless (a) any such sale, assignment, transfer, grant of a security interest or other disposition is made for fair market value, as determined by the Board of Directors of the Company or any Intermediate Subsidiary, as the case may be, and evidenced by a duly adopted resolution thereof and (b) the Company and any one or more Intermediate Subsidiaries will collectively own at least 80% of the issued and outstanding Voting Stock of the Bank (or any successor to the Bank) free and clear of any security interest after giving effect to such transaction. The foregoing, however, will not preclude the Bank from being consolidated with or merged into another banking corporation organized under the laws of the United States, any State thereof or the District of Columbia, if after such merger or consolidation the Company (or any successor thereto in a permissible merger) and any one or more Intermediate Subsidiaries own at least 80% of the Voting Stock of the resulting bank and immediately after giving effect thereto no Event of Default and no event which would become an Event of Default shall have occurred and be continuing. The Company further covenants that it will not permit any Intermediate Subsidiary that owns any shares of, or securities convertible into, or options, warrants or rights to subscribe for or purchase shares of, Voting Stock of the Bank to cease to be an Intermediate Subsidiary. Intermediate Subsidiary means a subsidiary (i) that is organized under the laws of the United States, any State thereof or the District of Columbia and (ii) of which all the shares of each class of capital stock issued and outstanding, and all securities convertible into, and options, warrants and rights to subscribe for or purchase shares of, such capital stock, are owned directly by the Company, free and clear of any security interest. (Section 1006 of the BNY Senior Indenture). Voting Stock means stock of the class or classes having a general voting power under ordinary circumstances to elect at least a majority of the board of directors, managers or trustees of a corporation (irrespective of whether or not at the time stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency). (Section 101 of the BNY Senior Indenture).

Defaults

The BNY Senior Indenture

The BNY Senior Indenture defines an Event of Default with respect to any series of Senior Debt Securities as any one of the following events:

default for 30 days in payment of interest on any Senior Debt Security of that series;

default in payment of principal of (or premium, if any, on) any Senior Debt Security of that series at Maturity;

default in the deposit of any sinking fund payment, when and as due by the terms of a Senior Debt Security of that series;

default in the performance, or breach, of any covenant or warranty of the Company in the BNY Senior Indenture or any Senior Debt Security of that series (other than a covenant or warranty included in the BNY Senior Indenture solely for the benefit of another series of Senior Debt Securities) and continuance of such default or breach for 60 days after due notice;

(i) failure by the Company or the Bank to pay indebtedness for money borrowed (including Debt Securities of other series) in an aggregate principal amount exceeding $25,000,000 at the later of final maturity or upon the expiration of any applicable period of grace with respect to such principal amount or (ii) acceleration of the maturity of any indebtedness of the Company or the Bank for borrowed

Table of Contents

money, in excess of $25,000,000, if such failure to pay or acceleration results from a default under the instrument giving rise to, or securing, such indebtedness and is not annulled within 30 days after due notice, unless such default is contested in good faith by appropriate proceedings;

certain events of bankruptcy, insolvency or reorganization of the Company or the Bank; and

any other Event of Default provided with respect to Senior Debt Securities of that series. (Section 501).

If an Event of Default occurs with respect to any series of Senior Debt Securities, the Trustee or holders of 25% of the outstanding principal amount of that series may declare the principal amount (or, if the Senior Debt Securities of that series are Original Issue Discount Senior Debt Securities, such portion of the principal amount as may be specified in the terms of that series) of the series immediately payable (provided that no such declaration is required upon certain events of bankruptcy). However, upon certain conditions such declaration may be annulled, and past defaults (except, unless theretofore cured, a default in payment of principal of (or premium, if any) or interest on the Senior Debt Securities of that series and certain other specified defaults) may be waived, by the holders of a majority in principal amount of the outstanding Senior Debt Securities of that series on behalf of the holders of all Senior Debt Securities of that series. (Sections 502 and 513).

The BNY Senior Subordinated Indenture

The BNY Senior Subordinated Indenture defines an Event of Default with respect to any series of Senior Subordinated Debt Securities as being certain events involving the bankruptcy, insolvency or reorganization of the Company and any other Event of Default provided with respect to BNY Senior Subordinated Debt Securities of that series. (Section 501).

The BNY Senior Subordinated Indenture defines a Default with respect to Senior Subordinated Debt Securities of any series as any one of the following events:

an Event of Default with respect to that series;

default for 30 days in payment of interest on any Senior Subordinated Debt Security of that series;

default in payment of principal of (or premium, if any, on) any Senior Subordinated Debt Security of that series at Maturity;

default in the deposit of any sinking fund payment, when and as due by the terms of a Senior Subordinated Debt Security of that series;

default in the performance, or breach, of any covenant or warranty of the Company in the BNY Senior Subordinated Indenture or any Senior Subordinated Debt Security of that series (other than a covenant or warranty included in the BNY Senior Subordinated Indenture solely for the benefit of another series of Senior Subordinated Debt Securities) and continuance of such default or breach for 60 days after due notice;

(i) failure by the Company or the Bank to pay indebtedness for money borrowed (including Subordinated Debt Securities of other series) in an aggregate principal amount exceeding $25,000,000 at the later of final maturity or upon the expiration of any applicable grace period with respect to such principal amount or (ii) acceleration of the maturity of any indebtedness of the Company or the Bank for borrowed money in excess of $25,000,000, if such failure to pay or acceleration results from a default under the instrument giving rise to, or securing, such indebtedness and is not annulled within 30 days after due notice, unless such default is contested in good faith by appropriate proceedings; and

any other Default provided with respect to Senior Subordinated Debt Securities of that series.

In case a Default shall occur and be continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the holders by appropriate judicial proceedings as the Trustee deems most effectual.

Table of Contents

If an Event of Default occurs with respect to any series of Senior Subordinated Debt Securities, the Trustee or holders of 25% of the outstanding principal amount of that series may declare the principal amount (or, if the Senior Subordinated Debt Securities of that series are Original Issue Discount Securities, such portion of the principal amount as may be specified in the terms of that series) of the series immediately payable (provided that no such declaration is required upon certain events of bankruptcy). However, upon certain conditions such declaration may be annulled and past defaults (except, unless theretofore cured, a default in payment of principal of (or premium, if any) or interest on the Senior Subordinated Debt Securities of that series and certain other specified defaults) may be waived by the holders of a majority in principal amount of the outstanding Senior Subordinated Debt Securities of that series on behalf of the holders of all Senior Subordinated Debt Securities of that series. (Sections 502 and 513).

BNY Senior and BNY Senior Subordinated Indentures

The BNY Indentures provide that, within 90 days after the occurrence of a default with respect to Debt Securities of any series, the applicable Trustee will give to the holders of Debt Securities of that series notice of such default known to it if uncured and not waived, provided that, except in the case of default in the payment of principal of (or premium, if any) or interest on any Debt Security of that series or in the payment of any sinking fund installment with respect to that series, such Trustee will be protected in withholding such notice if such Trustee in good faith determines that the withholding of such notice is in the interest of the holders of the outstanding Debt Securities of such series; and, provided further, that such notice shall not be given until 60 days after the occurrence of a default with respect to outstanding Debt Securities of any series in the performance or breach of a covenant in the Applicable Indenture other than for the payment of the principal of (or premium, if any) or interest on any Debt Security of such series or the deposit of any sinking fund payment with respect to the Debt Securities of such series. The term default with respect to any series of outstanding Debt Securities for the purpose only of this provision means the happening of any of the Events of Default or, in the case of the BNY Senior Subordinated Indenture, Defaults, specified in the Applicable Indenture and relating to such series of outstanding Debt Securities. (Section 602).

The BNY Indentures provide that, subject to the duty of the Trustees during a default to act with the required standard of care, the Trustees will not be under an obligation to exercise any of their rights or powers under the BNY Indentures at the request or direction of any of the holders, unless such holders shall have offered to the Trustees reasonable security or indemnity. (Sections 601 and 603). The BNY Indentures provide that the holders of a majority in principal amount of outstanding Debt Securities of any series may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee for that series, or exercising any trust or other power conferred on such Trustee, provided that such Trustee may decline to act if such direction is contrary to law or the Applicable Indenture and may take any other action deemed proper which is not inconsistent with such direction. (Section 512).

The BNY Indentures include a covenant that the Company will file annually with the Trustees a certificate of no default or specifying any default that exists. (Section 1007 of the BNY Senior Indenture and Section 1004 of the BNY Senior Subordinated Indenture).

Modification of the BNY Indentures

From time to time the Company and the applicable Trustee may, without the consent of the holders of any series of Debt Securities, amend, waive or supplement each Indenture for specified purposes, including, among other things, curing ambiguities or inconsistencies (provided that any such action does not materially adversely affect the interest of the holders of any series of Debt Securities).

Modification and amendments of each BNY Indenture may be made by the Company and the Trustee under the Applicable Indenture, only with the consent of the holders of not less than a majority in principal amount of each series of outstanding Debt Securities issued under such Indenture and affected thereby, by executing

Table of Contents

supplemental indentures adding any provisions to or changing or eliminating any of the provisions of the Applicable Indenture or modifying the rights of the holders of outstanding Debt Securities of such series (including the modification of the subordination provisions in a manner adverse to holders in the case of the BNY Senior Subordinated Indenture), except that no such supplemental indenture may:

- change the Stated Maturity of the principal of, or any installment of principal of or interest on, any Debt Security;
- reduce the principal amount of, or any premium or the rate of interest on, any Debt Security;
- reduce the amount of principal of an Original Issue Discount Security payable upon acceleration of the Maturity thereof;
- adversely affect any right of repayment at the option of the holder of any Debt Security;
- reduce the amount of, or postpone the date fixed for, the payment of any sinking fund or analogous obligation;
- change the place or currency of payment of principal of (or premium, if any) or interest on, any Debt Security;
- impair the right to institute suit for the enforcement of any payment on or with respect to any Debt Security on or after the Stated Maturity (or, in the case of redemption, on or after the Redemption Date);
- reduce the percentage in principal amount of outstanding Debt Securities of any series, the consent of the holders of which is required for modification or amendment of the Applicable Indenture, for waiver of compliance with certain provisions of the Applicable Indenture or for waiver of certain covenant defaults;
- modify the provisions of the Applicable Indenture relating to modification and amendment of the Applicable Indenture; or
- in the case of the BNY Senior Subordinated Indenture, modify the subordination provisions adverse to the holders of Senior Indebtedness, in each case, without such holders consent.

The BNY Indentures provide, however, that each of the amendments and modifications listed in the first nine items and, in the case of the BNY Senior Subordinated Indenture, the tenth item above may be made with the consent of the holder of each outstanding Debt Security affected thereby. (Section 902 of the BNY Indentures and Section 907 of the BNY Senior Subordinated Indenture).

Consolidation, Merger and Sale of Assets

The Company, without the consent of the holders of any of the Debt Securities under either of the BNY Indentures, may consolidate with or merge into any other Person or convey, transfer or lease its assets substantially as an entirety to any Person, or, in the case of the BNY Senior Subordinated Indenture, permit any Person to consolidate with or merge into the Company or convey, transfer or lease its properties substantially as an entirety to the Company, provided that:

- if applicable, the successor is a Person organized under the laws of the United States, any State thereof or the District of Columbia;

the successor Person, if other than the Company, assumes the Company s obligations on the Debt Securities and under the BNY Indentures;

after giving effect to the transaction no Event of Default, or, in the case of the BNY Senior Subordinated Indenture, Default, and no event which, after notice or lapse of time, would become an Event of Default, or, in the case of the BNY Senior Subordinated Indenture, Default, shall have occurred and be continuing; and

certain other conditions are met. (Section 801).

Table of Contents

Upon any consolidation or merger into any other Person or any conveyance, transfer or lease of the Company s assets substantially as an entirety to any Person, the successor Person shall succeed to, and be substituted for, the Company under the BNY Indentures, and the Company, except in the case of a lease, shall be relieved of all obligations and covenants under the BNY Indentures and the Debt Securities to the extent it was the predecessor Person.

Outstanding Debt Securities

The BNY Indentures provide that, in determining whether the holders of the requisite principal amount of outstanding Debt Securities have given any request, demand, authorization, direction, notice, consent or waiver under the Applicable Indenture:

the portion of the principal amount of an Original Issue Discount Debt Security that shall be deemed to be outstanding for such purposes shall be that portion of the principal amount thereof that would be due and payable as of the date of such determination upon the declaration of acceleration of the maturity thereof upon the occurrence and continuance of an Event of Default,

the portion of the principal amount of a Debt Security denominated in a foreign currency or currencies that shall be deemed to be outstanding for such purpose shall be the U.S. dollar equivalent, determined on the date of original issuance of such Debt Security, of the principal amount of such Debt Security (or, in the case of an Original Issue Discount Debt Security, the U.S. dollar equivalent on the date of original issuance of such Debt Security of the amount determined as provided in the item immediately above), and

Debt Securities owned by the Company or any of its Affiliates shall not be deemed to be outstanding. (Section 101).

Governing Law

The BNY Indentures and the Debt Securities will be governed by and construed in accordance with the laws of the State of New York.

Debt Securities Issued by Mellon Funding and Guaranteed by the Company under the Mellon Senior Indenture or the Mellon Senior Subordinated Indenture

Guarantees

The Company will unconditionally guarantee (the Guarantees) the punctual payment of the principal, any premium, any interest and any sinking fund payments on the Debt Securities issued by Mellon Funding when they become due from maturity, acceleration, redemption or otherwise. The Guarantees of the Senior Debt Securities rank equally with all other general credit obligations of the Company. The Guarantees of the Senior Subordinated Debt Securities are subordinate to all Senior Debt of the Company.

Because the Company is a holding company, the rights of our creditors including you if you hold Debt Securities and the Guarantees are enforced to share in distributions from any subsidiary will be subject to prior claims of that subsidiary s creditors, including depositors if the subsidiary is a bank. Regulatory considerations also impact the transfer of funds from bank subsidiaries as we discuss in Regulatory Considerations.

Events of Default

Mellon Senior Indenture.

The Mellon Senior Indenture defines an Event of Default with respect to any series of Senior Debt Securities as any one of the following events:

failure to pay the principal or premium on a Senior Debt Security of that series when due;

22

Table of Contents

failure to pay interest on a Senior Debt Security of that series when due, which continues for 30 days;

failure to deposit any sinking fund payment for a Senior Debt Security of that series when due;

default in the performance of the restrictive covenants contained in the Mellon Senior Indenture for the benefit of Debt Securities of that series, which continues for 60 days after a written notice of such breach is received from the Trustee or the holders of at least 25% of the principal amount of outstanding Debt Securities;

the Company, Mellon Funding or Mellon Bank files for bankruptcy, or certain other bankruptcy, insolvency or liquidation events occur as to any of them; and

any other Default or Event of Default provided with respect to Senior Debt Securities of that Series. (Section 601)

Mellon Senior Subordinated Indenture.

Under the Mellon Senior Subordinated Indenture, an Event of Default is limited to certain events involving the bankruptcy, insolvency or reorganization of the Company or Mellon Bank (Section 601). The Mellon Senior Subordinated Indenture does not define an Event of Default as including, or provide for rights of acceleration of the Senior Subordinated Debt Securities when:

an event of bankruptcy, insolvency or reorganization of Mellon Funding alone; or

a default in payment of principal or interest or failure to perform covenants or agreements in the Senior Subordinated Debt Securities or Mellon Senior Subordinated Indenture occurs.

The Mellon Senior Subordinated Indenture defines a Default with respect to Senior Subordinated Debt Securities of any series as any one of the following events:

failure to pay the principal or any premium on a Senior Subordinated Debt Security on its due date;

failure to pay interest on a Senior Subordinated Debt Security within 30 days of its due date; and

breach of any covenant or warranty in the Mellon Senior Subordinated Indenture for 60 days after a notice of such breach is received from either the Trustee or direct holders of at least 25% of the principal amount of outstanding Debt Securities of the affected series. (Section 603)

Remedies

If an Event of Default occurs and is continuing with respect to any series of Debt Securities, the Trustee or the holders of at least 25% in aggregate principal amount of the outstanding Debt Securities of that series may declare the principal amount of all the securities of that series to be due and immediately payable. (Section 602 of Mellon Indentures). This notice must be in writing to Mellon Funding and the Company. At any time after the Trustee or the holders have accelerated any series of Debt Securities, the holders of a majority in aggregate principal amount of outstanding Debt Securities of that series may cancel such acceleration if Mellon Funding or the Company has deposited monies on account of certain overdue amounts with the Trustee.

If a Default occurs under the Mellon Senior Subordinated Indenture, the Trustee can demand payment of amounts then due and payable on the affected series of Senior Subordinated Debt Securities and, in its discretion, proceed to enforce any covenant. Upon a Default, the Trustee may not act to accelerate the Senior Subordinated Debt Securities.

Except in cases of Default, where a Trustee has to act with a required standard of care, a Trustee is not required to take any action under the Indenture at the request of any direct holders unless the direct holders offer the Trustee reasonable protection from expenses and liability, called an indemnity. If reasonable indemnity is provided, the direct holders of a majority in principal amount of the outstanding Debt Securities of the relevant

Table of Contents

series may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee. These majority direct holders may also direct the Trustee in performing any other action under the Mellon Indentures.

In general, before a holder may bypass the Trustee and bring his own lawsuit or other formal legal action or take other steps to enforce his rights or protect his interests related to the Debt Securities, the following must occur:

- that holder must previously give to the Trustee written notice that an Event of Default, or in the case of the Subordinated Debt Securities, a Default has occurred and remains uncured;
- the direct holders of not less than 25% in aggregate principal amount of the outstanding Debt Securities of that series also must have offered the Trustee reasonable indemnity and made written request to the Trustee to institute such proceeding as Trustee;
- the Trustee must not have received from the holders of a majority in principal amount of the outstanding Debt Securities of that series a direction inconsistent with the written notice during the 60-day period after receipt of the notice; and
- the Trustee must have failed to institute a proceeding within 60 days. (Section 607 of Mellon Indentures).

Any holder of a Debt Security, however, has the absolute right to institute suit for payment of money due on his security on or after the due dates for payment. Indirect holders should consult their banks or brokers for information on how to give notice or direction to or make a request of the Trustee and to make or cancel a declaration of acceleration.

The Mellon Indentures require the Company to furnish to the Trustees annually a statement as to the performance of the obligations under the Mellon Indentures and as to any default in such performance.

Merger and Similar Events

The Company and Mellon Funding may, without the consent of the holders of any of the Debt Securities, consolidate or merge with or into another entity, and sell or lease all or substantially all of its assets to another entity. Both are also permitted to buy or lease substantially all of the assets of another entity. Either may take these actions provided that:

- the successor entity, if other than the Company or Mellon Funding, assumes all of the Company s or Mellon Funding s obligations on the Guarantees or the Debt Securities, as applicable, and under the Mellon Indentures;
- the merger, sale of assets or other transaction must not cause an Event of Default under either Mellon Indenture or a Default under the Mellon Senior Subordinated Indenture and none must have already occurred unless the merger or other transaction would cure the Event of Default or Default; and
- certain other conditions are met. (Sections 901 and 903 of Mellon Indentures)

Restrictive Covenants

Limitations in the Mellon Senior Indenture on the Company s Disposition of the Voting Stock of Mellon Funding or Mellon Bank.

The Mellon Senior Indenture provides that the Company cannot assign, sell, grant a security interest in or otherwise dispose of any shares or rights to obtain shares with general voting power, other than directors qualifying shares, of Mellon Bank or Mellon Funding. Also, the Company may not permit Mellon Bank or

24

Table of Contents

Mellon Funding to issue any shares or rights to obtain shares with general voting power of Mellon Bank or Mellon Funding. However, in the case of Mellon Bank, any of such transactions are permitted:

- that are for fair market value on the date of action; and
- where, after the transaction, the Company owns at least 80% of the shares of issued and outstanding voting stock of Mellon Bank. (Section 1107)

Subject to the merger provisions of the Mellon Senior Indenture, the Company cannot allow Mellon Bank or Mellon Funding to merge or consolidate with another company or sell, grant a security interest in or lease substantially all of its assets unless, in the case of Mellon Bank:

- the transaction is for fair market value, unless to or with a company in which the Company owns at least 80% of the shares of issued and outstanding voting stock; and
- after the transaction, the Company owns at least 80% of the shares of issued and outstanding voting stock of Mellon Bank. (Section 1107)

Limitations in the Mellon Senior Subordinated Indenture on the Company s Disposition of the Voting Stock of Mellon Funding.

The Mellon Senior Subordinated Indenture provides that the Company cannot, subject to the merger provisions, sell, assign, grant a security interest in or otherwise dispose of any shares or rights to obtain shares with general voting power of Mellon Funding. The Company cannot permit Mellon Funding to:

- issue shares or securities convertible into shares with general voting power, except to the Company;
- merge or consolidate with a person other than the Company; or
- sell, assign, grant a security interest in or otherwise dispose of or lease substantially all of its assets. (Section 1107)

Unless the prospectus supplement provides otherwise, the Mellon Indentures contain no covenants that protect holders of Debt Securities in the event of a highly leveraged transaction involving the Company, Mellon Funding or Mellon Bank.

Modification of the Mellon Indentures

Changes Not Requiring Approval of Holders.

From time to time the Company and the applicable Trustee may, without the consent of the holders of any series of Debt Securities, amend or supplement each Mellon Indenture for clarifications and certain other changes that would not adversely affect holders of any series of Debt Securities. No approval is necessary to make any change that affects only Debt Securities to be issued under each Mellon Indenture after the changes take effect. (Section 1001 of the Mellon Indentures)

The Company may also make changes or obtain waivers that do not adversely affect a particular Debt Security, even if such changes or waivers affect other Debt Securities. In those cases, the Company does not need to obtain the approval of the holder of that Debt Security; the Company need only obtain any required approvals from the holders of the affected Debt Securities or other Debt Securities.

Changes Requiring Approval of Holders.

Modification and amendments of each Mellon Indenture may be made by the Company and the Trustee under the Applicable Indenture, only with the consent of the holders of not less than 66 2/3% in principal amount of each series of outstanding Debt Securities issued under such Indenture and affected thereby, by executing

Table of Contents

supplemental indentures adding any provisions to or changing or eliminating any of the provisions of the Applicable Indenture or modifying the rights of the holders of outstanding Debt Securities of such series, except that no such supplemental indenture may:

- change the payment due date of the principal or interest on any Debt Security;
- reduce any amounts due on a Debt Security;
- reduce the principal amount, the amount payable on acceleration of the maturity after default, the interest rate or the redemption price for a Debt Security;
- change the place or currency of payment on a Debt Security;
- impair the right to sue for payment;
- in the case of the Senior Subordinated Debt Securities, modify the subordination provisions in a manner that is adverse to you;
- reduce the percentage of holders of Debt Securities whose consent is required to modify or amend the Mellon Indenture or to waive compliance with certain provisions of the Mellon Indenture;
- modify any other aspect of the provisions dealing with modification and waiver; or
- modify the terms of the Guarantees in a way that is adverse to you.

The Mellon Indentures provide, however, that each of the amendments and modifications listed above may be made with the consent of the holder of each outstanding Debt Security affected thereby. (Section 1002 of Mellon Indentures)

Legal Ownership of Debt Securities

Those who have Debt Securities registered in their own names on the books that the Company or the Trustee maintain for this purpose are referred to as holders of those Debt Securities. These persons are the legal holders of the Debt Securities. Those who, indirectly through others, own beneficial interests in the Debt Securities that are not registered in their own name are referred to as indirect holders . As discussed under the heading Global Securities, indirect holders are not legal holders, and investors in Debt Securities issued in book-entry form or in street name will be indirect holders.

Additional Mechanics

Form, Exchange and Transfer.

Unless otherwise indicated in the prospectus supplement, the Debt Securities will be issued:

- only in fully registered form;

without interest coupons; and

in denominations of $1,000 and any integral multiple of $1,000.

Holders may have Debt Securities broken into more Debt Securities of permitted smaller denominations or combined into fewer Debt Securities of larger denominations, as long as the total principal amount is not changed. This is called an exchange.

The entity performing the role of maintaining the list of registered direct holders is called the security registrar. It will also perform exchanges and transfers. Holders may exchange or transfer Debt Securities at the office of the security registrar.

Holders will not be required to pay a service charge to transfer or exchange Debt Securities, but may be required to pay for any tax or other governmental charge associated with the exchange or transfer. The transfer or exchange will only be made if the security registrar is satisfied with proof of ownership.

Table of Contents

When the Company designates a securities registrar, it will be named in the prospectus supplement according to the terms of the Indenture. Under the Mellon Indentures, the Company has agreed to appoint an office or agency in New York City for holders to transfer or exchange Debt Securities having New York as the place of payment.

Payment and Paying Agents.

The Company will pay interest, principal and any other money due on the Debt Securities at payment offices designated by the Company. These offices are called paying agents. Holders must make arrangements to have payments picked up at that office. The Company may also choose to pay interest by mailing checks to the address specified in the security register.

The Company will pay interest to holders who are direct holders at the close of business on a particular day in advance of each due date for interest are a direct holder, even if such holder no longer owns the Debt Security on the interest due date. That particular day, usually about two weeks in advance of the interest due date, is called the regular record date and will be stated in the prospectus supplement. Holders buying and selling Debt Securities must work out between them how to compensate for the fact that the Company will pay all the interest for an interest period to the holder who is the registered holder on the regular record date. The most common manner is to adjust the sales price of the Debt Securities to prorate interest fairly between buyer and seller. This prorated interest is called accrued interest.

Regardless of who acts as paying agent, all money paid by the Company to a paying agent that remains unclaimed at the end of three years after the amount is due to direct holders will be repaid to the Company. After that three-year period, holders may look only to the Company for payment and not to the Trustee, any other paying agent or anyone else.

Indirect holders should consult their banks or brokers for information on how they will receive payment.

Notices.

Notices to be given to holders of a global security will be given only to the depository in accordance with its policies as described under Global Securities. Notices to be given to holders of Debt Securities not in global form will be sent by mail to the address of the holder appearing in the Trustee s records. Indirect holders should consult their banks or brokers for information on how they will receive notice.

Defeasance

If the Debt Securities of a series will be subject to full defeasance or covenant defeasance or either type of defeasance, the prospectus supplement relating to that series will so indicate.

Full Defeasance.

The Company may terminate or defease its obligations under the Mellon Indentures of any series of Debt Securities, provided that certain conditions are met, including:

- the Company must irrevocably deposit in trust for the benefit of all holders a combination of U.S. dollars or U.S. government obligations, specified in the applicable prospectus supplement, that will generate enough cash to make interest, principal and any other payments on the Debt Securities on their applicable due dates;

- there must be a change in current federal tax law or an IRS ruling that lets us make the above deposit without causing you to be taxed on your security any differently than if we did not make the deposit and just repaid the security. Under current tax law you could recognize gain or loss; and

Table of Contents

an opinion of independent counsel shall have been delivered to the Trustee to the effect that the holders of the Debt Securities of such series will have no federal income tax consequences as a result of such deposit and termination and that if the securities are listed on the NYSE they will not be delisted. (Sections 1402 and 1404 of Mellon Senior Indenture and Sections 1502 and 1504 of Mellon Senior Subordinated Indenture)

If full defeasance is applicable to a Debt Security, holders will have to rely solely on the trust deposit for payments on such Debt Security. Holders could not look to the Company for repayment in the unlikely event of any shortfall. Conversely, the trust deposit would most likely be protected from claims of the Company s lenders and other creditors if the Company ever became bankrupt or insolvent. In the case of Subordinated Debt Securities, holders would also be released from the subordination provisions on the Subordinated Debt Securities described under Subordination of the Subordinated Debt Securities.

Covenant Defeasance.

Under current federal tax law, the Company can make the same type of deposit described above and be released from some of the restrictive covenants relating to a Debt Security. This is called covenant defeasance. In that event, holders would lose the protection of those restrictive covenants but would gain the protection of having money and securities set aside in trust to repay such Debt Security. In the case of Senior Subordinated Debt Securities, holders would be released from the subordination provisions on such subordinated Debt Security described later. In order to achieve covenant defeasance, the Company must do the following:

deposit in trust for the benefit of the holders of the Debt Securities a combination of U.S. dollars and U.S. government obligations, specified in the applicable prospectus supplement, that will generate enough cash to make interest, principal and any other payments on the Debt Securities on their applicable due dates; and

deliver to the Trustee a legal opinion of our counsel confirming that under current federal income tax law we may make the above deposit without causing you to be taxed on your Debt Security any differently than if we did not make the deposit and just repaid the Debt Security ourselves. (Sections 1403 and 1404 of Mellon Senior Indenture and Sections 1503 and 1504 of Mellon Senior Subordinated Indenture)

Ranking

The Debt Securities are not secured by any property or assets of Mellon Funding. Accordingly, ownership of Debt Securities means holders are one of Mellon Funding s unsecured creditors. The Senior Debt Securities are not subordinated to any of Mellon Funding s other debt obligations, and therefore they rank equally with all other unsecured and unsubordinated indebtedness of Mellon Funding. The Guarantees of the Senior Debt Securities rank equally with all other unsecured and unsubordinated indebtedness of the Company. The Senior Subordinated Debt Securities and related Guarantees are subordinated to some of Mellon Funding s and the Company s existing and future debt and other liabilities. See Subordination of the Subordinated Debt Securities for additional information on how subordination limits your ability to receive payment or pursue other rights if we default or have certain other financial difficulties.

Subordination of the Subordinated Debt Securities

The Senior Subordinated Debt Securities are subordinated securities and, as a result, the payment of principal of, and any premium and interest on, the Debt Securities are subordinated in right of payment to the prior payment in full of all of the Senior Debt of Mellon Funding. The Guarantees of the Senior Subordinated Debt Securities are subordinated in right of payment to the prior payment in full of all of the Company s Senior Debt. This means that, in certain circumstances where payments are not being made on all of Mellon Funding s debt obligations as they come due, the holders of all of Mellon Funding s Senior Debt will be entitled to receive

Table of Contents

payment in full of all amounts that are due or will become due on their Debt Securities before the holders of Senior Subordinated Debt Securities and the Guarantees will be entitled to receive any amounts on the Subordinated Debt Securities and the Guarantees. These circumstances include when the Company or Mellon Funding makes a payment or distributes assets to creditors upon any liquidation, dissolution, winding-up or reorganization of the Company or Mellon Funding. (Sections 1401 and 1402 of Mellon Senior Subordinated Indenture)

In addition, no payments of principal of, or any premium or interest on, the Subordinated Debt Securities may be made if there had been a Default in the obligation to make payments on Senior Debt and such Default is not cured.

By reason of such subordination provisions, in the event of insolvency, a direct holder of Senior Debt Securities may ultimately receive more than a direct holder of the same amount of Subordinated Debt Securities, and a creditor that is owed a specific amount may ultimately receive more than a direct holder of the same amount of Senior Subordinated Debt Securities.

Senior Debt means the principal of, and any premium and interest on, all of our indebtedness, including indebtedness of others that is guaranteed by the Company, whether such indebtedness exists now or is created, incurred or assumed by the Company after the date of this prospectus, that is for borrowed money, evidenced by a note or similar instrument or is incurred or given when the Company acquires any business, property or assets, or that the Company owes as a lessee under leases that generally accepted accounting principles require to be capitalized on the Company s balance sheet or leases made as part of any sale and leaseback transaction engaged in by the Company. Senior Debt includes any Senior Debt Securities. Senior Debt also includes any amendment, renewal, replacement, extension, modification and refunding of any indebtedness that itself was Senior Debt. Senior Debt does not include any indebtedness that expressly states in the instrument creating or evidencing it that it does not rank senior in right of payment to the Debt Securities. Senior Debt does not include the Senior Subordinated Debt Securities or any junior subordinated debentures. (Section 101 of Mellon Senior Subordinated Indenture)

The Company owed a total of approximately $6.0 billion in principal amount of Senior Debt, without counting any accrued interest on that Senior Debt, as of May 31, 2007, based on the Bank of New York and Mellon amounts outstanding as of that date. The Mellon Indentures do not limit the amount of Senior Debt the Company is permitted to have, and we may in the future incur additional Senior Debt.

Conversion or Exchange

If and to the extent indicated in the applicable prospectus supplement, a series of Debt Securities may be convertible or exchangeable into other Debt Securities or common stock, preferred stock or depositary shares. The specific terms on which any series may be so converted or exchanged will be described in the applicable prospectus supplement. These terms may include provisions for conversion or exchange, whether mandatory, at the holder s option or at our option, in which case the amount or number of securities the Debt Security holders would receive would be calculated at the time and manner described in the applicable prospectus supplement.

Regarding the Trustees

The Trustee under either Mellon Indenture will be named in the prospectus supplement. We and certain of our subsidiaries may conduct transactions with the Trustees in the ordinary course of business and the Trustees and their affiliates may conduct transactions with us and our subsidiaries.

Governing Law

Both Mellon Indentures are, and the Senior and Senior Subordinated Debt Securities will be, governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, except that the rights, immunities, duties and liabilities of the Trustee under the Mellon Senior Indenture are governed by the laws of the State of New York and of the Trustee under the Mellon Senior Subordinated Indenture are governed by the laws of the State of Illinois.

Table of Contents

TRUST PREFERRED SECURITIES; JUNIOR SUBORDINATED DEBT SECURITIES; RELATED GUARANTEES AND OTHER OBLIGATIONS

A description of the terms of Trust Preferred Securities, Junior Subordinated Debt Securities, related Guarantees and other related obligations which may be issued from time to time pursuant to this Registration Statement will be contained in a Prospectus Supplement related to any offering of such securities.

DESCRIPTION OF PREFERRED STOCK

Summary

The following summary contains a description of certain general terms of the Preferred Stock of the Company. The particular terms of any series of Preferred Stock will be contained in a prospectus supplement. The prospectus supplement will describe the following terms of the Preferred Stock:

the specific title and stated value,

number of shares or fractional interests therein,

any dividend, liquidation, redemption, voting and other rights,

the terms for conversion into Common Stock or other preferred stock or for exchange for Common Stock or other Debt Securities,

the securities exchanges, if any, on which such Preferred Stock is to be listed, and

the initial public offering price, and the number of shares, if any, to be purchased by the underwriters.

The terms of any series of Preferred Stock being offered may differ from the terms set forth below. If the terms differ, those terms will also be disclosed in the prospectus supplement relating to that series of Preferred Stock. The following summary is not complete. You should refer to the Certificate of Designation relating to the series of the Preferred Stock, the applicable provisions of the Company s Amended and Restated Certificate of Incorporation, the Company s By-Laws and the Delaware General Corporation Law for a complete statement of the terms and rights of that Preferred Stock. That Certificate of Designation will be filed with the SEC promptly after the offering of the Preferred Stock.

General

Under the Company s Amended and Restated Certificate of Incorporation, the Company is authorized to provide for the issuance of up to 3,600,000,000 shares of which 3,500,000,000 shares shall be Common Stock par value $0.01 per share, and 100,000,000 shares shall be Preferred Stock (the Preferred Stock), par value $0.01 per share. The Preferred Stock may be issued in one or more series and the Company s Board of Directors will have the power to fix various terms with respect to each series, including voting powers, designations, preferences and relative, participating, optional and/or other special rights, and the qualifications, limitations and restrictions thereof. The holders of the Company s common stock are not entitled to preemptive rights with respect to any shares which may be issued.

In the event of liquidation, dissolution or winding up of the Company, the holders of its common stock would be entitled to receive, after payment or provision for payment of all of its debts and liabilities, all of the assets of the Company available for distribution. The holders of the Company s Preferred Stock, if any, may have a priority over the holders of the Company s Common Stock in the event of liquidation or dissolution.

Rank

Any series of Preferred Stock will, with respect to dividend rights and rights on liquidation, winding up and dissolution rank (i) senior to all classes of common stock of the Company and all equity securities issued by the

Table of Contents

Company, the terms of which specifically provide that such equity securities will rank junior to the Preferred Stock (collectively referred to as the Junior Securities); (ii) on a parity with all equity securities issued by the Company, the terms of which specifically provide that such equity securities will rank on a parity with the Preferred Stock (collectively referred to as the Parity Securities); and (iii) junior to all equity securities issued by the Company, the terms of which specifically provide that such equity securities will rank senior to the Preferred Stock (collectively referred to as the Senior Securities). All shares of Preferred Stock will, regardless of series, be of equal rank. As used in any Certificate of Designation for these purposes, the term equity securities will not include Debt Securities convertible into or exchangeable for equity securities.

Dividends

Holders of each series of Preferred Stock will be entitled to receive, when, as and if declared by the Board of Directors of the Company out of funds legally available therefor, cash dividends at such rates and on such dates as are set forth in the prospectus supplement relating to such series of Preferred Stock. Dividends will be payable to holders of record of Preferred Stock as they appear on the books of the Company (or, if applicable, the records of the Depositary referred to below under Description of Depositary Shares) on such record dates as shall be fixed by the Board of Directors. Dividends on any series of Preferred Stock may be cumulative or non-cumulative.

The Company s ability to pay dividends on its Preferred Stock is subject to policies established by the Federal Reserve Board. See Certain Regulatory Considerations Restrictions on Payment of Dividends.

No full dividends may be declared or paid or funds set apart for the payment of dividends on any Parity Securities unless dividends shall have been paid or set apart for such payment on the Preferred Stock. If full dividends are not so paid, the Preferred Stock shall share dividends pro rata with the Parity Securities.

Conversion

The prospectus supplement for any series of Preferred Stock will state the terms, if any, on which shares of that series are convertible into shares of another series of Preferred Stock or Common Stock.

For any series of Preferred Stock that is convertible, the Company will at all times reserve and keep available, free from preemptive rights, out of the aggregate of its authorized but unissued Preferred Stock or Common Stock, as the case may be, or shares held in its treasury or both, for the purpose of effecting the conversion of the shares of such series of Preferred Stock, the full number of shares of Preferred Stock or Common Stock, as the case may be, then deliverable upon the conversion of all outstanding shares of such series.

No fractional shares or scrip representing fractional shares of Preferred Stock or Common Stock will be issued upon the conversion of shares of any series of convertible Preferred Stock. Each holder to whom fractional shares would otherwise be issued will instead be entitled to receive, at the Company s election, either (a) a cash payment equal to the current market price of such holder s fractional interest or (b) a cash payment equal to such holder s proportionate interest in the net proceeds (following the deduction of applicable transaction costs) from the sale promptly by an agent, on behalf of such holders, of shares of Preferred Stock or Common Stock, as the case may be, representing the aggregate of such fractional shares.

The holders of any series of shares of Preferred Stock at the close of business on a dividend payment record date will be entitled to receive the dividend payable on such shares (except that holders of shares called for redemption on a redemption date occurring between such record date and the dividend payment date shall not be entitled to receive such dividend on such dividend payment date but instead will receive accrued and unpaid dividends to such redemption date) on the corresponding dividend payment date notwithstanding the conversion thereof or the Company s default in payment of the dividend due. Except as provided above, the Company will make no payment or allowance for unpaid dividends, whether or not in arrears, on converted shares or for dividends on the shares of Preferred Stock or Common Stock issued upon conversion.

Table of Contents

Exchangeability

The holders of shares of Preferred Stock of any series may be obligated at any time or at a specified time or times to exchange such shares for Common Stock or Debt Securities of the Company. The terms of any such exchange and any such Debt Securities will be described in the prospectus supplement relating to such series of Preferred Stock.

Redemption

A series of Preferred Stock may be redeemable at any time or at a specified time or times, in whole or in part, at the option of the Company or the holder thereof upon terms and at the redemption prices set forth in the prospectus supplement relating to such series.

In the event of partial redemptions of Preferred Stock, whether by mandatory or optional redemption, the shares to be redeemed will be determined by lot or pro rata, as may be determined by the Board of Directors of the Company or by any other method determined to be equitable by the Board of Directors.

On and after a redemption date, unless the Company defaults in the payment of the redemption price, dividends will cease to accrue on shares of Preferred Stock called for redemption and all rights of holders of such shares will terminate except for the right to receive the redemption price.

Under current regulations, bank holding companies, except in certain narrowly defined circumstances, may not exercise any option to redeem shares of preferred stock included as Tier 1 Capital without the prior approval of the Federal Reserve. Ordinarily, the Federal Reserve Board would not permit such a redemption unless (1) the shares are redeemed with the proceeds of a sale by the bank holding company of common stock or perpetual preferred stock or (2) the Federal Reserve determines that the bank holding company s condition and circumstances warrant the reduction of a source of permanent capital.

Liquidation Preference

Upon any voluntary or involuntary liquidation, dissolution or winding up of the Company, holders of each series of Preferred Stock that ranks senior to the Junior Securities will be entitled to receive out of assets of the Company available for distribution to shareholders, before any distribution is made on any Junior Securities, including Common Stock, distributions upon liquidation in the amount set forth in the prospectus supplement relating to such series of Preferred Stock, plus an amount equal to any accrued and unpaid dividends. If upon any voluntary or involuntary liquidation, dissolution or winding up of the Company, the amounts payable with respect to the Preferred Stock of any series and any other Parity Securities are not paid in full, the holders of the Preferred Stock of such series and the Parity Securities will share ratably in any such distribution of assets of the Company in proportion to the full liquidation preferences to which each is entitled. After payment of the full amount of the liquidation preference to which they are entitled, the holders of such series of Preferred Stock will not be entitled to any further participation in any distribution of assets of the Company.

Voting Rights

Except as indicated below or in the prospectus supplement relating to a particular series of Preferred Stock or except as expressly required by applicable law, the holders of shares of Preferred Stock will have no voting rights.

Under regulations adopted by the Federal Reserve, if the holders of shares of any series of Preferred Stock of the Company become entitled to vote for the election of directors, such series may then be deemed a class of voting securities and a holder of 25% or more of such series (or a holder of 5% if it otherwise exercises a controlling influence over the Company) may then be subject to regulation as a bank holding company in accordance with the BHC Act. In addition, at such time as such series is deemed a class of voting securities,

Table of Contents

(i) any other bank holding company may be required to obtain the approval of the Federal Reserve Board to acquire or retain 5% or more of such series, and (ii) any person other than a bank holding company may be required to file with the Federal Reserve Board under the Change in Bank Control Act, a federal law, to acquire or retain 10% or more of such series.

Preferred Stock Outstanding

As of the date of this prospectus, the Company has issued and outstanding no shares of Preferred Stock. The Company, as successor by merger to Mellon Financial Corporation, is a party to Stock Purchase Contracts obligating the Company to issue to Mellon Capital Trust IV, a subsidiary of the Company, on the Stock Purchase Date specified in the Stock Purchase Contracts, an aggregate of 5,001 shares of the Company s Series A Noncumulative Preferred Stock, liquidation preference $100,000 per share.

Transfer Agent, Registrar and Dividend Disbursement Agent

Mellon Investor Services is the Transfer Agent, Registrar and Dividend Disbursement Agent for the Company s Preferred Stock.

DESCRIPTION OF DEPOSITARY SHARES

The following summary is not complete. You should refer to the applicable provisions of the forms of the Company s Deposit Agreement and Depositary Receipt relating to the Preferred Stock for a complete statement of the terms and rights of the Depositary Shares. The form of Deposit Agreement is incorporated by reference as an exhibit to the registration statement of which this prospectus is a part by reference to Bank of New York s previous filings with the SEC.

General

The Company may, at its option, elect to offer fractional shares of Preferred Stock, rather than full shares of Preferred Stock. In the event such option is exercised, the Company will issue Depositary Receipts, each of which will represent a fraction (to be set forth in the prospectus supplement relating to a particular series of Preferred Stock) of a share of a particular series of Preferred Stock as described below.

The shares of any series of Preferred Stock represented by Depositary Shares will be deposited under a Deposit Agreement (the Deposit Agreement) between the Company and a bank or trust company selected by the Company having its principal office in the United States and having a combined capital and surplus of at least $50,000,000 (the Depositary). Subject to the terms of the Deposit Agreement, each owner of a Depositary Share will be entitled, in proportion to the applicable fraction of a share of Preferred Stock represented by such Depositary Share, to all the rights and preferences of the Preferred Stock represented thereby (including dividend, voting, redemption, conversion and liquidation rights).

The Depositary Shares will be evidenced by depositary receipts issued pursuant to the Deposit Agreement (the Depositary Receipts). Depositary Receipts will be distributed to those persons purchasing the fractional shares of Preferred Stock in accordance with the terms of the offering.

Pending the preparation of definitive Depositary Receipts, the Depositary may, upon the written order of the Company or any holder of deposited Preferred Stock, execute and deliver temporary Depositary Receipts which are substantially identical to, and entitle the holders thereof to all the rights pertaining to, the definitive Depositary Receipts. Definitive Depositary Receipts will be prepared thereafter without unreasonable delay, and temporary Depositary Receipts will be exchangeable for definitive Depositary Receipts at the Company s expense.

Dividends and Other Distributions

The Depositary will distribute all cash dividends or other cash distributions received in respect of the deposited Preferred Stock to the record holders of Depositary Shares relating to such Preferred Stock in proportion to the numbers of such Depositary Shares owned by such holders.

Table of Contents

In the event of a distribution other than in cash, the Depositary will distribute property received by it to the record holders of Depositary Shares entitled thereto. If the Depositary determines that it is not feasible to make such distribution, it may, with the approval of the Company, sell such property and distribute the net proceeds from such sale to such holders.

Redemption or Exchange of Stock

If a series of Preferred Stock represented by Depositary Shares is to be redeemed or exchanged, the Depositary Shares will be redeemed from the proceeds received by the Depositary resulting from the redemption, in whole or in part, of such series of Preferred Stock held by the Depositary, or exchanged for the Common Stock or Debt Securities to be issued in exchange for the Preferred Stock (as the case may be, in accordance with the terms of such series of Preferred Stock). The Depositary Shares will be redeemed or exchanged by the Depositary at a price per Depositary Share equal to the applicable fraction of the redemption price per share or market value of Common Stock or Debt Securities per Depositary Share paid in respect of the shares of Preferred Stock so redeemed or exchanged. Whenever the Company redeems or exchanges shares of Preferred Stock held by the Depositary, the Depositary will redeem or exchange as of the same date the number of Depositary Shares representing shares of Preferred Stock so redeemed or exchanged. If fewer than all the Depositary Shares are to be redeemed or exchanged, the Depositary Shares to be redeemed or exchanged will be selected by the Depositary by lot or pro rata or by any other equitable method as may be determined by the Company.

Withdrawal of Stock

Any holder of Depositary Shares may, upon surrender of the Depositary Receipts at the corporate trust office of the Depositary (unless the related Depositary Shares have previously been called for redemption), receive the number of whole shares of the related series of Preferred Stock and any money or other property represented by such Depositary Receipts. holders of Depositary Shares making such withdrawals will be entitled to receive whole shares of Preferred Stock on the basis set forth in the related prospectus supplement for such series of Preferred Stock, but holders of such whole shares of Preferred Stock will not thereafter be entitled to deposit such Preferred Stock under the Deposit Agreement or to receive Depositary Receipts therefor. If the Depositary Shares surrendered by the holder in connection with such withdrawal exceed the number of Depositary Shares that represent the number of whole shares of Preferred Stock to be withdrawn, the Depositary will deliver to such holder at the same time a new Depositary Receipt evidencing such excess number of Depositary Shares.

Voting Deposited Preferred Stock

Upon receipt of notice of any meeting at which the holders of any series of deposited Preferred Stock are entitled to vote, the Depositary will mail the information contained in such notice of meeting to the record holders of the Depositary Shares relating to such series of Preferred Stock. Each record holder of such Depositary Shares on the record date (which will be the same date as the record date for the relevant series of Preferred Stock) will be entitled to instruct the Depositary as to the exercise of the voting rights pertaining to the amount of the Preferred Stock represented by such holder s Depositary Shares. The Depositary will endeavor, insofar as practicable, to vote the amount of such series of Preferred Stock represented by such Depositary Shares in accordance with such instructions, and the Company will agree to take all reasonable actions which may be deemed necessary by the Depositary in order to enable the Depositary to do so. The Depositary will abstain from voting shares of the Preferred Stock to the extent it does not receive specific instructions from the holder of Depositary Shares representing such Preferred Stock.

Conversion Rights of Convertible Depositary Shares

Any holder of Depositary Shares which are convertible into Common Stock or into shares of another series of Preferred Stock, upon surrender of the Depositary Receipts therefor and delivery of instructions to the

Table of Contents

Depositary, may cause the Company to convert any specified number of whole or fractional shares of Preferred Stock represented by the Depositary Shares into the number of whole shares of Common Stock or Preferred Stock (as the case may be, in accordance with the terms of such series of the Preferred Stock) of the Company obtained by dividing the aggregate liquidation preference of such Depositary Shares by the Conversion Price (as such term is defined in the Certificate of Designation) then in effect, as such Conversion Price may be adjusted by the Company from time to time as provided in the Certificate of Designation. In the event that a holder delivers Depositary Receipts to the Depositary for conversion which in the aggregate are convertible either into less than one whole share of such Common Stock or Preferred Stock or into any number of whole shares of such Common Stock or Preferred Stock plus an excess constituting less than one whole share of such Common Stock or Preferred Stock, the holder shall receive payment in lieu of such fractional share.

Amendment and Termination of the Deposit Agreement

The form of Depositary Receipt evidencing the Depositary Shares and any provision of the Deposit Agreement may at any time be amended by agreement between the Company and the Depositary. However, any amendment which materially and adversely alters the rights of the holders of Depositary Shares representing Preferred Stock of any series will not be effective unless such amendment has been approved by the holders of at least 66 2/3% of the Depositary Shares then outstanding representing Preferred Stock of such series. Every holder of an outstanding Depositary Receipt at the time any such amendment becomes effective, or any transferee of such holder, shall be deemed, by continuing to hold such Depositary Receipt, or by reason of the acquisition thereof, to consent and agree to such amendment and to be bound by the Deposit Agreement as amended thereby. The Deposit Agreement automatically terminates if (i) all outstanding Depositary Shares have been redeemed; or (ii) each share of Preferred Stock has been converted into Common Stock or Preferred Stock or has been exchanged for Common Stock or Debt Securities; or (iii) there has been a final distribution in respect of the Preferred Stock in connection with any liquidation, dissolution or winding up of the Company and such distribution has been distributed to the holders of Depositary Shares.

Charges of Depositary

The Company will pay all transfer and other taxes and governmental charges arising solely from the existence of the depositary arrangements. The Company will pay all charges of the Depositary in connection with the initial deposit of the relevant series of Preferred Stock and any redemption or exchange of such Preferred Stock. holders of Depositary Receipts will pay other transfer and other taxes and governmental charges and such other charges or expenses as are expressly provided in the Deposit Agreement to be for their accounts.

Resignation and Removal of Depositary

The Depositary may resign at any time by delivering to the Company notice of its election to do so, and the Company may at any time remove the Depositary, any such resignation or removal to take effect upon the appointment of a successor Depositary and its acceptance of such appointment. Such successor Depositary must be appointed within 60 days after delivery of the notice of resignation or removal and must be a bank or trust company having its principal office in the United States and having a combined capital and surplus of at least $50,000,000.

Miscellaneous

The Depositary will forward all reports and communications from the Company which are delivered to the Depositary and which the Company is required to furnish to the holders of the deposited Preferred Stock.

Neither the Depositary nor the Company will be liable if it is prevented or delayed by law or any circumstance beyond its control in performing its obligations under the Deposit Agreement. The obligations of the Company and the Depositary under the Deposit Agreement will be limited to performance in good faith of

Table of Contents

their duties thereunder and they will not be obligated to prosecute or defend any legal proceeding in respect of any Depositary Shares, Depositary Receipts or shares of Preferred Stock unless satisfactory indemnity is furnished. They may rely upon written advice of counsel or accountants, or upon information provided by holders of Depositary Receipts or other persons believed to be competent and on documents believed to be genuine.

DESCRIPTION OF COMMON STOCK

General

We may issue Common Stock, separately or together with or upon conversion of or in exchange for other Company securities, all as set forth in a prospectus supplement. The following summary is not complete. You should refer to the applicable provisions of the Company s Amended and Restated Certificate of Incorporation and By-Laws, and to the Delaware General Corporation Law (DGCL) for a complete statement of the terms and rights of the Common Stock.

The Company is authorized to issue 3,500,000,000 shares of Common Stock, par value $0.01 per share. The Common Stock is listed on the New York Stock Exchange. Its symbol is BK.

The applicable prospectus supplement will describe the terms of the Common Stock including, where applicable, the following:

- the number of shares to be offered;
- the offering price; and
- any additional terms of the Common Stock which are not inconsistent with the provisions of the Company s Amended and Restated Certificate of Incorporation.

The Common Stock will be, when issued against payment therefor, fully paid and nonassessable. The rights of holders of Common Stock will be subject to, and may be adversely affected by, the rights of holders of any Preferred Stock that has been issued and may be issued in the future.

Dividends

The holders of the Common Stock of the Company are entitled to receive dividends, when, as and if declared by the Board of Directors out of any funds legally available therefor, subject to the preferences applicable to any outstanding Preferred Stock.

The Company s ability to pay dividends on its Common Stock:

- depends primarily upon the ability of its subsidiaries, including the Bank and Mellon Bank, to pay dividends or otherwise transfer funds to it, and
- is also subject to policies established by the Federal Reserve Board. See Certain Regulatory Considerations Restrictions on Payment of Dividends.

Voting

Holders of Common Stock are entitled to one vote for each share held on all matters as to which shareholders are entitled to vote. The holders of the Common Stock do not have cumulative voting rights.

Liquidation Rights

Upon liquidation of the Company, holders of Common Stock are entitled to receive pro rata the net assets of the Company after satisfaction in full of the prior rights of creditors (including holders of the Company s Debt Securities) of the Company and holders of any Preferred Stock.

Table of Contents

Miscellaneous

Holders of Common Stock do not have any preferential or preemptive right with respect to any securities of the Company or any conversion rights. The Common Stock is not subject to redemption. The outstanding shares of Common Stock are fully paid and non-assessable.

Mellon Investor Services is the Transfer Agent, Registrar and Dividend Disbursement Agent for the Common Stock of the Company.

Certain Provisions of Delaware Law and the Company s By-Laws

The DGCL restricts certain business combinations. The statute prohibits certain Delaware corporations from engaging in any business combination with a holder of 15% or more of the corporation s outstanding voting stock (interested stockholder) or with any entity if the transaction is caused by the interested stockholder within three years after the person or entity becomes an interested stockholder unless

- the transaction that caused the person to become an interested stockholder was approved by the Board of Directors of the corporation prior to the transaction;
- after the completion of the transaction in which the person becomes an interested stockholder, the interested stockholder holds at least 85% of the outstanding voting stock of the corporation not including (1) shares held by persons who are both officers and directors of the corporation and (2) shares held by specified employee benefit plans;
- after the person becomes an interested stockholder, the business combination is approved by the Board of Directors and holders of at least 66 2/3% of the outstanding voting stock, excluding shares held by the interested stockholder; or
- the transaction is one of certain business combinations that are proposed after the corporation had received other acquisition proposals and that are approved or not opposed by a majority of certain continuing members of the Board of Directors, as specified in the DGCL.

The DGCL defines the term business combination to include transactions such as mergers, sales and leases of assets, issuances of securities and similar transactions.

Under the provisions of the statute, a corporation can expressly elect not to be governed by the business combination provisions in its Amended and Restated Certificate of Incorporation or By-Laws, but, as of the date of this prospectus, the Company has not done so. (DGCL § 203).

The Company s By-Laws establish an advance notice procedure with regard to nomination by stockholders of candidates for election as directors and with regard to proposals by stockholders to be brought before a meeting of stockholders. In general, notice must be received by the Secretary of the Company (i) in the case of an annual meeting, not fewer than 90 days or more than 120 days before the anniversary date of the previous year s proxy statement; provided, however, that in the event that the date of the annual meeting is more than 30 days before or after the anniversary date of the previous year s annual meeting, notice by the stockholder will be timely if it is received (1) on or before the later of 120 calendar days before the date of the annual meeting at which the election is to take place or 30 calendar days following the first public announcement by the Company of the annual meeting date and (2) not later than 15 days prior to the scheduled mailing date of the Company s proxy materials for that annual meeting or (ii) in the case of a special meeting of stockholders at which directors are to be elected, not later than the close of business on the tenth calendar day following the earlier of the day on which notice of the meeting date was mailed and the day on which public announcement of the meeting date was made. The notice must also provide certain information set forth in the Company s By-Laws. Pursuant to Rule 14a-8 under the Exchange Act, the Board of Directors is not required to nominate in the annual proxy statement any person so proposed. Compliance with this procedure would permit a stockholder to nominate the individual(s) at the stockholders meeting, and any stockholder may vote in person or by proxy for any individual that stockholder desires.

Table of Contents

The Company s By-Law provisions regarding stockholder proposals are similar to the provisions relating to stockholder nominations in connection with an annual meeting. The advance notice of the stockholder s proposal must set forth a description of the business that the stockholder intends to bring before the meeting, including the text of the proposal, the reasons for conducting such business at the meeting and certain information regarding the proposing stockholder, including the name and address of the stockholder, the class and number of shares of the Company s capital stock beneficially owned by each such stockholder and any material interest of the stockholder in the business proposed at the meeting.

DESCRIPTION OF STOCK PURCHASE CONTRACTS AND STOCK PURCHASE UNITS

Description of Stock Purchase Contracts

We may issue stock purchase contracts, representing contracts obligating holders to purchase from or sell to us, or obligating us to purchase from or sell to the holders, a specified or variable number of shares of our common stock or preferred stock or depositary shares, as applicable, at a future date or dates. The price per share of common stock or preferred stock or per depositary share, as applicable, may be fixed at the time the stock purchase contracts are issued or may be determined by reference to a specific formula contained in the stock purchase contracts. We may issue stock purchase contracts in such amounts and in as many distinct series as we wish. The stock purchase contracts may be issued separately or as part of units, which we refer to in this prospectus as stock purchase units. Units may consist of a stock purchase contract and beneficial interests in other securities described in this prospectus or of third parties, securing the holders obligations to purchase from or sell shares to us under the stock purchase contracts. These other securities may consist of debt securities, junior subordinated debentures, preferred stock, common stock or depositary shares of the Company, debt securities of Mellon Funding, trust preferred securities or debt obligations of third parties, including U.S. Treasury securities. The stock purchase contracts may require us to make periodic payments to the holders of the stock purchase contracts or vice versa, and these payments may be unsecured or prefunded on some basis. The stock purchase contracts may require holders to secure their obligations under those contracts in a specified manner. Any stock purchase contract may include anti-dilution provisions to adjust the number of shares issuable pursuant to such stock purchase contract upon the occurrence of certain events.

The applicable prospectus supplement may contain, where applicable, the following information about the stock purchase contracts issued under it:

- whether the stock purchase contracts obligate the holder to purchase or sell, or both purchase and sell, our common stock, preferred stock or depositary shares, as applicable, and the nature and amount of each of those securities, or the method of determining those amounts;
- whether the stock purchase contracts are to be prepaid or not;
- whether the stock purchase contracts are to be settled by delivery, or by reference or linkage to the value, performance or level of our common stock, preferred stock or depositary shares;
- any acceleration, cancellation, termination or other provisions relating to the settlement of the stock purchase contracts;
- whether the stock purchase contracts will be issued in fully registered or global form; and
- any other terms of the stock purchase contracts.

Description of Stock Purchase Units

We may, from time to time, issue stock purchase units comprised of one or more of the other securities described in this prospectus in any combination. Stock purchase units may also include debt obligations of third parties, such as U.S. Treasury securities. Each stock purchase unit will be issued so that the holder of the unit is

38

Table of Contents

also the holder of each security included in the unit. Thus, the holder of a stock purchase unit will have the rights and obligations of a holder of each included security. The unit agreement under which a stock purchase unit is issued may provide that the securities included in the unit may not be held or transferred separately, at any time or at any time before a specified date.

The applicable prospectus supplement may describe:

- the designation and terms of the stock purchase units and of the securities comprising the units, including whether and under what circumstances those securities may be held or transferred separately;
- any provisions for the issuance, payment, settlement, transfer or exchange of the units or of the securities comprising the units; and
- whether the units will be issued in fully registered or global form.

The applicable prospectus supplement will describe the terms of any stock purchase units. The preceding description and any description of units in the applicable prospectus supplement does not purport to be complete and is subject to and is qualified in its entirety by reference to the relevant unit agreement and, if applicable, collateral arrangements and depositary arrangements relating to such units that we will file with the SEC in connection with the offering of stock purchase units.

DESCRIPTION OF WARRANTS

We may issue warrants to purchase debt securities, preferred stock, depositary shares or common stock. We may offer warrants separately or together with one or more additional warrants, debt securities, preferred stock, depositary shares or common stock, or any combination of those securities in the form of units, as described in the applicable prospectus supplement. If we issue warrants as part of a unit, the accompanying prospectus supplement will specify whether those warrants may be separated from the other securities in the unit prior to the warrants expiration date. Below is a description of certain general terms and provisions of the warrants that we may offer. Further terms of the warrants will be described in the prospectus supplement.

The applicable prospectus supplement will contain, where applicable, the following terms of and other information relating to the warrants:

- the specific designation and aggregate number of, and the price at which we will issue, the warrants;
- the currency or currency units in which the offering price, if any, and the exercise price are payable;
- the date on which the right to exercise the warrants will begin and the date on which that right will expire or, if you may not continuously exercise the warrants throughout that period, the specific date or dates on which you may exercise the warrants;
- whether the warrants will be issued in fully registered form or bearer form, in definitive or global form or in any combination of these forms, although, in any case, the form of a warrant included in a unit will correspond to the form of the unit and of any security included in that unit;
- any applicable material United States federal income tax consequences;

the identity of the warrant agent for the warrants and of any other depositaries, execution or paying agents, transfer agents, registrars or other agents;

the proposed listing, if any, of the warrants or any securities purchasable upon exercise of the warrants on any securities exchange;

the designation and terms of the preferred stock or common stock purchasable upon exercise of the warrants;

the designation, aggregate principal amount, currency and terms of the debt securities that may be purchased upon exercise of the warrants;

Table of Contents

if applicable, the designation and terms of the debt securities;

preferred stock, depositary shares or common stock with which the warrants are issued and the number of warrants issued with each security;

if applicable, the date from and after which the warrants and the related debt securities, preferred stock, depositary shares or common stock will be separately transferable;

the number of shares of preferred stock, the number of depositary shares or the number of shares of common stock purchasable upon exercise of a warrant and the price at which those shares may be purchased;

if applicable, the minimum or maximum amount of the warrants that may be exercised at any one time;

information with respect to book-entry procedures, if any;

the antidilution provisions of the warrants, if any;

any redemption or call provisions;

whether the warrants are to be sold separately or with other securities as parts of units; and

any additional terms of the warrants, including terms, procedures and limitations relating to the exchange and exercise of the warrants.

BOOK-ENTRY ISSUANCE

If any Debt Securities, Trust Preferred Securities, Preferred Stock or other securities (collectively, Book Entry Securities) are to be represented by global certificates, The Depository Trust Company (DTC) will act as securities depositary for all of the Book Entry Securities, unless otherwise referred to in the prospectus supplement relating to an offering of the particular series of Book Entry Securities.

The following is a summary of the depository arrangements applicable to such securities issued in global form and for which DTC acts as depositary. If there are any changes from this summary they will appear in a prospectus supplement.

If any securities are to be issued in global form, you will not receive a paper certificate representing the securities you have purchased. Instead the Company will deposit with DTC or its custodian one or more fully-registered global certificates (Global Certificates) registered in the name of Cede & Co. (DTC s nominee) for the Book Entry Securities, representing in the aggregate the total number of a Capital Trust s Trust Preferred Securities, aggregate principal amount of Junior Subordinated Debt Securities or aggregate principal amount of Debt Securities, or the total number of shares of Preferred Stock or other securities, respectively.

Since the Global Certificate is registered in the name of DTC or its nominee, DTC or its nominee is said to have legal or record ownership of the Global Certificate. Persons who buy interests in the Global Security by purchasing securities are said to own a beneficial interest in the Global Security.

Only institutions (sometimes referred to as participants) that have accounts with DTC or its nominee or persons that may hold interests through participants, such as individual members of the public, may own beneficial interests in a Global Certificate. Ownership of beneficial interests in a Global Certificate by participants will be evidenced only by, and the transfer of that ownership interest will be effected only through, records

maintained by DTC or its nominee.

Ownership of beneficial interests in a Global Certificate by persons that hold through participants will be evidenced only by, and the transfer of that ownership interest within that participant will be effected only through, records maintained by that participant.

Table of Contents

DTC has no knowledge of the actual beneficial owners of the Book Entry Securities. Beneficial owners will not receive written confirmation from DTC of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the participants through which the beneficial owners purchased the securities.

DTC alone is responsible for any aspect of its records, any nominee or any participant relating to, or payments made on account of, beneficial interests in a Global Certificate or for maintaining, supervising or reviewing any of the records of DTC, any nominee or any participant relating to such beneficial interests.

The laws of some jurisdictions require that certain purchasers of securities take physical delivery of such securities in definitive form. Such laws may impair the ability to transfer beneficial interests in a Global Certificate.

We have been advised by DTC that upon the issuance of a Global Certificate and the deposit of that Global Certificate with DTC, DTC will immediately credit, on its book-entry registration and transfer system, the respective principal amounts or numbers of shares represented by that Global Certificate to the accounts of its participants.

The Company will pay principal of, and premium, interest or dividends on, securities represented by a Global Certificate registered in the name of or held by DTC or its nominee to the relevant Trustee (or agent) who in turn will make payments to DTC or its nominee, as the case may be, as the registered owner and holder of the Global Certificate representing those securities in immediately available funds. We have been advised by DTC that upon receipt of any payment of principal of, or interest or premium (or contract adjustment payments) on, a Global Certificate, DTC will immediately credit, on its book-entry registration and transfer system, accounts of participants with payments in amounts proportionate to their respective beneficial interests in the principal or stated amount of that Global Certificate as shown in the records of DTC. Payments by participants to owners of beneficial interests in a Global Certificate held through those participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers in bearer form or registered in street name , and will be the sole responsibility of those participants, subject to any statutory or regulatory requirements as may be in effect from time to time.

A Global Certificate is exchangeable for definitive securities (paper certificates) registered in the name of, and a transfer of a Global Certificate may be registered to, any person other than DTC or its nominee, only if:

(a) DTC notifies us that it is unwilling or unable to continue as depositary for that Global Certificate or if at any time DTC ceases to be registered under the Exchange Act;

(b) we determine in our discretion that the Global Certificate shall be exchangeable for definitive securities in registered form; or

(c) in the case of Debt Securities, there shall have occurred and be continuing an Event of Default or an event which, with notice or the lapse of time or both, would constitute an Event of Default with respect to the Debt Securities.

Any Global Certificate representing a Debt Security that is exchangeable pursuant to the preceding paragraph will be exchangeable in whole for definitive Debt Securities in registered form, of like tenor and of an equal aggregate principal amount as the Global Certificate, in denominations specified in the applicable prospectus supplement (if other than $1,000 and integral multiples of $1,000). The definitive Debt Securities will be registered by the registrar in the name or names instructed by DTC. We expect that such instructions may be based upon directions received by DTC from its participants with respect to ownership of beneficial interests in the Global Certificate. Any principal, premium and interest will be payable, the transfer of the definitive Debt Securities will be registerable and the definitive Debt Securities will be exchangeable at the office specified in

Table of Contents

the applicable prospectus supplement, provided that payment of interest may be made at the option of the Company by check mailed to the address of the person entitled to that interest payment as of the record date and as shown on the register for the Debt Securities.

Any Global Certificate representing a Trust Preferred Security that is exchangeable pursuant to (a) or (b) above will be exchangeable in whole for definitive Trust Preferred Securities in registered form, of like tenor and of an equal aggregate liquidation amount as the Global Certificate, in denominations specified in the applicable prospectus supplement (if other than $25.00 and integral multiples of $25.00). The definitive Trust Preferred Securities will be registered by the registrar in the name or names instructed by DTC. We expect that such instructions may be based upon directions received by DTC from its participants with respect to ownership of beneficial interests in the Global Certificate. Any Distributions and other payments will be payable, the transfer of the definitive Trust Preferred Securities will be registerable and the definitive Trust Preferred Securities will be exchangeable at the office specified in the applicable prospectus supplement, provided that such payment may be made at the option of the Company by check mailed to the address of the person entitled to that payment as of the record date and as shown on the register for the Trust Preferred Securities.

DTC may discontinue providing its services as securities depositary with respect to any of the Book Entry Securities at any time by giving reasonable notice to the relevant Trustee and the Company. In the event that a successor securities depositary is not obtained, definitive Debt Security, Trust Preferred Security or Preferred Stock certificates representing such Debt Security, Trust Preferred Security or Preferred Stock will be printed and delivered. The Company, at its option, may decide to discontinue use of the system of book-entry transfers through DTC (or a successor depositary). After an Event of Default under the Applicable Indenture, the holders of a majority in liquidation amount of Trust Preferred Securities or aggregate principal amount of Debt Securities may determine to discontinue the system of book-entry transfers through DTC. In any such event, definitive certificates for such Trust Preferred Securities or Debt Securities will be printed and delivered.

Except as provided above, owners of the beneficial interests in a Global Security representing a Debt Security will not be entitled to receive physical delivery of Debt Securities in definitive form and will not be considered the holders of securities for any purpose under the Indentures.

No Global Security shall be exchangeable except for another Global Security of like denomination and tenor to be registered in the name of DTC or its nominee. Accordingly, each person owning a beneficial interest in a Global Security must rely on the procedures of DTC and, if that person is not a participant, on the procedures of the participant through which that person owns its interest, to exercise any rights of a holder under the Global Security or the Indentures.

Redemption notices will be sent to Cede & Co. as the registered holder of the Book Entry Securities. If less than all of a series of the Debt Securities or a Capital Trust s Trust Securities are being redeemed, DTC will determine the amount of the interest of each direct participant to be redeemed in accordance with its then current procedures.

Although voting with respect to the Book Entry Securities is limited to the holders of record of the Book Entry Securities, in those instances in which a vote is required, neither DTC nor Cede & Co. will itself consent or vote with respect to Book Entry Securities. Under its usual procedures, DTC would mail an omnibus proxy (the Omnibus Proxy) to the relevant Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co. s consenting or voting rights to those direct participants to whose accounts such Book Entry Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

DTC has advised us that DTC is a limited purpose trust company organized under the laws of the State of New York, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code and a clearing agency registered under the Exchange Act. DTC was created to hold securities of its

Table of Contents

participants and to facilitate the clearance and settlement of securities transactions among its participants in such securities through electronic book-entry changes in accounts of the participants, thereby eliminating the need for physical movement of securities certificates. DTC s participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to DTC s book-entry system is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly. The rules applicable to DTC and its participants are on file with the SEC.

The information in this section concerning DTC and DTC s book-entry system has been obtained from sources that the Capital Trusts, the Mellon Trust and the Company believe to be accurate, but the Capital Trusts, the Mellon Trust and the Company assume no responsibility for the accuracy thereof. The Capital Trusts, the Mellon Trust and the Company do not have any responsibility for the performance by DTC or its Participants of their respective obligations as described herein or under the rules and procedures governing their respective operations.

VALIDITY OF SECURITIES

Unless otherwise indicated in the applicable prospectus supplement, the validity of the securities will be passed upon for the Company by Arlie R. Nogay, Chief Securities Counsel of the Company, and for the underwriters by Cleary Gottlieb Steen & Hamilton LLP.

Unless otherwise indicated in the applicable prospectus supplement, certain matters of Delaware law relating to the validity of the Trust Preferred Securities, the enforceability of the Trust Agreements and the formation of the Capital Trusts will be passed upon by Richards, Layton and Finger, P.A., special Delaware counsel to the Company and the Capital Trusts.

EXPERTS

Ernst & Young LLP, independent registered public accounting firm, has audited Bank of New York s consolidated financial statements (and related financial statement schedules) and management s assessment of the effectiveness of internal control over financial reporting, in each case, included in Bank of New York s Annual Report on Form 10-K for the year ended December 31, 2006, as set forth in their reports thereon, which are incorporated in this prospectus by reference. Such consolidated financial statements and management s assessment are incorporated by reference in reliance on such reports given on their authority as experts in accounting and auditing.

KPMG LLP, independent registered public accounting firm, has audited Mellon Financial s consolidated financial statements (and related financial statement schedules) and management s assessment of the effectiveness of internal control over financial reporting, in each case, included in Mellon Financial s Annual Report on Form 10-K for the year ended December 31, 2006, as set forth in their reports thereon, which are incorporated in this prospectus by reference. The report with respect to the December 31, 2006 consolidated financial statements refers to a change in Mellon s method of accounting for employer defined pension and other postretirement plans in accordance with Statement of Financial Accounting Standards No. 158.

Subsequent audited consolidated financial statements of the Company and its subsidiaries and reports on the effectiveness of the Company s internal control over financial reporting as of the dates of such financial statements will also be incorporated by reference in this prospectus in reliance upon the authority of the firm providing such reports as experts in doing so to the extent said firm has audited those consolidated financial statements and consented to the use of their reports thereon in this prospectus.

Table of Contents

PLAN OF DISTRIBUTION

Securities offered by the Company and each Capital Trust

The securities to be offered by the Company and each Capital Trust may be sold in a public offering to or through agents, underwriters or dealers designated from time to time or directly to purchasers. The Company and each Capital Trust may sell its securities as soon as practicable after effectiveness of the registration statement of which this prospectus forms a part. The names of any underwriters or dealers involved in the sale of the securities in respect of which this prospectus is delivered, the amount or number of securities to be purchased by any such underwriters and any applicable commissions or discounts will be set forth in the applicable prospectus supplement.

Underwriters may offer and sell securities at a fixed price or prices, which may be changed, or from time to time at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices. In connection with the sale of securities offered by this prospectus, underwriters may be deemed to have received compensation from the Company and/or the applicable Capital Trust in the form of underwriting discounts or commissions. Underwriters may sell securities to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters.

Any underwriters utilized may engage in stabilizing transactions and syndicate covering transactions in accordance with Rule 104 under the Exchange Act. Stabilizing transactions permit bids to purchase the offered securities or any underlying security so long as the stabilizing bids do not exceed a specified maximum. Syndicate covering transactions involve purchases of the securities in the open market after the distribution has been completed in order to cover syndicate short positions. Such stabilizing transactions and syndicate covering transactions may cause the price of the securities to be higher than it would otherwise be in the absence of such transactions.

Any underwriting compensation paid by the Company and/or the applicable Capital Trust to underwriters in connection with the offering of securities, and any discounts, concessions or commissions allowed by such underwriters to participating dealers, will be described in an accompanying prospectus supplement. Underwriters and dealers participating in the distribution of securities may be deemed to be underwriters, and any discounts and commissions received by them and any profit realized by them on resale of such securities may be deemed to be underwriting discounts and commissions, under the Securities Act. Underwriters and dealers may be entitled under agreements with the Company and a Capital Trust, to indemnification against and contribution toward certain civil liabilities, including liabilities under the Securities Act, and to reimbursement by the Company for certain expenses.

In connection with the offering of securities of the Company or any Capital Trust, the Company or such Capital Trust may grant to the underwriters an option to purchase additional securities to cover over-allotments, if any, at the initial public offering price (with an additional underwriting commission), as may be set forth in the prospectus supplement for such securities. If the Company or such Capital Trust grants any over-allotment option, the terms of such over-allotment option will be set forth in the prospectus supplement for such securities.

Underwriters and dealers and their affiliates and associates may engage in transactions with, or perform services for, the Company and/or the applicable Capital Trust and/or any of their affiliates in the ordinary course of business. Certain of the underwriters and dealers, and their affiliates and associates may be customers of, including borrowers from, engage in transactions with, and perform services for, the Company, the Bank, Mellon Bank and other subsidiaries of the Company in the ordinary course of business.

Securities other than the Common Stock will be new issues of securities and will have no established trading market. Any underwriters to whom such securities are sold for public offering and sale may make a market in such securities, but such underwriters will not be obligated to do so and may discontinue any market making at any time without notice. Such securities may or may not be listed on a national securities exchange. No assurance can be given as to the liquidity of or the existence of trading markets for any securities other than the Common Stock.

This prospectus and applicable prospectus supplement may be used by BNY Capital Markets, Inc., Mellon Financial Markets LLC and other affiliates of the Company in connection with offers and sales relating to the

Table of Contents

initial sale of securities and any market making transactions in securities. These transactions may be executed at negotiated prices that are related to prevailing market prices at the time of sale, or at other prices. The Company and its affiliates may act as principal or agent in these transactions.

BNY Capital Markets, Inc. and the Mellon Financial Markets LLC, affiliates of the Company, may act as an underwriter or agent in connection with the offer and sale of securities offered by the Company or any Capital Trust pursuant to this prospectus, including acting as our agent to sell shares of Common Stock from time to time pursuant to a sales agency financing arrangement. Each offering of securities will conform to the requirements of Rule 2720 of the Conduct Rules of the National Association of Securities Dealers, Inc.

In connection with the sale of any securities registered under the registration statement of which this prospectus is a part, the maximum underwriting commission or discount to be received by any member of the National Association of Securities Dealers, Inc. or any independent broker dealer will be 8%.

The Company may enter into derivative transactions with third parties, or sell securities not covered by this prospectus to third parties in privately negotiated transactions. If the applicable prospectus supplement indicates, in connection with those derivatives, the third parties may sell securities covered by this prospectus and the applicable prospectus supplement, including in short sale transactions. If so, the third party may use securities pledged by the Company or others to settle those sales or to close out any related open borrowings of stock, and may use securities received from the Company in settlement of those derivatives to close out any related open borrowings of stock. The third party in such sale transactions will be an underwriter and will be identified in the applicable prospectus supplement.

Common Stock offered by a Selling Shareholder

Shares of Common Stock may be offered and sold by any selling shareholder who has acquired Common Stock from the Company in transactions that were not registered under the Securities Act. Sales of shares of Common Stock by a selling shareholder may be effected from time to time in one or more of the following transactions: (a) through brokers, acting as agent in transactions (which may involve block transactions), in special offerings, on any exchange where the Common Stock is traded, or otherwise, at market prices obtainable at the time of sale, at prices related to such prevailing market prices, at negotiated prices or at fixed prices; (b) to underwriters who will acquire the shares of Common Stock for their own account and resell them in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale (any public offering price and any discount or concessions allowed or reallowed or paid to dealers may be changed from time to time); (c) directly or through brokers or agents in private sales at negotiated prices; (d) to lenders pledged as collateral to secure loans, credit or other financing arrangements and any subsequent foreclosure, if any, thereunder; (e) through short sales, option exercises or other derivative transactions; or (f) by any other legally available means. Also, offers to purchase shares may be solicited by agents designated by any selling shareholder from time to time. This prospectus may be delivered by underwriters and dealers in connection with short sales undertaken to hedge exposures under commitments to acquire shares of Common Stock from selling shareholders to be sold on a delayed or contingent basis.

Any selling shareholder and any agents or broker-dealers that participate with such selling shareholder in the distribution of any of the shares of Common Stock may be deemed to be underwriters within the meaning of the Securities Act, and any discount or commission received by them and any profit on the resale of the shares purchased by them may be deemed to be underwriting discounts or commissions under the Securities Act.

In connection with a sale of shares of Common Stock by any selling shareholder pursuant to this prospectus, the following information will, to the extent then required, be provided in the applicable prospectus supplement relating to such sale: the identity of the selling shareholder, the manner in which the selling shareholder acquired the Common Stock from the Company, the number of shares to be sold, the purchase price, the public offering price, if applicable, the name of any underwriter, agent or broker-dealer, and any applicable commissions, discounts or other items constituting compensation to such underwriters, agents or broker-dealers with respect to the particular sale.

Table of Contents

$5,000,000,000

Senior Medium-Term Notes Series G

Senior Subordinated Medium-Term Notes Series H

Due Nine Months or More from Date of Issue

PROSPECTUS SUPPLEMENT

Banc of America Securities LLC	**Barclays Capital**
Citi	**Bear, Stearns & Co. Inc.**
Credit Suisse	**Deutsche Bank Securities**
Goldman, Sachs & Co.	**HSBC**
Lehman Brothers	**JPMorgan**
Merrill Lynch & Co.	**Wachovia Securities**

Morgan Stanley

UBS Investment Bank

BNY Capital Markets, Inc.

January 29, 2008.