

Formation of BNY ConvergeEx Group *Repositioning for Enhanced Growth & Return*

June 30, 2006



The **BANK of NEW YORK**

Cautionary Language

The forward looking statements presented today including, among other things, projections with respect to revenue and earnings growth and the Company's plans and objectives are subject to risks and uncertainties that could cause actual results to differ materially from the projections. These include lower than expected performance or higher than expected costs in connection with acquisitions and integration of acquired businesses, the level of capital market activity, inaccuracies in management projections or market forecasts, the actions that management could take in response to these changes and other factors described in the SEC filings referred to below.

For additional detailed information, we refer you to the discussions under the heading "Forward Looking Statements" in the Company's 2005 10-K and our most recent 10-Q filed with the SEC.

The forward looking statements speak only as of June 30, 2006. We will not update forward looking statements to reflect facts, assumptions, circumstances, or events which have changed after they were made.

Overview

- **BNY contributes most of the assets of its Execution Services division to new entity, called BNY ConvergEx Group, LLC (“BNY ConvergEx”)**
- **BNY ConvergEx also acquires Eze Castle, a leading provider of order management systems**
- **GTCR, private equity firm based in Chicago, provides new equity capital**
- **Joe Velli becomes CEO of BNY ConvergEx**
- **Ownership after full management incentives:
BNY 35.4%, GTCR 35.4%, Eze 9.7%, Management 19.4%**

3

The **BANK of** NEW YORK

Benefits of Transaction

- **Repositions BNY’s Execution Services business**
 - ▶ **Link to leading trade order management provider**
 - ▶ **Strengthens product offering and enhances cross-sell potential**
 - ▶ **More efficient capital structure to support future investment**
- **Allows BNY to withdraw capital**
 - ▶ **“Affiliate” structure and private equity sponsorship provide leverage benefits**
 - ▶ **More attractive than traditional Bank acquisition model**
 - ▶ **Proceeds will be used to repurchase stock**
- **Execution product will continue to be aggressively cross-sold**

4

The **BANK of** NEW YORK

Execution Services *(from May Analyst Presentation)*

- **Business has been successful relative to peers but challenged to meet corporate growth expectations**
- **Strengths in broker-assisted execution, transitions, admin services**
- **Needs include greater electronic and research capabilities**
- **Capital requirements for repositioning could be high**
- **Future initiatives:**
 - ▶ **Continue to migrate to higher growth and value-added product segments**
 - ▶ **Consider alternatives which strengthen the business without significant capital requirement**

Transaction Meets Objectives

5

The **BANK of** **NEW YORK**

Financial Impact

- **BNY receives \$441 MM in cash, \$133 MM in BNY ConvergEx equity and a \$30 MM preferred security in the new company**
 - ▶ **35.4% fully diluted equity ownership**
 - ▶ **Potential \$25 MM earn-out tied to '06 results**
- **No immediate net gain or loss on sale**
 - ▶ **Slight gain offsets costs of acceleration of management equity grants**
- **BNY plans to repurchase 14 MM shares at closing**

6

The **BANK of** **NEW YORK**

Financial Impact

- **No/minimal impact to '06-'08 EPS**
 - ▶ Will reflect results on equity method of accounting
 - ▶ Positioned for accretion in economic value (as opposed to accounting accretion)
 - ▶ Expected IRR on transaction is 30-40%
- **No aspect of the Pershing clearing business is included in or impacted by the transaction**

7

The **BANK of** NEW YORK

Facts About Contributed BNY Securities Assets

- **Revenue: \$297 million***
- **Employees: 445**
- **Principal Products:**
 - ▶ Traditional trade execution services
 - ▶ Commission recapture
 - ▶ Transition management
 - ▶ Soft dollar administration
 - ▶ Independent research aggregation

* Pro forma 2005

8

The **BANK of** NEW YORK

Facts About Eze Castle

- **Revenue: \$43 million***
- **Employees: 190**
- **Principal Products:**
 - ▶ **Order management**
 - ▶ **Trade allocations**
 - ▶ **Portfolio modeling**
 - ▶ **Commission and soft dollar management**
 - ▶ **Trade compliance**

* Actual 2005

9

The **BANK of** **NEW YORK**

BNY Securities Plus Eze Castle: A Powerful Combination

- **The Eze order management system provides valuable front-end presence for BNY execution platform**
- **Combined platform well positioned to take advantage of rapidly growing electronic execution marketplace**
- **Excellent opportunity for additional cross-selling, product expansion and acquisition**
- **Well-respected management team with strong track record**

10

The **BANK of** **NEW YORK**

Key Governance Provisions

- **Board representation for GTCR, BNY, Eze Castle, management**
- **GTCR controls Board**
- **BNY retains oversight and ultimate control of BNY ConvergeEx regulatory compliance**
- **BNY has selective blocking, approval and liquidity rights**
- **Investors have pre-agreed capital pool for future acquisitions**

11

The **BANK of** **NEW YORK**

Ongoing Relationship Important

- **BNY ConvergeEx and BNY have agreed to a five year marketing and referral arrangement**
- **Both parties will continue to use each others services consistent with past practice**
- **Commitment to jointly develop new products and services**
- **Specified non-compete provisions**

12

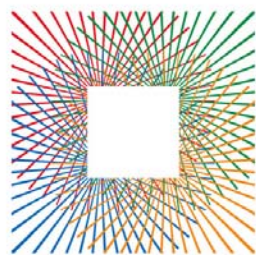
The **BANK of** **NEW YORK**

Summary

- **Repositions BNY Securities business for future growth**
 - ▶ Creative solution
 - ▶ Reduces capital committed to the business
- **Enhances capabilities in trading and investment technology**
- **Further sharpens corporate focus on higher-growth, value-added product segments**

13

The **BANK** of **NEW YORK**



The **BANK**
of **NEW YORK**