



*Lehman Brothers Tenth Annual Financial Services Conference*

*Christopher Sturdy, Executive Vice President  
Depository Receipts*

*May 17, 2007  
London, England*



*The* **BANK of NEW YORK**™

# Cautionary Language

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**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 2006 10-K and our most recent 10-Q filed with the SEC.**

**The forward looking statements speak only as of May 17, 2007. We will not update forward looking statements to reflect facts, assumptions, circumstances, or events which have changed after they were made.**

# **Depository Receipts - Well Positioned for Future Growth**

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- **Depository receipts play an integral role in the global capital markets**
- **Issuer and Investor demand for DRs continues to grow steadily**
- **The Bank of New York leads the market through a focused approach and superior value proposition**

# Common Difficulties of Cross-Border Investing

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## *When investing cross-border:*

- Quotes and dividends are in foreign currencies, converting to local currency is costly and inefficient
- Clearing, trading and settlement in foreign countries is unfamiliar and cumbersome – language barriers often exist
- Trading, FX, global custodian and other charges are considerable
- Dividend withholding and other taxes are often cumbersome and high
- Annual reports, proxies and other corporate information may not be in English

# The Solution - Depositary Receipts?

**A**merican  
DRs  
**G**lobal



- Securities that facilitate cross-border investing
- DRs can be used to:
  - Raise capital from global investors
  - Make existing shares available to global investors
- No major structural differences between ADRs and GDRs

# Some DR Issuers May Seem Very Foreign



*Even though these all are listed in New York or London...*

# Many Others Make Products You Use Everyday



**gsk** GlaxoSmithKline



**SONY**



**Nestlé**



**Electrolux**



**adidas**



**HSBC**



**Cadbury Schweppes**



**TOYOTA**



**vodafone**



**Bayer**



**Unilever**



**DIAGEO**



**NEC**



**sanofi aventis**  
Because health matters



**NOKIA**  
CONNECTING PEOPLE

# Enduring Benefits of the DR Structure

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## Benefits to Issuer



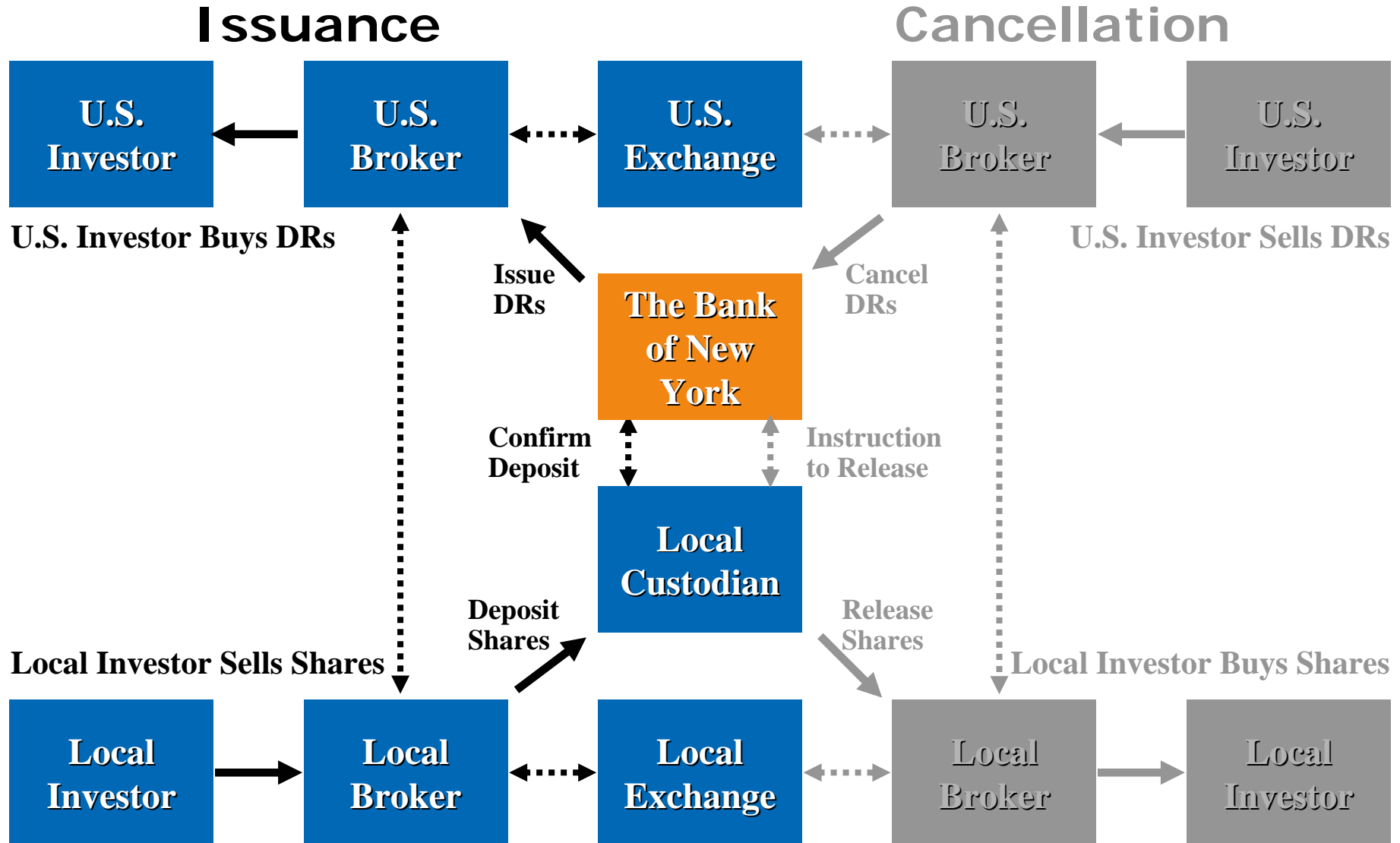
- Access deep international capital markets and flexible funding options
- Increase share valuation and liquidity
- Diversify and broaden shareholder base
- Prepare for future acquisitions
- Express international commitment
- Heighten profile for their products and services

## Benefits to Investor



- Invest in nearly 2,000 sponsored DRs from 76 countries
- Clear and settle according to market standards
- Overcome foreign investment restrictions
- Access improved information flow in English

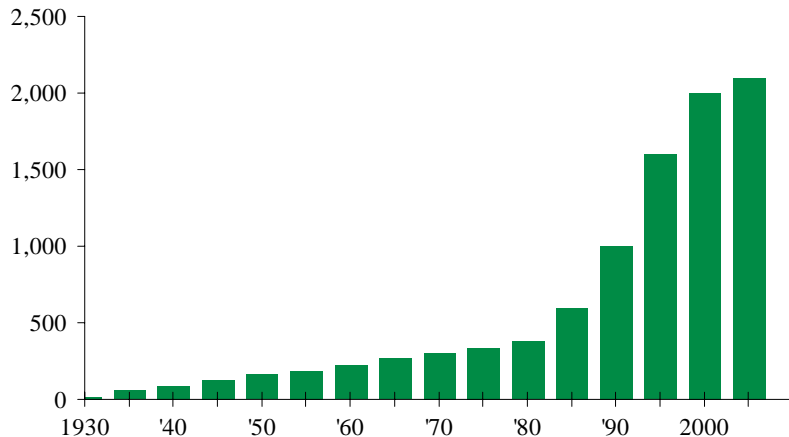
# DR Settlement Process



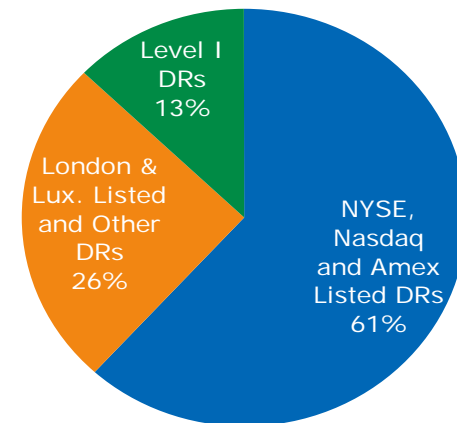
# Market Overview

- The DR market is large – nearly 2,000 sponsored programs
  - BNY acts as depository for 1,250+ sponsored programs from 900+ issuers
- The DR market is well diversified by geography
- The Bank of New York is well positioned to benefit from activity in any market
- The DR market has a market value of \$1.3 trillion with 40 billion DRs outstanding

Total No. of DR Programs

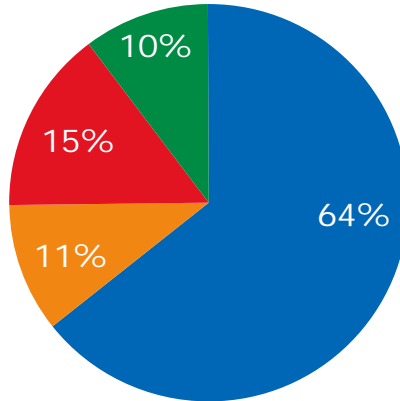


DR Program Value by Exchange

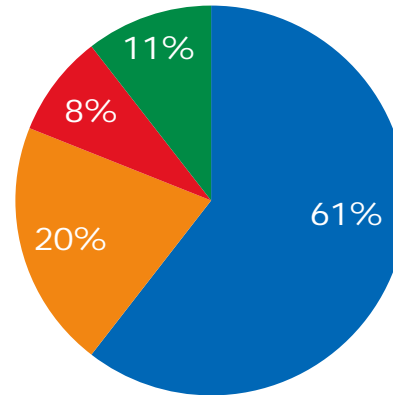


# BNY is a Market Leader

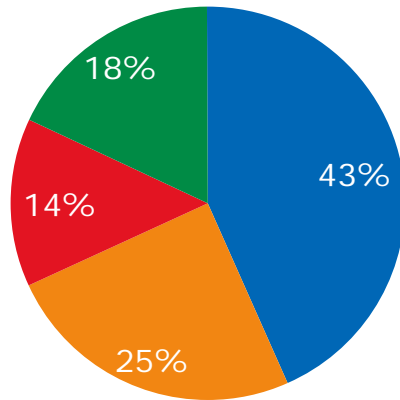
**All DR Programs**  
Global



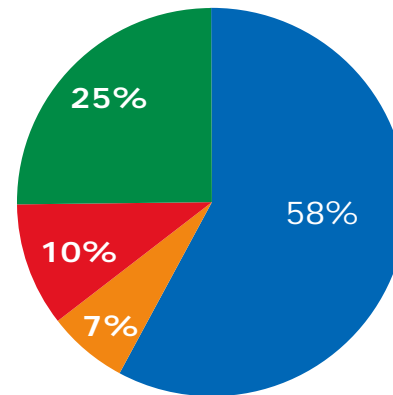
**DR Successorships**  
Global



**Trading Value**  
U.S.-Listed and IOB Traded,  
2006



**DR Capital Raisings**  
Number of Transactions,  
2006

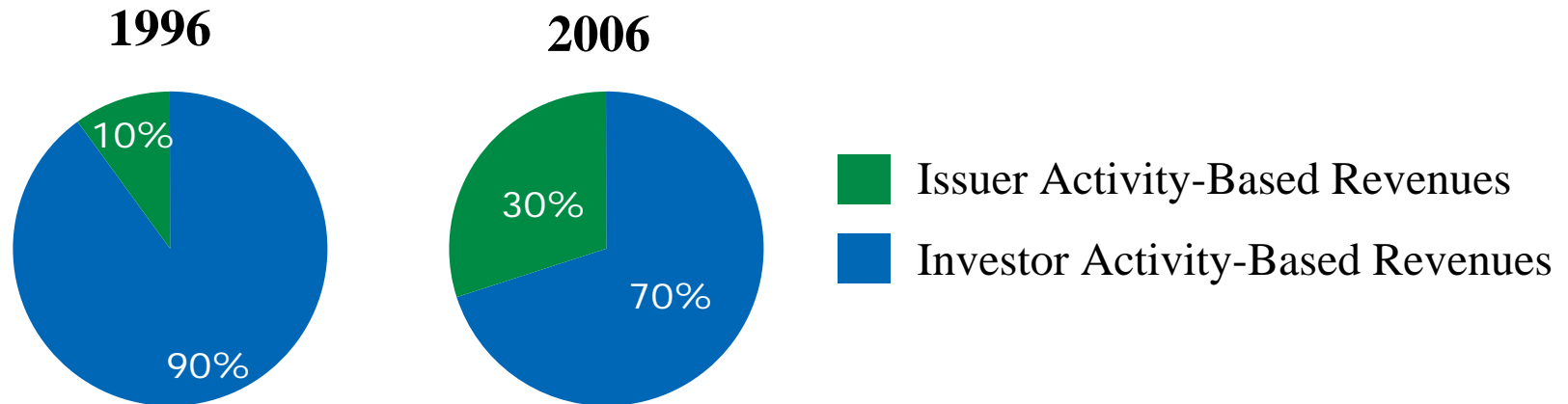
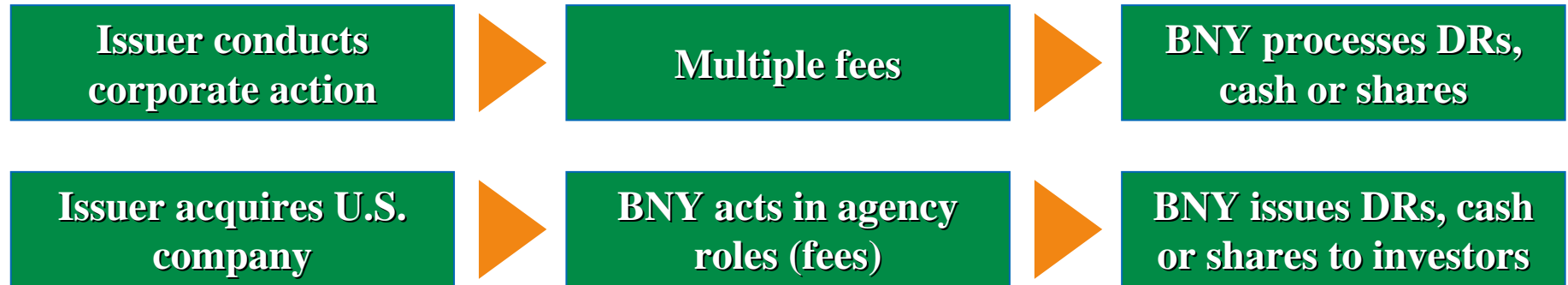


■ **The Bank of New York**
■ **JP Morgan**
■ **Citibank**
■ **Deutsche Bank**

# The DR Revenue Model is Diverse

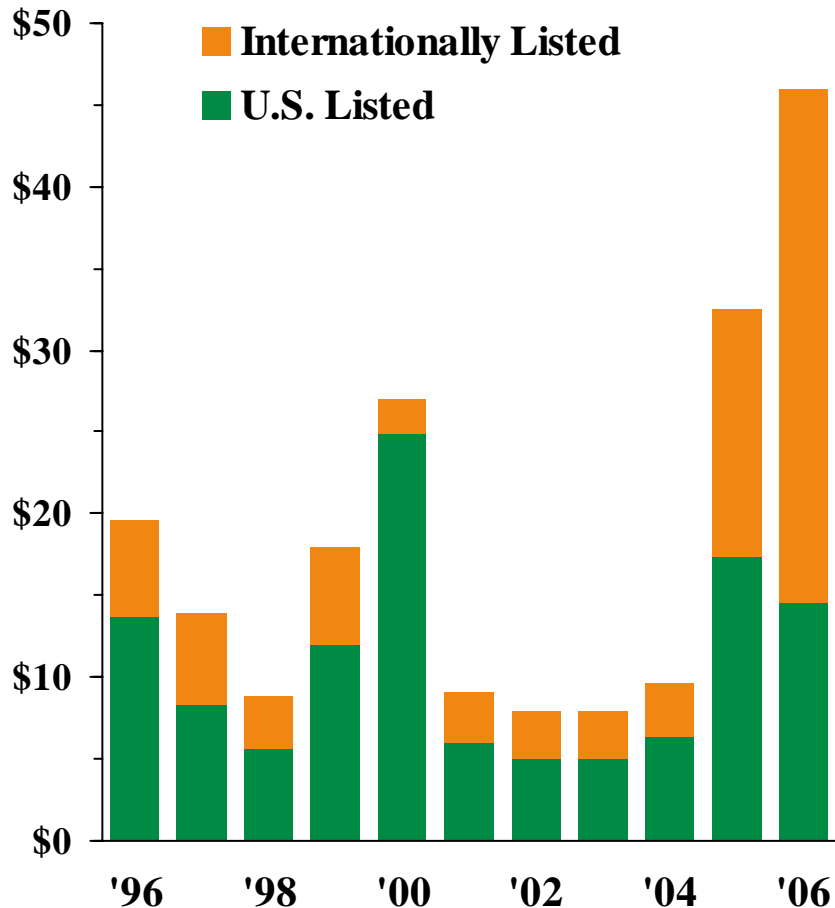
## Issuer Activity-Based Revenues

Service fees on corporate actions based on assets under custody

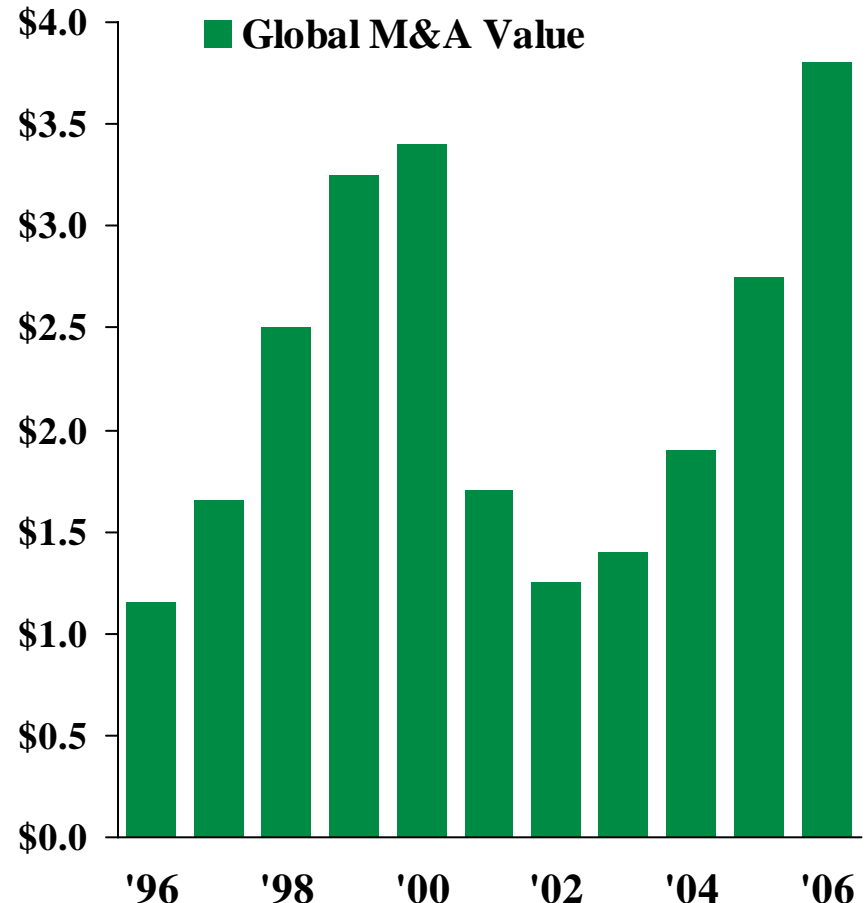


# Revenue Drivers – Issuer Activity

**Primary & Follow-on DR Capital Raised**  
*\$ in Billions*



**Global M&A**  
*\$ in Trillions*



# Investor Activity Revenue Streams

## Investor Activity-Based Revenues

### Issuance fees



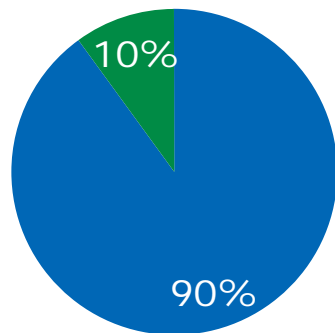
### Cancellation fees



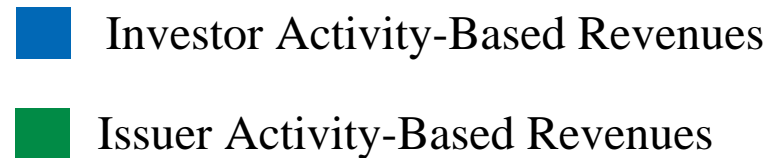
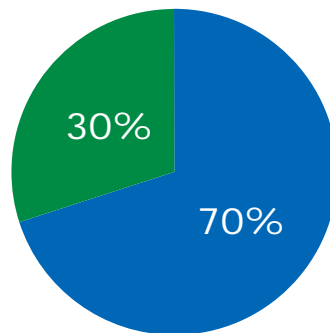
### Pre-release fees



1996

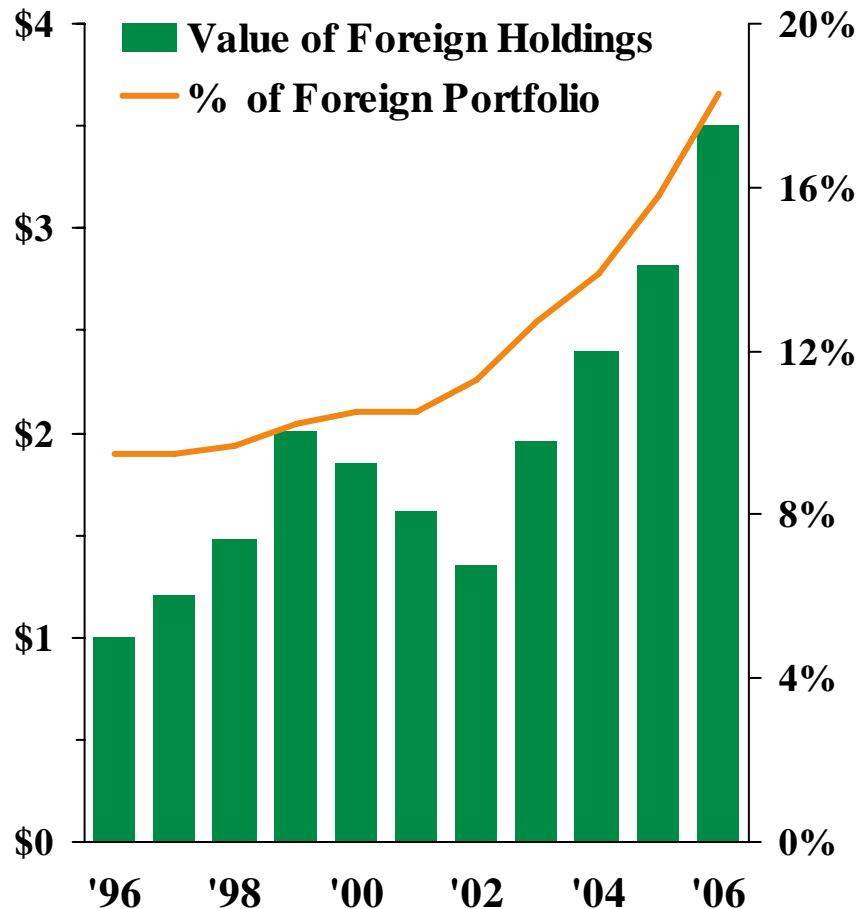


2006

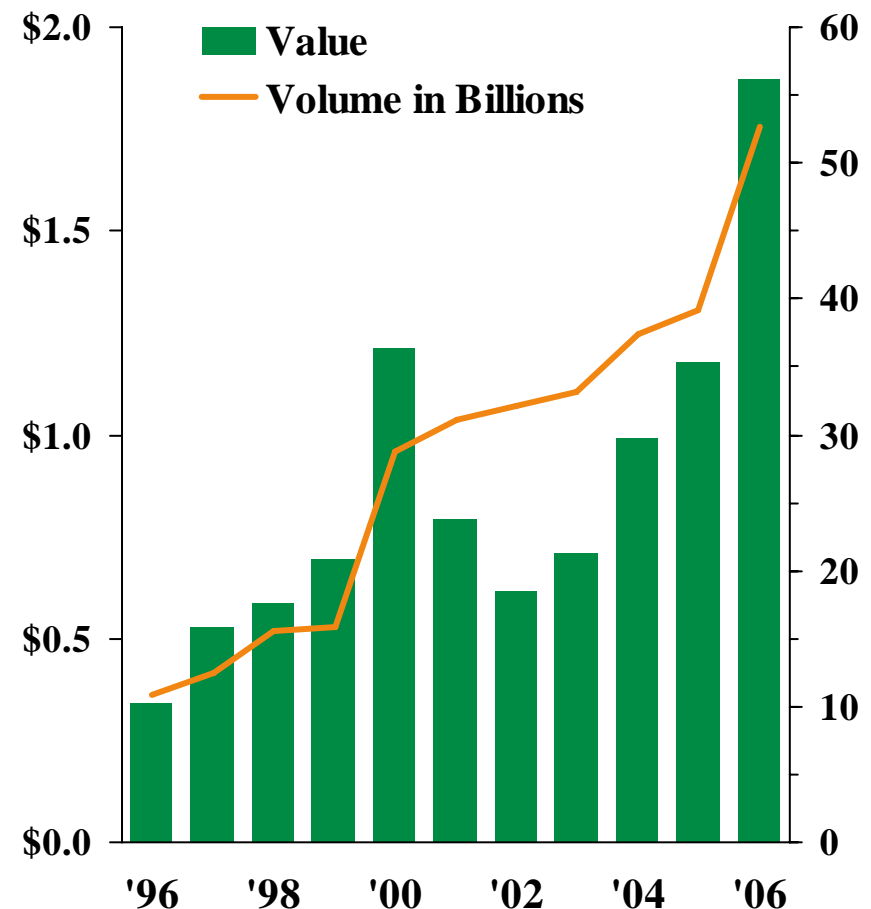


# Revenue Drivers – Investor Activity

**Foreign Equities Held by U.S. Investors**  
\$ in Trillions



**Annual DR Trading**  
\$ in Trillions



# **Opportunities for Growth Across Several Dimensions**

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- **Grow existing programs**
- **Win new DR issuers**
- **Increase market share of existing issuers**
- **Establish DR product innovation and industry leading applications**

# Case Study – Integrated Solutions

- Client – Vodafone Group Plc
- June 2006 – Vodafone announced a return of capital using a B Share structure and a share capital consolidation.
- BNY Role: Depositary
  - BNY facilitated the exchange of the pre-consolidated Vodafone DRs on a 7 for 8 basis for new DRs and cash
  - Over 250,000 registered shareholders
  - In excess of \$2 billion in cash distributed
  - Assisted the company and its counsel with the development of a simplified more cost-efficient process for DR holders
  - Delivered new “consolidated” shares in Direct Registration form



Vodafone Group Plc  
June 2006  
NYSE Listed ADR

# Case Study – Growing Existing Programs

- Client – Compagnie Generale de Geophysique-Veritas
- September 2006 – Geophysique announced a merger with U.S. company Veritas DGC Inc.
- BNY Role:
  - BNY appointed as Exchange Agent
  - Veritas holders had the ability to elect for cash or ADRs subject to pro-ration
  - 46.1 million new DRs were issued and approx. \$1.5 billion in cash distributed
  - Deal value of nearly \$3.1 billion
- BNY partners with Geophysique-Veritas to implement visibility campaign



Compagnie Generale de  
Geophysique-Veritas  
September 2006  
NYSE Listed ADR

# Opportunities for Growth - New Issuers

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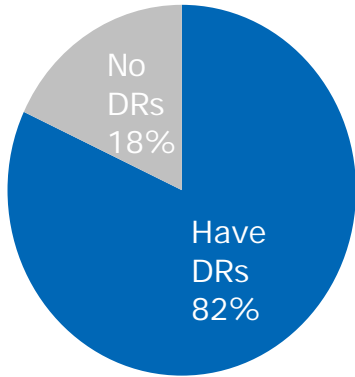
- Meaningful opportunities to expand base of DR programs
  - 65% of world's market capitalization is outside the U.S.
  - Less than half of the 1,200 companies listed in major global indices have DRs
- Focusing on emerging markets
- New business won in '06
  - 139 new programs worldwide
  - Companies from the “BRIC” countries established half of all new programs
  - Nearly 65% of the year's new programs, 90 in total, were non-US listed

Sources: World Federation of Exchanges – [www.worldexchanges.org](http://www.worldexchanges.org)

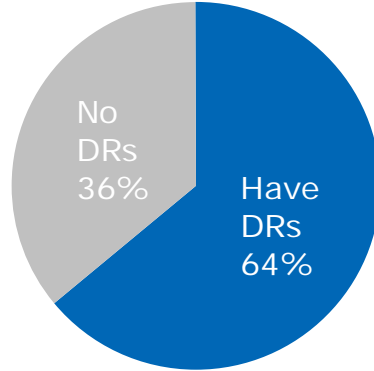
FactSet Research Systems – [www.factset.com](http://www.factset.com)

# Target Markets – “BRIC”

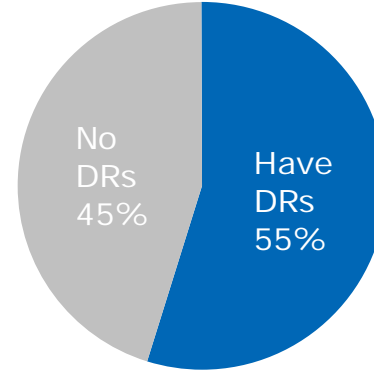
**Brazil**  
IBX 50 Index



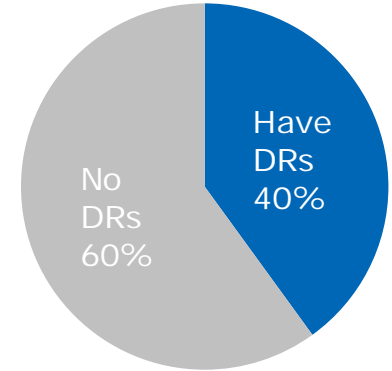
**Russia**  
RTS Index



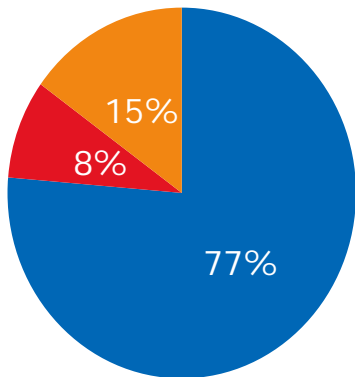
**India**  
Mumbai Sensex 30 Index



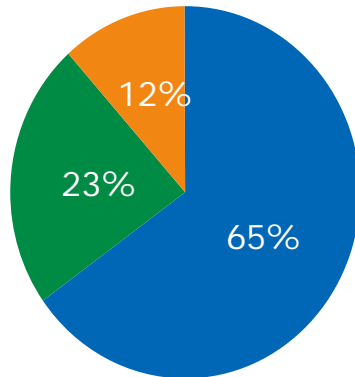
**China**  
Shanghai Composite Index



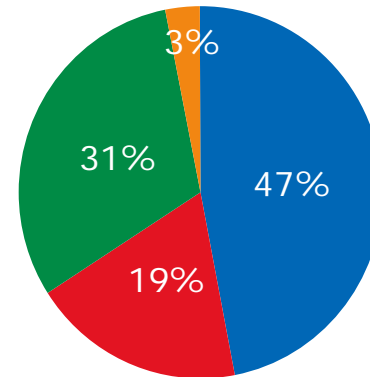
**Brazil**  
DR Market Share



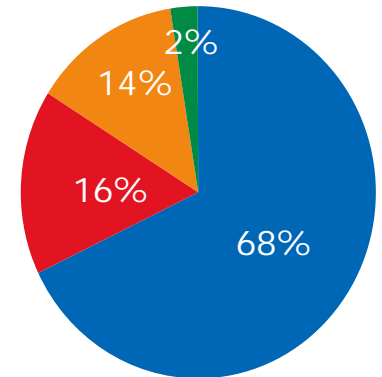
**Russia**  
DR Market Share



**India**  
DR Market Share

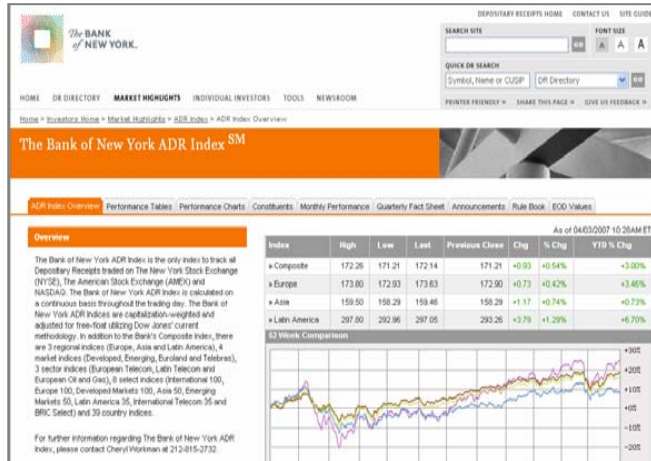


**China**  
DR Market Share



■ **The Bank of New York**
■ **JP Morgan**
■ **Citibank**
■ **Deutsche Bank**

# Opportunities for Growth - Product Innovation



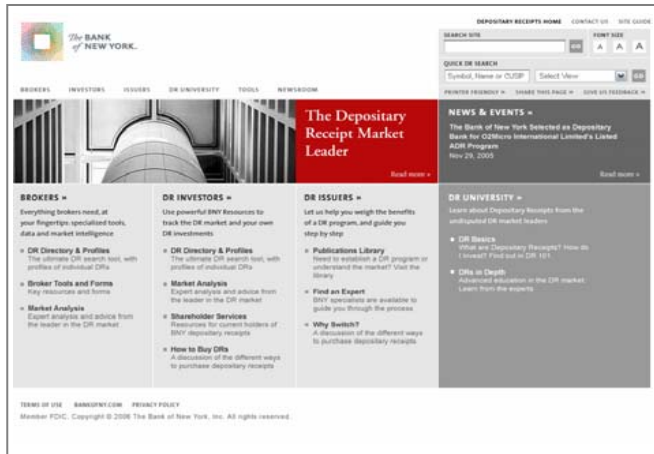
## ADR Index<sup>SM</sup>

- Leading benchmarking tool for international investors
- Comprises all U.S.-listed DRs
- Improves visibility and demand for DRs
- Market capitalization-weighted and free float adjusted, prices in real-time

## ETFs and Related Securities\*

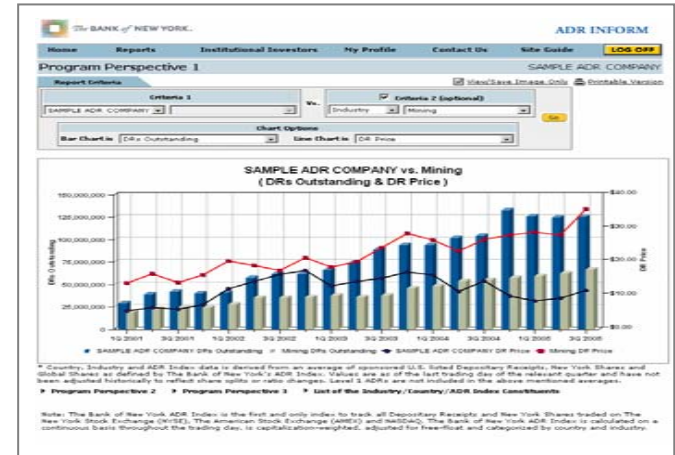
- BLDRS – BNY ADR Index based ETFs
  - Market value: \$654 million
- HOLDERS – baskets of U.S. stocks and DRs
  - Market value: \$10.6 billion
- streetTRACKS Gold Shares– Commodity ETF
  - Market value: \$10.3 billion
- iShares COMEX Gold– Commodity ETF
  - Market value: \$953 million

# Opportunities for Growth - Industry Leading Applications



## ADRBNY.COM

- Provides investors and brokers
  - DR trading information
  - Company profiles
  - Industry statistics and commentary
- On-line shareholder fulfillment
  - Global BuyDIRECT application
  - Shareholder account information
  - Transfer and inquiry instructions
- Interactive ADR Index
- Direct links to client's websites



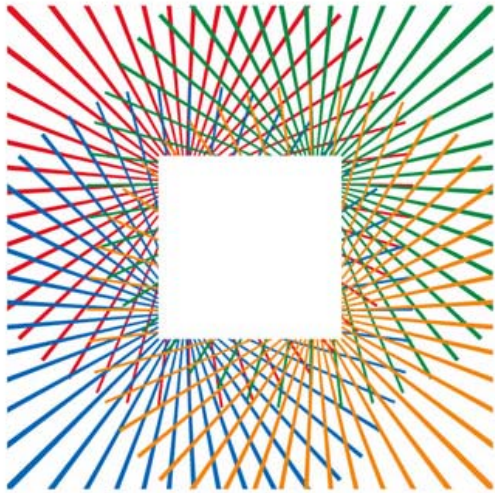
## ADR INFORM & ADR Insight

- Groundbreaking DR analysis tool unique to The Bank of New York's clients
- "DR Alert" automatic notification of significant changes in the DR's metrics
- Customizable interactive interface allows user to access desired information
- Compares DR against industry, country and The Bank of New York ADR Index averages
- "DR Alert" automatic notification of significant changes in the DR's metrics

# **Depository Receipts - Well Positioned for Future Growth**

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