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MELLON FINANCIAL CORP
Form 425
December 04, 2006

Filed by The Bank of New York Company, Inc.

Pursuant to Rule 425

under the Securities Act of 1933 and

deemed filed pursuant to Rule 14a-12 under

the Securities Exchange Act of 1934

Subject Companies: The Bank of New York Company, Inc. (Commission File No.: 1-06152)

Mellon Financial Corporation (Commission File No.: 1-07410)

The information presented below may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based upon our current beliefs and expectations and are subject to significant risks and uncertainties. The following risks, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements: (1) the businesses of The Bank of New York Company, Inc. and Mellon Financial Corporation may not be integrated successfully or the integration may be more difficult, time-consuming or costly than expected; (2) the combined company may not realize, to the extent or at the time we expect, revenue synergies and cost savings from the transaction; (3) revenues following the transaction may be lower than expected as a result of losses of customers or other reasons; (4) deposit attrition, operating costs, customer loss and business disruption following the transaction, including, without limitation, difficulties in maintaining relationships with employees, may be greater than expected; and (5) governmental or shareholder approvals of the transaction may not be obtained on the proposed terms or expected timeframe or at all. Additional factors that could cause The Bank of New York Company, Inc. and Mellon Financial Corporation results to differ materially from those described in the forward-looking statements can be found in The Bank of New York Company, Inc. and Mellon Financial Corporation reports (such as Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K) filed with the Securities and Exchange Commission.

Additional Information About this Transaction

The proposed transaction between The Bank of New York Company, Inc. and Mellon Financial Corporation will be submitted to The Bank of New York Company, Inc. and Mellon Financial Corporation shareholders for their consideration. Shareholders are urged to read the joint proxy statement/prospectus regarding the proposed transaction between The Bank of New York Company, Inc. and Mellon Financial Corporation because it will contain important information. Shareholders will be able to obtain a free copy of the joint proxy statement/prospectus, as well as other filings containing information about The Bank of New York Company, Inc. and Mellon Financial Corporation, without charge, at the SEC's Internet site (<http://www.sec.gov>). Copies of the joint proxy statement/prospectus and other SEC filings that will be incorporated by reference in the joint proxy statement/prospectus will also be available, without charge, from Mellon Financial Corporation, Secretary of Mellon Financial Corporation, One Mellon Center, Pittsburgh, Pennsylvania 15258-0001 (800-205-7699), or from The Bank of New York Company, Inc., Investor Relations, One Wall Street, 31st Floor, New York, New York 10286 (212-635-1578).

Directors and executive officers of The Bank of New York Company, Inc. and Mellon Financial Corporation and other persons may be deemed to be participants in the solicitation of proxies from the shareholders of Mellon Financial Corporation and/or The Bank of New York Company, Inc. in respect of the proposed transaction. Information about the directors and executive officers of Mellon Financial Corporation is set forth in the proxy statement for Mellon Financial Corporation's 2006 annual meeting of shareholders, as filed with the SEC on March 15, 2006. Information about the directors and executive officers of The Bank of New York Company, Inc. is set forth in the proxy statement for The Bank of New York Company, Inc.'s annual meeting of shareholders, as filed with the SEC on March 24, 2006. Additional information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the joint proxy statement/prospectus when it becomes available.

The following are slides from a December 4, 2006 investor presentation.

A Global Financial Services
Growth Company
December 4, 2006

1

Disclosure and Cautionary Statement

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Shareholders will be able to obtain a free copy of the joint proxy statement/prospectus, as well as other filings containing information about The Bank of New York Company, Inc. and Mellon Financial Corporation, without charge, at the SEC's Internet site. Copies of the joint proxy statement/prospectus and other SEC filings that will be incorporated by reference in the joint proxy statement are available, without charge, from Mellon Financial Corporation, Secretary of Mellon Financial Corporation, One Mellon Center, New York, NY 10001 (800-205-7699), or from The Bank of New York Company, Inc., Investor Relations, One Wall Street, 31st Floor, New York, NY 10005 (212-850-1578).

Directors and executive

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The

Bank

of

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York

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Inc.

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Mellon

Financial

Corporation

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risks,
among
others,
could
cause
actual
results
to
differ
materially
from
the
anticipated
results
or
other
expectations
expressed
in
the
forward-

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Bank of New York Company, Inc.'s and Mellon Financial Corporation's results to differ materially from those described in the found in The Bank of New York Company, Inc.'s and Mellon Financial Corporation's reports (such as Annual Reports on Form 10-Q and Current Reports on Form 8-K) filed with the Securities and Exchange Commission and available at the SEC's Internet

2

Strategic

Financial

Operational

Integration

Global leadership in Securities Servicing and Asset

Management

Strongly accretive transaction

Excellent global growth opportunities

Highly complementary businesses with strong leadership
positions

Focused and experienced management team

Disciplined and thoughtful approach

Dedicated and experienced team with proven track record

The Bank of New York Mellon

Delivering superior shareholder value through accelerated growth

3

Compelling Strategic Attributes

Capitalizing on the growth of global financial markets

Strong Market

Positions in

High Growth

Businesses

#1

global custodian with over \$16 trillion in AUC

Top 10

asset manager globally and

Top 5

in the U.S

., with more than

\$1.0

trillion in AUM

#1

provider of all issuer services

Corporate Trust,

Depository
Receipts
and Stock Transfer
#1
provider of clearing services
Top 10
in wealth management with 81 offices in the U
.S.
and UK
Top 10
U.S.
cash management
and global payments
provider
Leading client service scores
in asset servicing, wealth management,
i
ssuer, clearing
,
and treasury services
Experienced, deep and well balanced management team
Business &
Geographic
Diversification
Focused
on high return businesses with strong organic growth track
records
and
enhanced
revenue opportunities
Balanced
synergistic
business mix
no individual b
usiness
contributes
more than 35
% of pre-tax earnings
Operations in
37
countries worldwide
approximately 25%
of revenue
derived from higher growth international operations
Reduced volatility through combination of comp
lementary, stable and
synergistic
revenue sources

4

Compelling Financial Rationale

Capitalizing on the growth of global financial markets

Financially

Compelling

Immediately accretive on a cash basis to all shareholders and on a GAAP basis in 2008

Significant excess capital generation allows for meaningful reinvestment in organic growth, share repurchases and attractive dividend payout ratio

Attractive IRR, materially exceeding cost of capital for all shareholders

Potential for multiple expansion over time

Potential for significant revenue synergies, **not** incorporated in financial projections

Low Risk

Transaction

Disciplined and thoughtful approach to integration three year process managed by a dedicated and experienced integration team

Starting from a position of strength both companies have significant revenue and earnings momentum

Combination further diversifies operating risk profile versus
stand alone entities

Best in breed systems with proven and scalable operating platforms
many legacy businesses not impacted

5

Transaction Summary

Name:

The Bank of New York Mellon

Overlapping businesses branded BNY Mellon

Exchange Ratio:

New holding company formed:

1:1 Mellon share, 0.9434:1 The Bank of New York share

Relative Ownership:

63% The Bank of New York/37% Mellon

Board of Directors:

18 Directors 10 The Bank of New York/8 Mellon; includes two executives from each party

Corporate Headquarters:

New York, NY

Pittsburgh:

HQ for key business units and a Center of Excellence for Technology, Operations and Administration

Executive Management:

Senior management positions identified

Anticipated Closing:

Approximately July 1, 2007

Dividend:

Quarterly dividend of \$0.235 per share

Cost Savings:

Approximately \$700 million, phased-in over three years

Revenue Synergies:

Meaningful potential revenue synergies have been identified, but have **not** been incorporated into the financial model

Restructuring Charge:

Approximately \$1.3 billion, pre-tax

Due Diligence:

Completed

6
Steve Elliott
Co-Head, Integration
Don Monks
Co-Head, Integration
Lisa Peters
Human Resources
Mark Musi
Compliance
Jim Vallone *
Audit
Gerald Hassell
President
Management Depth and Experience
Senior management positions identified
Tom Renyi

Executive Chairman

Bob Kelly

CEO

Gerald Hassell

President

Bruce Van Saun

CFO

Ron O'Hanley

CEO, Asset Management

Todd Gibbons

CRO

Dave Lamere

CEO, Wealth Management

Jon Little

Asset Management

Carl Krasik

General Counsel

* Direct reporting line to Audit Committee of the Board

Note:

Tom Renyi to retire as Executive Chairman and from the Board of Directors 18 months following the close,
at

which

time

Bob

Kelly

will

succeed

him

as

Chairman

of

the

Board.

Steve Elliott to resign from the Board in conjunction with Tom Renyi's retirement

Karen Peetz

Corporate Trust

Tim Keaney

Co-CEO, Asset Servicing

Jim Palermo

Co-CEO, Asset Servicing

Don Monks

CAO, Head of Operations & Technology

Kurt Woetzel

Chief Information Officer

Brian Rogan

Issuer & Treasury Services

Torry Berntsen

Client Management

Richard Brueckner

CEO, Pershing

7

Enhanced Global Reach and Scale

Approximately 25% of combined revenue derived internationally

36 countries

54 cities

Serving clients in over

100 markets

International Presence

Capitalizing on the Growth

of Global Financial Markets

The Bank of New York Mellon

8
43
27
27
20
20
18
16
13
12
11
0
10
20
30
40
50
243

241
160
119
109
83
81
76
70
59
43
42
39
37
30
27
27
27
27
25
23
23
22
22
20
20
16
12
0
25
50
75
100
125
150
175
200
225
250
275

Scale Enhances Ability to Invest, Compete
and Outperform Globally

Top Trust & Asset Management Providers
by Market Capitalization¹

Notes: Pro forma for pending transactions

1
Market capitalization as of 12/1/06. Excludes insurers

2
Equal
to
combined

market
capitalizations
of
The
Bank
of
New
York
and
Mellon

as
of
12/1/06
3

Mellon currently ranks #28 and Northern Trust #36 among largest U.S. financial services institutions
Top 25 U.S. Financial Services Institutions
by Market Capitalization'

#1
#11
#18
#28

9

Integration Thorough and Thoughtful

Process

A True Merger combination of best of both companies

Lose no Customers

philosophy

Commitment to maintaining our #1 customer service standards/levels

Continued emphasis on risk management and compliance

Open communication with all employees

Dedicated integration team led by key senior executives minimizes
impact on day to day operations

Measured integration process 3 year integration timeframe

Detailed

integration

planning

Integration

complete

1H07

2H07

1H08

2H08

1H09

2H09

Transaction close

Integration of overlapping businesses and shared services

Applications / systems conversions and data center consolidations

10

Clearly Defined Operating Strategy

Focus on high-growth global businesses Securities Servicing
and Asset Management

Maintain superior client service, investment performance and
the highest fiduciary standards

Achieve competitive margins in each business line

Deploy capital effectively to accelerate long-term growth
and returns

A Global Financial Services Growth Company

11	
Business Line	
(\$bn)	
(%)	
Asset Management & Wealth Management	
1.2	
31	
Asset Servicing	
0.9	
24	
Issuer Services	
1.0	
27	
Treasury Services & Clearing Services	

0.9
23
Other
(0.2)
(5)
Total
\$3.8
100
Balanced & Complementary Business Lines
Pro Forma Revenue Mix¹
Pro Forma Pre-Tax Earnings Mix¹
High Return, Low Capital Intensive Business Model Allows
for Significant Reinvestment and Share Repurchases

Note:

1

Represents results through 9/30/06 annualized. The Bank of New York pro forma for Corporate Trust swap transaction
\$4.5bn

with cost savings

Business Line

(\$bn)

(%)

Asset Management &
Wealth Management

3.6

29

Asset Servicing

3.5

28

Issuer Services

2.2

18

Treasury Services &
Clearing Services

2.5

20

Other

0.7

5

Total

\$12.5

100

12
BNY Mellon Asset Management
Combined global AUM of greater than \$1.0 trillion as of 9/30/06
Ranking
Manager
Assets
(\$bn)
1
UBS
2,016
2
Barclays Global Investors
1,513
3
Allianz Group
1,493
4

State Street Global

1,441

5

Fidelity

1,442

6

AXA Group

1,260

7

Capital Group

1,166

8

Credit Suisse

1,128

9

Deutsche Bank

1,027

10

BNY Mellon²

1,011

11

BlackRock³

991

12

Vanguard Group

958

13

Mellon²

856

The Bank of New York

155

Global Asset

Management

1

Notes:

Revenue CAGR represents growth rate from 2003 through year to date 2006 annualized

1

Source: Pensions & Investments; data as of 12/31/05

2

Pro forma for acquisition of Mellon West LB and Walter Scott

3

Based on MLIM and BlackRock's AUM; consolidated as of 12/31/05

Top ten global asset manager

(P&I, September 2006)

Top 5 U.S. asset manager

(Institutional Investor, July 2006)

A global leader

with strong
international
presence

\$176 billion in assets for non-U.S.
clients
1

7th largest asset manager in Europe
(Investments & Pensions Europe, June 2006)

Over \$50 billion in alternative
assets
1

an expertise
in alternatives

46% of 50 largest global retirement plans
(P&I December 2005)

58% of top 50 U.S. corporate plans
(P&I December 2005)

46% of top 50 U.S. public plans
(P&I December 2005)

40% of top 20 U.S. endowments; 45% of
top 20 foundations
(P&I December 2005)

and broad
client reach

Greater Opportunity to Drive Growth Globally
from Expanded Presence in Asset Servicing
3 Year Revenue
CAGR of 18%

13
BNY Mellon Wealth Management
Greater than \$150 billion in client assets

Over 350 years combined experience
serving financially successful families
and a shared
heritage

Industry leading retention and client
satisfaction
with
outstanding
reputation for
client service

Broad institutional asset class

expertise brought to all clients
with deep
and broad
capabilities

Top Ten U.S. Wealth Manager with
over \$150 billion in client assets

81 offices 77 domestic and
4 international

Complementary geography
represented in large metropolitan
wealth markets including NYC

A national
leader

High Growth, High Margin

Business with Expanded Opportunities

Notes:

Fee revenue CAGR represents growth rate from 2003 through year to date 2006 annualized

1 Source: Barron's; data as of 6/30/06

2 Pro forma for Bank of America's announced acquisition of U.S. Trust

Ranking

Manager

Assets (\$bn)

1

Merrill Lynch

879

2

Citigroup

825

3

Bank of America²

507

4

UBS

378

5

Morgan Stanley

350

6

Wachovia

324

7

Fidelity

299

8

J.P. Morgan

237

9

BNY Mellon

152

10

Goldman Sachs

148

17

Mellon

92

20

The Bank of New York

60

Top U.S. Wealth Managers'

3 Year Fee Revenue

CAGR of 7%

14

BNY Mellon Asset Servicing
\$16.6 trillion AUC as of 9/30/06
Broad Product Capabilities

Global Custody

Global Fund Services

Foreign Exchange

Securities Lending

Global Liquidity Services

Transfer Agency

Transition Management

Trustee/Depot Bank Services

Offshore Fund Administration

Benefit Disbursements

Performance Analytics

Hedge Fund Administration

Scale and Market Leadership

\$16.6 trillion of assets under custody¹

\$1.7 trillion in mutual funds under custody²

Largest global provider of performance and analytics

16% of exchange-traded funds²

Largest lender of U.S. Treasury securities and depository receipts²

#1 ranked for service quality and technology

#1 ranked provider of FX globally

Leading offshore fund administrator

Global Custody Ranking¹

Ranking

Provider

Assets Under

Custody

(\$tn)

BNY Mellon

16.6

1

JPMorgan

12.9

2

The Bank of New York

12.2

3

State Street

11.3

4

Citigroup

9.6

5

Mellon

4.4

6

BNP Paribas

4.3

7

Northern Trust

3.3

8

HSBC

3.0²

9

UBS

2.8²

10

U.S. Bancorp

2.3²

Notes:

Revenue CAGR represents growth rate from 2003 through year to date 2006 annualized

1 Data as of 9/30/06

2 Data as of 6/30/06

Increased Scale and Market Leadership Leading to

Greater Growth and Efficiency Globally

3 Year Revenue

CAGR of 13%

15

BNY Mellon Asset Servicing

Highly complementary businesses

The Bank of New York Strengths

Mellon Strengths

Combining Best of Breed Resulting in
Greater Growth and Efficiency Globally

Culture of Quality Service & Delivery

Culture of Disciplined Cost Management

Financial Institution Relationships

Pension Relationships

Custody

Accounting, Performance

& Risk Analytics

Low Cost Locations: Syracuse

& Manchester

Low Cost Locations: Pittsburgh & India

Real-time Global Technology
Client Information Front End
FX, Securities Lending, &
Execution Services
Asset Management Offerings
Hedge Fund Administration
Hedge Fund Administration

16
BNY Mellon Asset Servicing
Complementary client bases
Market Segment Leadership
The Bank of
New York
Mellon
Combined
Corporate Pensions
Endowments & Foundations
U.S. Public Funds
Mutual Funds
Central Banks
ETFs/UITs
Broker Dealers
Hedge Funds

Increased Scale and Market Leadership Leading to
Greater Growth and Efficiency Globally

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The Bank of New York Mellon Issuer Services
Global Corporate Trust

#1 Overall Global Trustee and #1 Trustee in nearly all
domestic and international debt categories

Over \$8 trillion in outstanding debt and over 90,000
clients worldwide

Well positioned for continued growth of global debt
markets and structured products

Corporate Trust swap transaction closed on 10/1/06
Depository Receipts

Market leader with over 1,200 sponsored programs
from 900 issuers in 60 countries

#1 market share by all DR programs, trading value,
capital raisings, and successorships

Well positioned to benefit from continued market
growth in all geographies and industries

Leadership in High Growth,

High Margin Businesses

3 Year Revenue

CAGR of 14%

3 Year Revenue

CAGR of 28%

Note:

Revenue

CAGR

represents

growth

rate

from

2003

through

year

to

date

2006

annualized.

Global

Corporate

Trust

revenue

CAGR

excludes

revenues

from

Corporate

Trust

swap transaction

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The Bank of New York Mellon Clearing Services
Pershing

Leading provider of clearing and financial advisory
solutions to IBDs and RIAs

Over \$825 billion in client assets

Well positioned to grow RIA market share through
Pershing Advisor Solutions

#1 ranked provider of correspondent securities clearing
Broker-Dealer Services

One of two U.S. securities clearing agents

#1 ranked provider of global collateral management products

Well positioned to benefit from continued growth in global securities trading

3 Year Revenue

CAGR of 11%

3 Year Fee Revenue

CAGR of 14%

Leadership in High Growth,

High Margin Businesses

Note:

Revenue CAGR represents growth rate from 2003 through year to date 2006 annualized. For Pershing, 2003 amount equal to a

19
Transaction Close:
July 1, 2007
Consideration Mix:
100% stock
Structure:
New Holdco formed; 1:1 Mellon share, 0.9434:1 The Bank of New York share
EPS Estimates:
The Bank of New York
I/B/E/S median EPS estimate of \$2.40 for 2007; thereafter, EPS grown at long-term growth rate of 10.8%
Mellon
I/B/E/S median EPS estimate of \$2.44 for 2007; thereafter, EPS grown at long-term growth rate of 10.8%
Share Repurchases:
Share repurchases assumed with capital in excess of 5% TCE/TA

Represents share repurchases of approximately \$1.0 billion in 2008 and \$2.1 billion in 2009
Cost Savings:

\$700 million, phased-in 15% in 2007, 50% in 2008, 85% in 2009 and 100% thereafter

Revenue Synergies:

No net revenue synergies or attrition assumed

Restructuring Charge:

\$1.3 billion, which equates to 185% of one year fully phased-in cost savings

85% or \$1.1 billion is cash related and funded at 5.25% (pre-tax)

\$600 million capitalized at close, remaining \$700 million incurred over 3 year period

Identified Intangibles:

Identified intangibles of \$2.7 billion created

Amortized utilizing straight-line methodology over 10 years

Incremental Tax Rate:

38%

Financial Assumptions

20

Realistic, Deliverable Expense Synergies

Synergies in-line with precedent financial services transactions

Represents approximately **8.5%**

of the combined estimated 2006 expenses

Approximately 3,900 FTEs

Disciplined Integration Process:

15% realized in '07, 50% in '08 and 85% in '09

Date

Transaction

% of

Combined

05/25/2006

Regions/AmSouth

10.0
02/15/2006
BlackRock/MLIM
6.8
01/23/2004
Regions/Union Planters
7.0
01/14/2004
JPMorgan/Bank One
7.4
04/15/2001
First Union/Wachovia
8.5
10/04/2000
Firststar/US Bancorp
5.4
03/20/2000
National Commerce/CCB
12.6
03/15/1999
Fleet/BankBoston
8.3
07/01/1998
Star Banc/Firststar
15.0
06/08/1998
Norwest/Wells Fargo
7.7
04/13/1998
NationsBank/BofA
10.0
04/13/1998
Banc One/First Chicago
10.1

Average
9.1%

Business Line
Cost Savings
(\$mm)
Asset & Wealth Management
50
Securities Servicing
290
Total Direct Expenses
340
Technology
240
Shared Services & Other¹
120

Total

700

Note:

1

Includes other allocated expenses

21
Merger Related Costs \$1.3 Billion Pre-tax
(Dollars in millions)
Total
Personnel-Related
625
Technology & Facilities
350
Transaction Fees
100
Other¹
225
Total Pre-tax
1,300
Total After-tax
805

Phase-in

Total

2007

725

2008

400

2009

175

Total Pre-tax

1,300

Total After-tax

805

Note:

1

Other primarily includes asset write-offs, vendor contract modifications and rebranding

22

Pro Forma Impact EPS

Strongly accretive transaction

Notes:

Operating EPS represents EPS before merger related expenses. Operating cash EPS is equal to operating EPS plus after-tax per intangible amortization

1 Assumes transaction close on 7/1/07

2 Assumes 100% of cost savings are phased-in

Year Ended,

2007/2009

Illustrative

2007¹

2008

2009

CAGR (%)

2009²

EPS Impact to The Bank of New York

The Bank of New York Operating EPS

\$2.40

\$2.66

\$2.94

10.8

\$2.94

Pro Forma Operating EPS

2.37

2.70

3.17

15.6

3.23

Operating EPS Accretion/(Dilution) (%)

(1.0)

1.4

7.7

9.8

Pro Forma Operating Cash EPS

\$2.52

\$2.90

\$3.38

15.8

\$3.44

Operating Cash EPS Accretion (%)

1.1

5.3

11.3

13.3

EPS Impact to Mellon

Mellon Operating EPS

\$2.44

\$2.70

\$2.99

10.8

\$2.99

Pro forma Operating EPS

2.47

2.86

3.36

16.8

3.43

Operating EPS Accretion (%)

1.0

5.7

12.3

14.5

Pro Forma Operating Cash EPS

\$2.59

\$3.07

\$3.58

17.5

\$3.65

Operating Cash EPS Accretion (%)

4.5

11.9

18.0

20.2

Memo:

Average FD Shares Outstanding

774

1,121

1,091

1,091

Financial Rationale is Compelling

23

Meaningful Revenue Synergy Opportunities

(**not**

assumed in financial model)

Accelerates Revenue Growth

and Enhances Operating Leverage

Breadth of Mellon's asset management products and services to

The Bank of New York's securities servicing clients

Breadth of The Bank of New York's global markets products to

Mellon's asset servicing and wealth management clients

Breadth of Mellon's risk services to The Bank of New York's

servicing clients

Leverage Pershing's distribution platform to deliver Mellon's asset

and wealth management products

Leverage The Bank of New York's credit relationships to distribute

Mellon's domestic cash management services and stock transfer

Enhanced Income Realization from Existing Client Base

24

The Bank of New York Mellon

Delivering superior shareholder value through accelerated growth

The Bank of New York Mellon

A Global Financial Services Growth Company

Strategic

Financial

Operational

Integration

Global leadership in Securities Servicing and Asset

Management

Strongly accretive transaction

Excellent global growth opportunities

Highly complementary businesses with strong leadership
positions

Focused and experienced management team

Disciplined and thoughtful approach

Dedicated and experienced team with proven track record

25

Appendix
THE BANK

26

Timeline

Time Period

Agenda

January

File S-4 with SEC

Late February/Early March

SEC review completed, estimated 6-8 weeks after filing of S-4

Mid-March

Proxy mailed to shareholders

Second Quarter

Shareholder/regulatory approvals

July 1

st

Estimated Transaction close

27

Combined Balance Sheet
As of September 30, 2006
(Dollars in billions)

The Bank
of New York

Mellon
Combined¹

Cash and Investment Securities

\$49.9

\$27.2

\$77.1

Loans

41.3

5.9

47.2

Goodwill and Intangibles

4.8

2.3

7.1

Other Assets

10.6

7.2

17.8

Total Assets

106.6

42.7

149.3

Deposits

67.9

29.0

96.9

Borrowings

10.6

6.3

16.9

Other Liabilities

17.6

2.9

20.6

Total Liabilities

96.2

38.2

134.3

Total Equity

10.5

4.5

15.0

Total Liabilities and Equity

\$106.6

\$42.7

\$149.3

Source: Publicly available financial statements

Note:

1

Does not include purchase accounting adjustments

28

Pro Forma Income Statement

Notes: Operating net income represents net income before merger related expenses. Operating cash net income is equal to operating net income after-tax impact of intangible amortization

1

Reflects pro forma earnings for six months of The Bank of New York Mellon, assuming transaction close on 7/1/07

2

Assumes 100% of cost savings phased-in

3

Includes restructuring charge funding, share repurchase funding and addback of Mellon's existing identified intangible amortization

4

Excludes accounting impact of future merger related expenses realized through income statement

Year Ended,

Illustrative

(Dollars in millions)

2007

1

2008
2009
2009
2
The Bank of New York
Stand Alone Net Income
\$912
\$2,020
\$2,237
\$2,237
Mellon
Stand Alone Net Income
507
1,122
1,243
1,243
Pro Forma
Net Income Before Adjustments
1,418
3,142
3,480
3,480
After-tax Adjustments:
Cost Savings
67
230
403
474
Transaction Identified Intangible Amortization
(85)
(169)
(169)
(169)
Other
3
9
0
(47)
(47)
Total After-tax Adjustments
4
(9)
61
187
258
Pro Forma Operating
Net Income
\$1,409
\$3,203
\$3,666

\$3,738

Pro Forma Operating
Cash Net Income

\$1,529

\$3,443

\$3,906

\$3,978

29
Pro Forma Operating Metrics
(%)
The Bank
of New York
Mellon
Pro Forma
Combined
1
2008 Estimated
Return on Common Equity
16.1
20.7
11.4
Cash Return on Tangible Common Equity
33.7
43.1
49.2

Last Twelve Months²

Fee Income Ratio

76.9

90.5

83.0

Pre-tax Margin

36.2

25.3

36.8

Pro Forma Capital

TCE/TA at 9/30/07

5.05

5.60

4.20

TCE/TA at 12/31/07

5.30

5.90

4.50

TCE/TA at 12/31/08

6.25

7.35

5.00

3

Notes:

1

Pro forma figures reflect purchase accounting adjustments. Adjustments to the income statement are detailed on page 28

2

Pro

forma

for

recent

The

Bank

of

New

York

acquisitions.

Adjusted

for

fully

phased-in

cost

savings

and

restructuring

charge

and

share

repurchase

funding

costs

3

Includes estimated share repurchases of approximately \$1.0 billion in 2008

30
\$1,290
\$1,490
\$1,680
\$2,130
\$560¹
\$770¹
4.50%
5.65%
7.00%
0.00
1.00
2.00
3.00
4.00
5.00

6.00
7.00
8.00
12/31/07
12/31/08
12/31/09

0
500
1,000
1,500
2,000
2,500
3,000
3,500
4,000
4,500
5,000

Dividends²

Incremental Annual Retained Earnings³

TCE/TA

Pro Forma Capital Generation

Notes:

1

For the six months ended 12/31/07

2

Assumes 40% dividend payout ratio

3

Assumes no share repurchases

4 TCE/TA ratios as of year-end

4

31
(Dollars in millions)
At Close
2007
2008
2009
2010
2011
Combined Value¹
(45,210)
Combined Cash Net Income
1,460
3,230
3,570
3,940
4,360
After-tax Cost Savings
67
230

403
488
503

After-tax Cash Restructuring Costs²

(382)
(211)
(92)

Capital Requirements, Net of Funding Costs³

(140)
(300)
(360)
(430)
(500)

Terminal Value (15.4x 1-year Forward GAAP)

4
76,270

Net Cash Flows

(45,210)
1,005
2,949
3,521
3,998
80,633

Internal Rate of Return

Materially exceeds cost of capital

19% Internal Rate of Return

Notes:

1
Based on closing stock prices as of 12/1/06

2
Assumes 85% of merger related and restructuring costs are cash related

3
Assumes

5%
asset
growth
per
annum
and
target
TCE/TA
of
5.00%
net
of
funding
benefit/(cost)
from

restructuring
charge,
cost
savings
and
change
in
capital
assuming
5.25%
pre-tax rate
4

Based on blended GAAP P/E multiple using I/B/E/S median EPS estimates for 2007 applied to 2012 estimated GAAP net income

32
The bank