



**The Bank of New York**  
*Citigroup 2007 Financial Services Conference*  
*Gerald L. Hassell, President*

January 31, 2007



*The* **BANK of** NEW YORK

## **Disclosure and Cautionary Statement**

The information presented herein may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based upon the Company's 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 expected, 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.'s and Mellon Financial Corporation's results to differ materially from those described in the forward-looking statements can be found in The Bank of New York Company, Inc.'s and Mellon Financial Corporation's 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.

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## 2006: A Watershed Year

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### Strategic Initiatives

- **Successfully completed:**
  - ▶ **Retail / Corporate Trust asset swap transaction**
  - ▶ **BNY ConvergEx transaction**
- **Announced merger with Mellon Financial, creating the *global leader in securities servicing and asset management***

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## The “New” Bank of New York

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- **Model focused on securities servicing and asset management**
- **Emphasis on higher-growth, higher-margin businesses where we have scale, skill and competitive advantages**
- **Improved corporate risk profile through reduced exposure to credit portfolio**
- **Positioned to realize benefits of investments in infrastructure**

Generate attractive long-term returns for shareholders

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## 2006: A Watershed Year

### Financial Performance

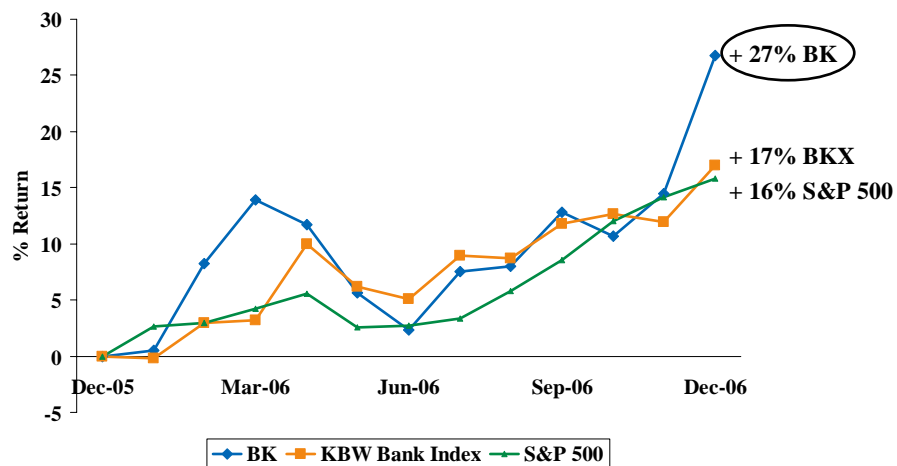
- Strong financial results demonstrating the success of our business model
- Businesses performed well across the board
  - ▶ Providing excellent momentum into 2007
- Superior shareholder returns

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## 2006 Total Return to Shareholders

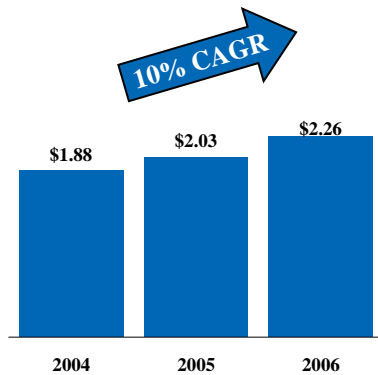


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## Delivering Strong Performance

### Annual EPS\*



- Strong fee growth across all businesses
- Customer activity generating deposits / net interest income
- Improved asset quality and lower credit costs
- International now represents over 25% of total revenue

\* Adjusted Operating Basis (see reconciliation tables in Appendix)

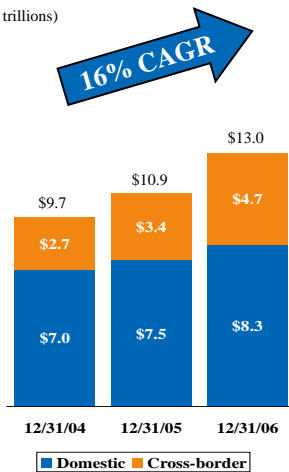
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## Growing Base of Assets to Service and Manage

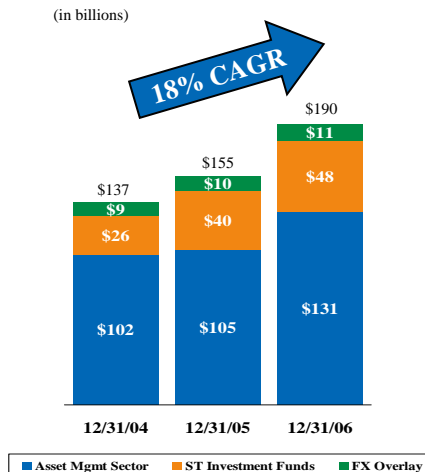
### Assets Under Custody

(in trillions)



### Assets Under Management

(in billions)

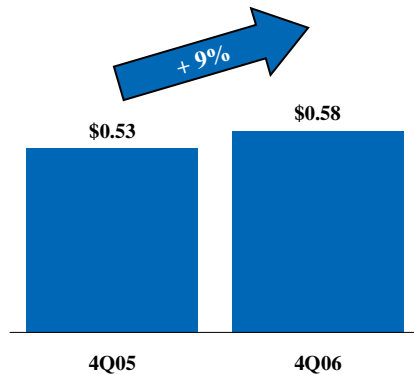


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## Solid 4Q Performance Across All Business Lines

**EPS**  
4Q06 vs. 4Q05\*



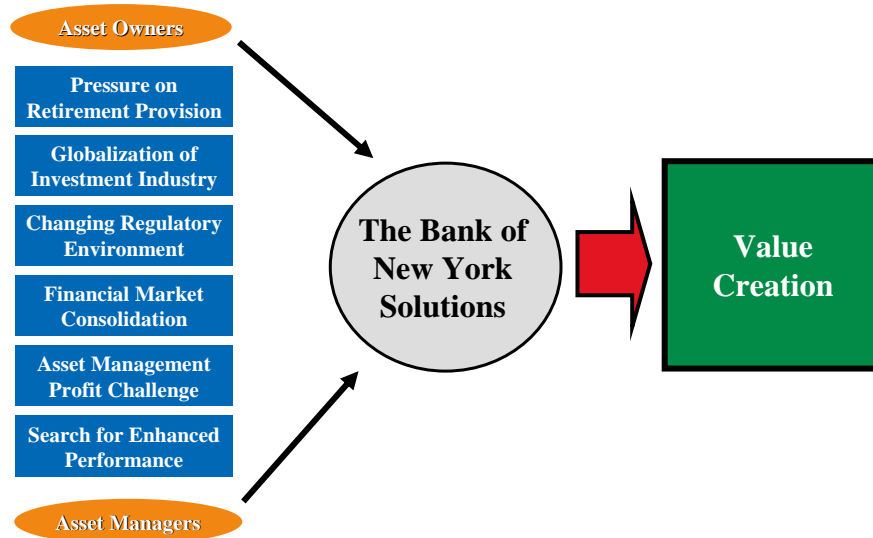
- **Strong fee growth**
  - ▶ Pvt. Banking / Asset Mgmt + 42%
  - ▶ Issuer Services + 24% \*\*
  - ▶ Broker-dealer Services + 16%
  - ▶ Investor Services + 10%
  - ▶ Execution & Clearing + 8% \*\*\*
- **Improved net interest income / net interest margin**
  - ▶ NII + 31%
  - ▶ NIM + 31 bps
- **Reflects new business mix**
  - ▶ Dilution from Corporate Trust acquisition

\* Adjusted operating results  
 \*\* Excludes Corporate Trust swap transaction  
 \*\*\* Excludes BNY ConvergeX  
 (See reconciliation tables in Appendix for each of the above)

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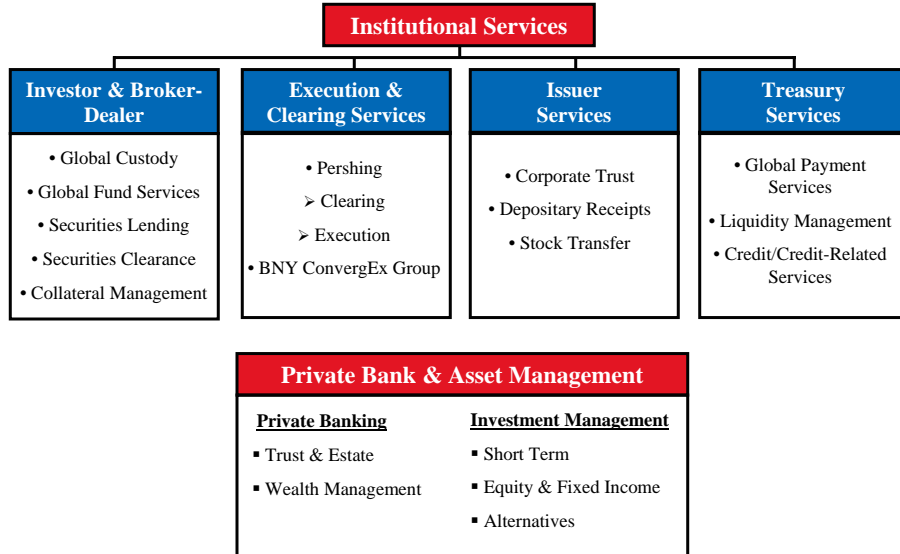
## Global Trends Create Opportunities to Drive Growth



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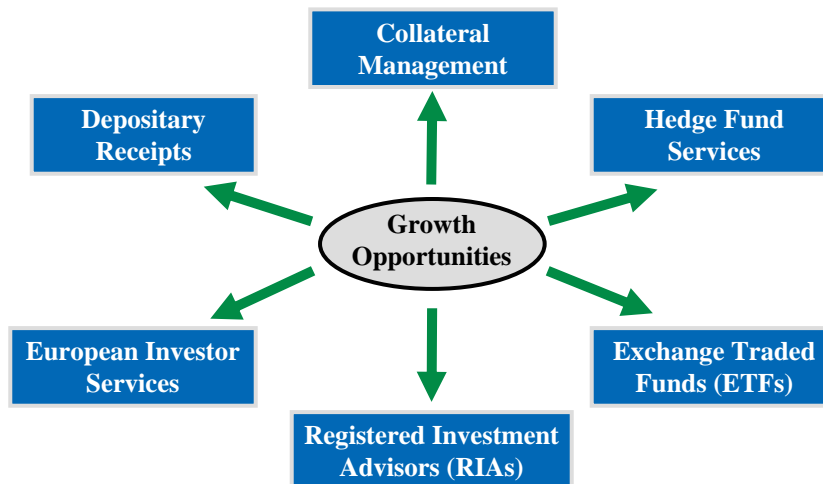
## Solutions to Meet Broad Customer Needs



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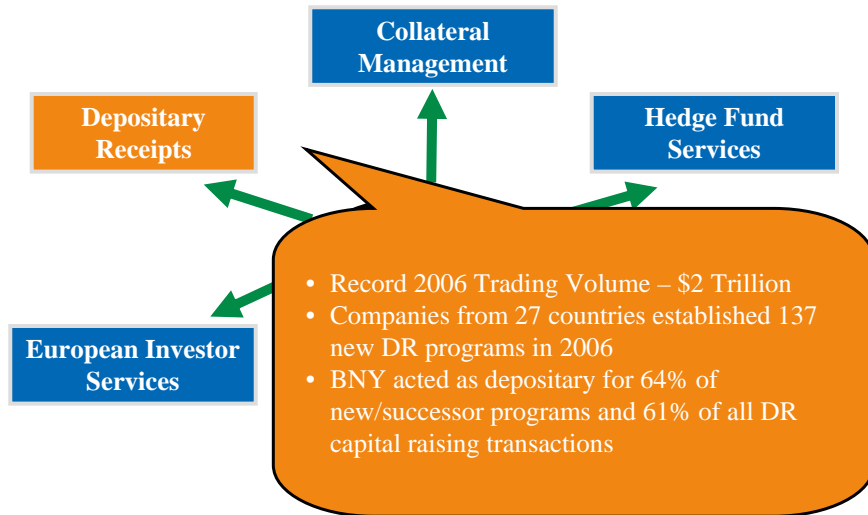
## Major Growth Opportunities



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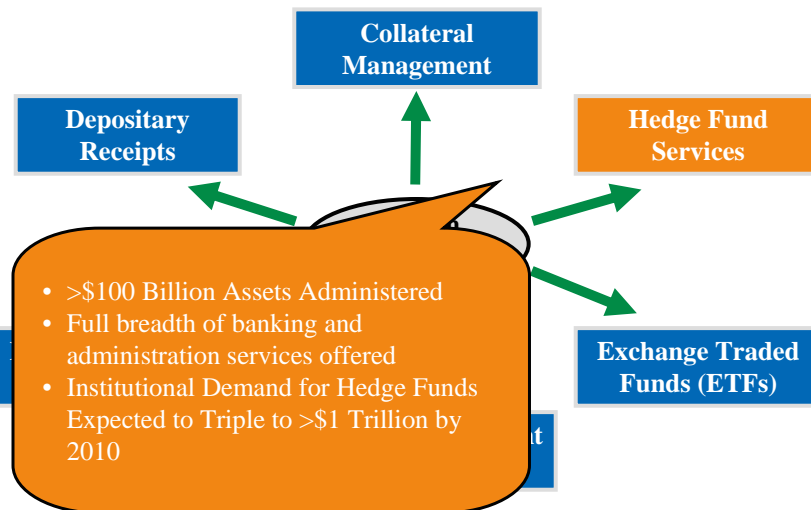
## Major Growth Opportunities



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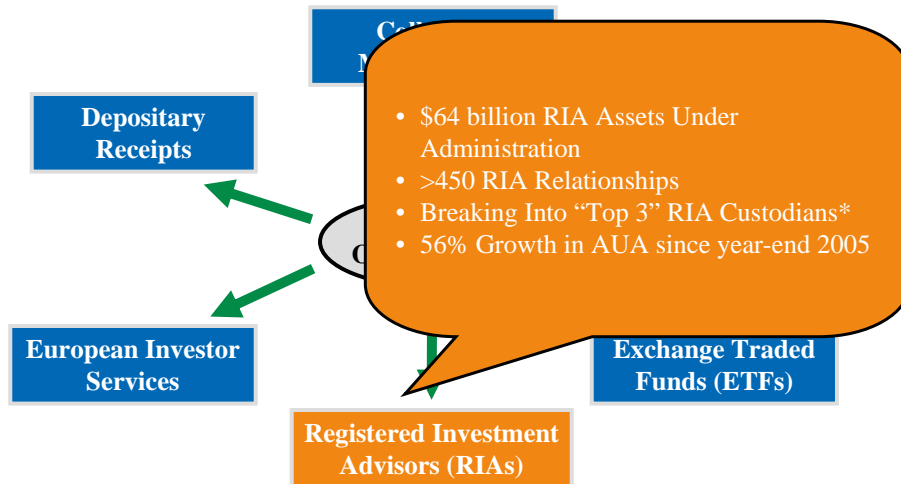
## Major Growth Opportunities



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## Major Growth Opportunities



\* Source: *Investment News*, 1/15/07

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## Momentum in Global Corporate Trust

- **Successfully integrating new Corporate Trust business into an already powerful base**
  - ▶ Expanded presence in global, structured products and CDOs
- **Continued strength evident in fourth quarter results:**
  - ▶ Existing corporate trust revenue increased 18%
  - ▶ Annualized revenue run rate now totals over \$1 billion
  - ▶ Performance led by global products and structured finance, namely asset-backed and mortgage-backed securities
- **Acquired Corporate Trust business conversion progressing well**
  - ▶ 40% complete

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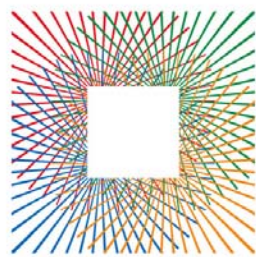
## Summary – The “New” Bank of New York

- **Sharper focus**
- **Enhanced growth and profitability dynamics**
- **Improved risk profile**
- **Highly confident in ability to deliver superior performance**

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## Appendix

### Reconciliation Tables

Slides 7, 9

	Diluted Earnings Per Share					
	Three Months Ended December 31, 2006			Twelve Months Ended December 31, 2006		
	Continuing Operations	Discontinued Operations	Adjusted <sup>(1)</sup>	Continuing Operations	Discontinued Operations	Adjusted <sup>(1)</sup>
(In dollars)						
As Reported	\$ 0.56	\$ 1.80	\$ 2.36	\$ 1.93	\$ 2.00	\$ 3.93
Merger & Integration Costs <sup>(2)</sup>	0.02	0.02	0.04	0.09	0.04	0.13
Gain on Sale of Retail Business <sup>(3)</sup>	-	(1.82)	(1.82)	-	(1.80)	(1.80)
Operating <sup>(4)</sup>	\$ 0.58	\$ -	\$ 0.58	\$ 2.02	\$ 0.24	\$ 2.26

(1) Adjusted results combine continuing and discontinued operations to provide continuity with historical results.

(2) Merger and integration costs include investment portfolio restructuring costs, employee-related costs, and other transaction-related expenses.

(3) The Company recorded an after-tax gain on the sale of the Retail Business of \$1,381 million (\$2,159 million pre-tax).

(4) Operating excludes merger & integration costs and the gain on the sale of the Retail Business.

## Reconciliation Tables

### Slide 7

Noninterest income adjustments – Banking Related/Other includes a \$48 million gain on sale of a portion of the Company's holdings of Wing Hang Bank, \$19 million of realized securities gains on sponsor fund investments, and \$3 million in income related to gain on an aircraft lease residual.

Net interest income adjustments – Reported net interest income was reduced by \$66 million related to SFAS 13 income adjustments on the Company's lease portfolio.

Expense adjustments –Salaries and benefits include \$10 million of severance tied to staff relocations. All Other Expenses include a \$30 million reserve related to the possible settlement of the RW Leasing matter, and an \$8 million lease termination expense.

Income tax adjustments - In addition to the tax impact of the aforementioned adjustments, income tax expense was also increased by \$50 million related to an increase in the Company's reserve for its LIFO tax exposure.

For a full description of these adjustments, refer to the Company's 8K filed January 19, 2005.

\$ in Millions	Non GAAP		
	2004 Reported	Non GAAP Adjustments	2004 Normalized
Noninterest Income	4,691	(70)	4,621
Net Interest Income	1,645	66	1,711
Total Revenue (before prov.)	6,336	(4)	6,332
Provision for Credit Losses	15	7	22
Total Expense	4,122	(48)	4,074
Pretax Income	2,199	37	2,236
Income Tax Expense	759	13	772
Net Income	1,440	24	1,464
EPS	\$1.85	\$0.03	\$1.88
Execution and Clearing	1,146	-	1,146
Investor Services	921	-	921
Issuer Services	582	-	582
Broker-Dealer Services	209	-	209
Total Fee Revenue	2,858	-	2,858
PCS & Asset Management	448	-	448
FX & Other Trading	364	-	364
Global Payment Services	317	-	317
Banking Related/Other	704	(70)	634
Salaries & Benefits	2,324	(10)	2,314
All Other	1,798	(38)	1,760
Total	4,122	(48)	4,074

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## Reconciliation Tables

### Slide 9

(in millions)

	Quarter			Percent Inc / (Dec)	
	4Q06	3Q06	4Q05	4Q06 vs. 3Q06	4Q06 vs. 4Q05
Execution & Clearing Fees					
Continuing Operations	264	301	326	(12)%	(19)%
BNY ConvergEx		(66)	(82)		
Pro Forma	264	235	244	12%	8%
Issuer Services					
Continuing Operations	341	194	171	76%	99%
Acquired Corp Trust	(129)				
Pro Forma	212	194	171	9%	24%

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Update on

*The* **BANK of NEW YORK MELLON Corporation**

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*Citigroup 2007 Financial Services Conference*

Thomas A. Renyi

Chairman & CEO, The Bank of New York

January 31, 2007

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## The Bank of New York Mellon

Delivering superior shareholder value through accelerated growth

<b>Strategic</b>	Global leadership in Securities Servicing and Asset Management
<b>Financial</b>	Strongly accretive transaction Excellent global growth opportunities
<b>Operational</b>	Highly complementary businesses with strong leadership positions Focused and experienced management team
<b>Integration</b>	Disciplined and thoughtful approach Dedicated and experienced team with proven track record

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## Compelling Strategic Attributes

Capitalizing on the growth of global financial markets

<b>Strong Market Positions in High Growth Businesses</b>	<ul style="list-style-type: none"><li>- #1 global custodian with over \$17 trillion in AUC*</li><li>- <b>Top 10</b> asset manager globally and <b>Top 5</b> in the U.S., with more than \$1.1 trillion in AUM</li><li>- #1 provider of all issuer services—Corporate Trust, Depositary Receipts and Stock Transfer</li><li>- #1 provider of clearing services</li><li>- <b>Top 10</b> in wealth management with 81 offices in the U.S. and UK</li><li>- <b>Top 10</b> U.S. cash management and global payments provider</li><li>- <b>Leading client service scores</b> in asset servicing, wealth management, issuer, clearing, and treasury services</li><li>- Experienced, deep and well balanced management team</li></ul>
<b>Business &amp; Geographic Diversification</b>	<ul style="list-style-type: none"><li>- Focused on high return businesses with strong organic growth track records and enhanced revenue opportunities</li><li>- Balanced synergistic business mix—no individual business contributes more than 35% of pre-tax earnings</li><li>- Operations in 37 countries worldwide—approximately 25% of revenue derived from higher growth international operations</li><li>- Reduced volatility through combination of complementary, stable and synergistic revenue sources</li></ul>

\* As of 12/31/06

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## 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

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## Balanced & Complementary Business Lines

Pro Forma Revenue Mix <sup>1</sup>			Pro Forma Pre-Tax Earnings Mix <sup>1</sup>		
Business Line	(\$bn)	(%)	Business Line	(\$bn)	(%)
Asset Management & Wealth Management	3.6	29	Asset Management & Wealth Management	1.2	31
Asset Servicing	3.5	28	Asset Servicing	0.9	24
Issuer Services	2.2	18	Issuer Services	1.0	27
Treasury Services & Clearing Services	2.5	20	Treasury Services & Clearing Services	0.9	23
Other	0.7	5	Other	(0.2)	(5)
<b>Total</b>	<b>\$12.5</b>	<b>100</b>	<b>Total</b>	<b>\$3.8</b>	<b>100</b>

**\$4.5bn**  
with cost savings

**High Return, Low Capital Intensive Business Model Allows for Significant Reinvestment and Share Repurchases**

Note:

<sup>1</sup> Represents results through 9/30/06 annualized. The Bank of New York pro forma for Corporate Trust swap transaction

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## Meaningful Revenue Synergy Opportunities (not assumed in financial model)

### Enhanced Income Realization from Existing Client Base

- 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

**Accelerates Revenue Growth  
and Enhances Operating Leverage**

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## 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



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## The Bank of New York Mellon

Integration Planning: Dedicated & Disciplined Process

### Merger Integration Committee

Overall accountability for integration planning and execution

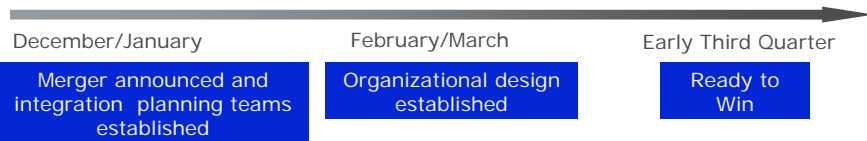
### Merger Integration Project Management Office (PMO)

Day-to-day oversight of integration planning and execution

### Business Line/Shared Services PMOs

Planning organizational design

Multiple integration planning teams across businesses and shared services

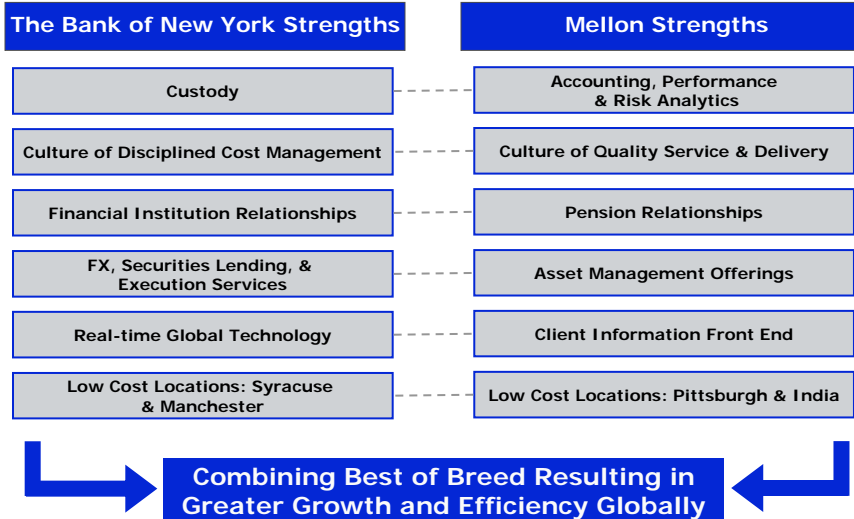


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## BNY Mellon Asset Servicing

Highly complementary businesses



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## 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	√		√
Insurance Companies	√		√
ETFs / UITs	√		√
Broker Dealers	√		√
Hedge Funds	√	√	√

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

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