

## MELLON INSTITUTIONAL FUNDS

January 9, 2008

Dear Shareholder,

As we reported on the funds' website (<http://www.melloninstitutionalfunds.com>), **The Boston Company International Core Equity Fund** and **The Boston Company International Small Cap Fund** paid year-end capital gain distributions on December 17, 2007 to those shareholders of record as of December 13, 2007. Although it is not unusual for the funds to realize capital gains in their pursuit of long-term growth of capital, these distributions were larger in 2007 compared to recent years. Final distribution information is set forth below on a per share basis.

Fund	Ordinary Income	Short-Term Capital Gain	Long-Term Capital Gain	Total
TBC International Core Equity Fund	\$0.18848	\$0.43644	\$17.54733	\$18.17225
TBC International Small Cap Fund	\$0.05357	\$0.47544	\$22.48675	\$23.01576

Beginning in August 2007, the funds' investment adviser was required to sell portfolio holdings to raise cash in order to satisfy an unusually high level of shareholder redemption orders. Due to the funds' strong performance, such portfolio trades included highly appreciated securities, which caused the funds to realize significant long-term capital gains that were required to be distributed to shareholders. By utilizing a tax accounting technique known as "tax equalization," each fund was able to reduce its annual capital gain distribution requirement to the amounts stated above by treating a portion of the cash proceeds sent to redeeming shareholders as a proportionate share of the fund's undistributed capital gains.

Additionally, the funds' board of trustees has approved a reverse share split of 1:10 for **The Boston Company International Small Cap Fund**, to be effective on January 24, 2008. A reverse share split effectively reduces the number of outstanding shares of a fund and increases the share price proportionally. This action is intended to increase International Small Cap Fund's net asset value per share, which was reduced as a result of the large capital gain distribution, back in line with similarly managed funds. The reverse share split will not affect the value of your investment in the fund or the fund's investment performance, and will not result in the recognition of any gain or loss to you for federal income tax purposes.

While we regret these tax-related complexities, they are an unavoidable outgrowth of the combination of the funds' strong investment returns and the extraordinary net outflows experienced during the past several months. We included with this correspondence an updated performance report for each fund. We hope this information is useful in helping you prepare for the upcoming tax season. If you have any questions regarding these distributions, please do not hesitate to contact our shareholder service department directly at 1-800-221-4795.

Sincerely,

J. David Officer  
President  
Mellon Institutional Funds Investment Trust

**Average Annual Total Returns  
(for selected periods ended September 30, 2007)**

Fund/Index	1 Year	3 Years	5 Years	10 Years
TBC International Core Equity Fund	22.37%	24.04%	25.47%	11.95%
EAFE Index <sup>1</sup>	24.87%	23.24%	23.55%	7.97%
TBC International Small Cap Fund <sup>2</sup>	24.50%	29.26%	31.49%	17.19%
S&P/Citigroup World EMI ex U.S. Index <sup>1</sup>	26.82%	27.56%	29.67%	11.85%

Each Fund's total expense ratio for the fiscal year ended September 30, 2007, gross of expense reimbursements, is as follows:

TBC International Core Equity Fund: 0.88%

TBC International Small Cap Fund: 1.11%

**Performance presented is historical. Past performance is not necessarily indicative of future results. Investment returns and principal value of an investment in a fund will fluctuate such that an investor's shares, when redeemed, may be worth less than their original cost. Current performance may be higher or lower than the performance data quoted above. To receive performance data current to the most recent month end, call 1-800-221-4795 (toll free) or visit our web site (<http://www.melloninstitutionalfunds.com>).**

**For more information, please review the funds' [current prospectus](#) or contact Mellon Institutional Funds Shareholder Services at 1-800-221-4795.**

- <sup>1</sup> The EAFE Index is an unmanaged index of common stocks that are publicly traded in European, Australian and Far Eastern securities markets. The S&P/Citigroup World EMI ex-U.S. Index is an unmanaged index that represents the small capitalization component of the Citigroup Broad Market Index, which is a comprehensive index of companies in over 20 countries excluding the U.S. These index returns reflect no deductions for fees, expenses or taxes.
- <sup>2</sup> Reflects the performance of SIMCO International Small Cap Fund, L.P., the predecessor fund, prior to the International Small Cap Fund's inception date, which is January 31, 2000.